

Financial Flash Report for the Fiscal Year Ended March 31, 2016

Company name: EIKEN CHEMICAL CO., LTD. Listing: TSE, First Section
 Securities code: 4549 URL: <http://www.eiken.co.jp/en/>
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 Scheduled date of Ordinary General Meeting of Shareholders: June 22, 2016
 Scheduled date of dividend payment: June 3, 2016
 Scheduled date of filing of Annual Securities Report: June 24, 2016

(Millions of yen rounded down)

1. Consolidated Performance for the Fiscal Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(1) Consolidated Operating Results

(% figures represent year-on-year increase or decrease)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 2016	32,163	3.7	3,536	25.1	3,570	18.5	2,429	15.7
Fiscal year ended March 2015	31,014	3.3	2,826	(6.0)	3,013	(2.6)	2,100	5.8

(Note) Comprehensive income: As of March 31, 2016: 2,186 million yen. (20.3%) As of March 31, 2015: 2,742 million yen. 43.6%

	Net income per share	Diluted net income per share	ROE	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2016	132.85	131.43	8.9	9.3	11.0
Fiscal year ended March 2015	115.13	113.85	8.3	8.1	9.1

(Reference) Investment profit or loss on equity method: March 2016: — million yen. March 2015: — million yen.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	39,266	28,201	71.2	1,529.13
As of March 31, 2015	37,895	26,639	69.8	1,448.81

(Reference) Shareholders' equity: As of March 31, 2016: 27,977 million yen. As of March 31, 2015: 26,449 million yen.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 2016	3,115	(3,737)	(869)	5,074
Fiscal year ended March 2015	3,393	(6,652)	(1,107)	6,577

2. Dividends

	Dividends per share					Total dividends (annual)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual			
	Yen	Yen	Yen	Yen	Yen			
Fiscal year ended March 2015	—	17.00	—	18.00	35.00	638	30.4	2.5
Fiscal year ended March 2016	—	20.00	—	20.00	40.00	731	30.1	2.7
Fiscal year ending March 2017 (Forecast)	—	20.00	—	20.00	40.00		40.2	

3. Forecasts of Consolidated Performance for the Fiscal Year Ending March 31, 2017

(April 1, 2016 to March 31, 2017)

(% figures represent year-on-year increase or decrease)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	16,810	3.1	1,920	(2.0)	1,920	(3.3)	1,410	11.7	77.07
Full year	33,830	5.2	2,710	(23.4)	2,710	(24.1)	1,820	(25.1)	99.47

4. Others

(1) Changes in important subsidiaries during the period (Specified subsidiaries accompanying changes in scope of consolidation): No

(2) Changes in accounting policies, Changes in accounting estimates, Restatements

(1) Changes in accounting policies due to revisions to accounting standards, etc.: Yes

(2) Other changes in accounting policies : No

(3) Changes in accounting estimates: No

(4) Restatements: No

(3) Number of outstanding shares (common stocks)

1) Number of shares outstanding at term-end (including treasury stocks)

As of March 31, 2016: 21,770,719 shares

As of March 31, 2015: 21,770,719 shares

2) Number of treasury stock at term-end

As of March 31, 2016: 3,474,535 shares

As of March 31, 2015: 3,514,679 shares

3) Average number of shares outstanding during the period

As of March 31, 2016: 18,287,789 shares

As of March 31, 2015: 18,242,761 shares

【Reference】Non-consolidated Financial Summaries

1. Non-Consolidated Performance for the Year Ended March 31, 2016

(April 1, 2015 to March 31, 2016)

(1) Non-Consolidated Operating Results

(% figures represent year-on-year increase or decrease)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 2016	32,135	3.7	3,556	22.4	3,607	19.7	2,466	17.4
Fiscal year ended March 2015	30,984	3.2	2,904	(3.5)	3,014	(1.8)	2,101	7.3

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 2016	134.88	133.44
Fiscal year ended March 2015	115.22	113.93

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	39,811	28,736	71.6	1,558.36
As of March 31, 2015	38,189	26,925	70.0	1,464.47

(Reference)

Shareholders' equity: As of March 31, 2016: 28,511 million yen

As of March 31, 2015: 26,735 million yen

2. Forecasts of Non-Consolidated Performance for the Fiscal Year Ending March 31, 2017

(April 1, 2016 to March 31, 2017)

(% figures represent year-on-year increase or decrease)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	16,730	2.7	1,930	(3.1)	1,920	(4.9)	1,410	8.7	77.07
Full year	33,670	4.8	2,720	(23.5)	2,710	(24.9)	1,820	(26.2)	99.47

* Indication regarding the implementation status of the audit procedures

This financial flash report is not the subject of the audit procedures based on the Financial Instruments and Exchange Act, and at the point in time when this financial flash report was disclosed, the audit procedures for financial statements based on the Financial Instruments and Exchange Act had not been completed.

* Explanations for the appropriate use of earnings forecast, and remarks

1. The above earnings forecast is based on the information that was available as of the release date of this document. The actual business performance may differ from the forecast due to various factors. Please refer to page 2 "1. Operating Results, (1) Analysis of operating results" for further information concerning these projections.

1. Operating results

(1) Analysis of operating results

During the consolidated fiscal year under review, Japan's economy continued to recover at a gradual pace as improvement in corporate earnings and employment was achieved. Meanwhile, overseas, although the economy experienced an overall gradual recovery due to the monetary policy normalization in the United States among other factors, economic prospects remain uncertain given the downward trend in Asia's emerging and resource-rich countries, such as China, and concerns that corporate earnings may be affected by the rapid progress of the yen from the beginning of the year.

In the clinical diagnostics industry, each company requires to seek further cost competitiveness and to develop overseas operations in a proactive manner, as the business environment remains tough due to the national government's policies for controlling health care costs.

Within this business environment, based on policies defined in its most recent management framework, "EIKEN ROAD MAP 2009", the Group strove to increase the sales of our major products in Japan and drove further forward the globalization of the Group as a whole, which includes accelerating the overseas market development of fecal immunochemical test reagents and analyzers, developing a global market for genetic screening (LAMP) products, and strengthening our production and sales structures in China.

As a result of these efforts, the net sales for the consolidated fiscal year ended March 31, 2016 went up to 32,163 million yen (increase of 3.7% year-on-year basis), as overseas net sales of both fecal immunochemical test reagents and analyzers strongly increased.

Here is the breakdown of net sales by classes and types of products.

While sales of the reagent for antimicrobial susceptibility testing increased, microbiological reagents scored sales worth 4,603 million yen (decrease of 1.1% year-on-year basis) due to decreased sales of fresh culture medium and reagents for quick testing. Despite these results, sales of reagents for urinalysis tests rose significantly to 2,302 million yen (increase of 7.8% year-on-year basis) along with considerable increases in sales of the urinalysis test strips "UROPAPER" and "UROPAPER α". As for immunological and serological reagents, sales recorded 18,140 million yen (increase of 4.1% year-on-year basis) due to increased sales of reagents for examination of the helicobacter pylori antibody in the blood and fecal immunochemical test reagents. Moreover, sales of clinical chemistry reagents amounted 643 million yen (decrease of 2.4% year-on-year basis), and sales of equipment, food and environment related culture medium category scored 2,233 million yen (decrease of 3.9% year-on-year basis), as price competition intensified. In the "Other" category (medical devices, genetic related products, etc.), sales of medical devices and genetic screening (LAMP) reagents increased and summed 4,240 million yen (increase of 11.2% year-on-year basis).

Overseas, sales of fecal immunochemical test reagents and analyzers strongly increased in line with the development of colorectal cancer screening test. Considering also the results in sales of reagents and analyzers for urinalysis tests, sales to overseas summed 3,498 million yen (increase of 29.4% year-on-year basis).

Regarding profit, the Group's efforts to reduce production costs of our in-house products and to make more efficient use of expenses resulted in operating income of 3,536 million yen (increase of 25.1% year-on-year basis) and ordinary income of 3,570 million yen (increase of 18.5% year-on-year basis). Furthermore, net income attributable to parent company shareholders amounted 2,429 million yen (increase of 15.7% year-on-year basis), resulting from a 183 million yen-worth extraordinary loss due to the dismantling cost for the construction of a new manufacturing building at the Nogi Plant.

Forecast for the next fiscal year

It is expected that companies will remain cautious in light of the slowdown in the Chinese economy and the rapid progress of the yen from the beginning of the year. In the clinical diagnostics industry, fees for performing laboratory tests fell slightly by 0.4% group-wide following the revision of health care fees for FY2016, as part of the health care reform. Especially, measures are being taken to promote implementation of regional comprehensive care systems and health care functional differentiation, and further progress is expected in functional differentiation of hospitals. The overseas market is expected to continue growing. Developed countries hold out the prospect of further accommodating the needs to efficiently reduce health care expenditures, as well as of an expansion of preventive medicine. At the same time, emerging countries should be working on developing their medical infrastructure in tandem with population growth and economic development.

Within this business environment, and in support of global business expansion, the Group will be steadily pursuing its medium-term management plan (for the period between April 1, 2016 and March 31, 2019) based on basic policies defined in its most recent management framework, "EIKEN ROAD MAP 2009", formulated in March 2009.

For the next fiscal year, we forecast net sales to increase by 5.2% to 33,830 million yen. However, a temporary increase in costs resulting from investments focused on research and development activities might cause profit to decrease. Accordingly, we expect operating income of 2,710 million yen (decrease of 23.4% year-on-year basis), ordinary income of 2,710 million yen (decrease of 24.1% year-on-year basis), and net income attributable to parent company shareholders of 1,820 million yen (decrease of 25.1% year-on-year basis).

Still, we forecast net sales to overseas of 4,760 million yen (increase of 36.0% year-on-year basis), and a share of 14.1% from total sales.

(2) Analysis of Consolidated Financial Position

1) Situation of assets, liabilities and net assets

The financial position at the end of the consolidated fiscal year under review was as follows.

When compared to the end of the previous consolidated fiscal year, total assets increased by 1,371 million yen, while liabilities decreased by 190 million yen. However, net assets increased by 1,561 million yen.

Our equity ratio increased to 71.2% compared to 69.8% at the end of the previous consolidated fiscal year.

Major increases and decreases in the category of assets included a decrease of 1,344 million yen in cash and deposits, but also an increase of 1,949 million yen in tangible fixed assets. These fluctuations were mainly due to the construction of a new building for Nogi Plant meant to reinforce the productive capacity. Also, notes and accounts receivable increased by 477 million. In the category of liabilities, notes and accounts payable (including electronically recorded obligations-operating) increased by 345 million yen due to an increase in the purchase of stock, while other fixed liabilities decreased by 272 million. In the category of net assets, retained earnings increased by 1,732 million yen due to recording of net income attributable to parent company shareholders, despite payment of dividends.

2) Situation of cash flows

Cash and cash equivalents for the consolidated fiscal year under review (hereinafter referred to as “net cash”) decreased by 1,502 million yen compared to the end of the previous consolidated fiscal year, reaching 5,074 million yen at March 31, 2016.

The following is a summary of cash flows and related causes for the consolidated fiscal year under review.

Cash flows from operating activities

Net cash provided by operating activities increased by 3,115 million yen (compared to the net cash increase of 3,393 million yen in the previous fiscal year). This was mainly due to 224 million yen decrease caused by an increase in net defined benefit assets, 481 million yen decrease caused by an increase in accounts receivable, 345 million yen increase caused by an increase in accounts payable, and 3,390 million yen in pretax profit.

Depreciation and amortization totaled 1,430 million yen.

Cash flows from investing activities

Net cash used in investing activities decreased by 3,737 million yen (compared to the net cash decrease of 6,652 million yen in the previous fiscal year). This was mainly due to 3,097 million yen in expenditures for the acquisition of tangible fixed assets as part of the investments in facilities such as production facilities.

Cash flows from financing activities

Net cash used in financing activities decreased by 869 million yen (compared to the net cash decrease of 1,107 million yen in the previous fiscal year). This was mainly due to dividends payments of 694 million yen.

(Reference) Trend of indicators related to cash flow

	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Equity capital ratio (%)	64.4	67.0	66.2	69.8	71.2
Equity capital ratio based on the market value (%)	61.0	68.5	89.6	94.9	109.8
Interest-bearing debt to cash flow ratio (year)	0.9	0.5	0.2	0.1	0.1
Interest coverage ratio (times)	70.8	109.2	250.2	375.8	331.2

Equity capital ratio: equity capital/total asset

Equity capital ratio based on the market value: total value of shares/total asset

Interest-bearing debt to cash flow ratio: interest-bearing ratio /cash flow

Interest coverage ratio: cash flow/interest payment

(Note 1) All are calculated using the consolidated finance-based figure.

(Note 2) The total value of shares is calculated based on the number of issued shares except for treasury share.

(Note 3) The sales cash flow is used to calculate the operating cash flow.

(Note 4) The interest-bearing deficit includes all interesting bearing deficits on the consolidated balance sheet.

(3) Policy regarding profit sharing & dividends for the fiscal year under review and next fiscal year

Regarding the redistribution of profits to shareholders as one of the issues of the utmost importance for the management, EIKEN CHEMICAL shall operate on the fundament of the basic policy of implementing stable dividend payout policy that fully takes into consideration reinforcement of the financial standing, reserving sufficient retained profit necessary for active enterprise expansion, and performing distribution of dividends from surplus twice a year as interim dividend and year-end dividend. Specifically, this distribution shall be based on the aforementioned policy and we shall aim at the consolidated dividend payout ratio of 30% or more. The organization with authority to determine the details of dividends from surpluses is stated in the articles of association as follows: “Decisions on dividends from surplus, etc. can be made by the resolution of the board of directors based on the provisions of Company Law, Section (459) (1).”

We will respond to the term-end dividend of 20 yen per share.

Our company has already paid an interim dividend of 17 yen per share on December 1st, 2015, resulting in an annual dividend of 40 yen per share.

Regarding the dividend per share for next fiscal year, we plan to issue an interim dividend of 20 yen and a term-end dividend of 20 yen as dividends on common stock.

The usage of the internal reserve shall be determined from a medium- and long-term viewpoint and used effectively for investments in research and development, capital investment, and improvement in operating efficiency aiming at further reinforcement of the management base.

(4) Risk of our business

We omitted from the description in the most recent Annual Securities Report (June 24, 2015 submission), because new risks that we should transmit promptly are not become obvious.

2. Management Policy

(1) EIKEN's Basic Management Policy

EIKEN Group's management philosophy is to "protect the health of the public through health care services." To this end, the Group is "dedicated to leveraging expertise as a medical testing pioneer in order to increase corporate value by protecting the health of the public with products and services that customers can trust." The concerted efforts to implement this management vision across the entire Group are currently further heightening our corporate value and translate directly into prosperity for our business partners and fulfillment of responsibilities towards shareholders.

(2) Targets and Management Indicators

In accordance with basic policies defined in its most recent management framework, "EIKEN ROAD MAP 2009" (formulated in March 2009), the Group has established its priority measures and aims to achieve net sales of 37,880 million yen, operating income of 4,700 million yen, and return on equity (ROE) of 10.4% by March 31, 2019—the final year of its medium-term management plan.

(3) Medium- to Long-term Management Strategy

The Group will strive to achieve stable growth in the Japanese market, as well as to accelerate sales expansion into overseas markets by placing particular emphasis on the following four fields: fecal immunochemical tests, immunological and serological tests, urinalysis tests and genetic tests.

In research and development, while strengthening ties with industrial, governmental, and academic parties, the Group will devote to the development of highly competitive next-generation products, centering on the above four priority business fields. Also, the Group will successively implement strategic investments in order to strengthen our revenue base. Among these measures, we will step up initiatives to deepen the expertise accumulated so far in multi-type, small-quantity production and streamline productivity, as well as efforts to establish sales bases in support of global business expansion, to reinforce production facilities and review the group-wide IT system.

(4) Issues to be Addressed

EIKEN Group regards the following issues as top priorities for its on-going management strategy, and will approach them through an action plan, in the pursuit of transforming EIKEN into a global corporation.

- 1) Increase the market share of our proprietary products in Japan
- 2) Acceleration of global business expansion
- 3) Strengthening of our R&D capabilities
- 4) Establishing of an infrastructure to increase operating efficiency

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2015 (As of March 31, 2015)	FY 2016 (As of March 31, 2016)
Assets		
Current assets		
Cash and deposits	9,590	8,245
Notes and accounts receivable - trade	9,756	10,233
Lease investment assets	225	196
Merchandise and finished goods	3,255	3,086
Work in process	920	1,020
Raw materials and supplies	790	805
Deferred tax assets	394	358
Other	352	682
Total current assets	25,285	24,627
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,537	14,902
Accumulated depreciation	(10,286)	(10,186)
Buildings and structures, net	4,251	4,715
Machinery, equipment and vehicles	5,071	5,317
Accumulated depreciation	(4,138)	(4,209)
Machinery, equipment and vehicles, net	933	1,108
Tools, furniture and fixtures	3,270	3,428
Accumulated depreciation	(2,714)	(2,759)
Tools, furniture and fixtures, net	556	669
Land	1,006	995
Leased assets	816	737
Accumulated depreciation	(446)	(398)
Leased assets, net	370	338
Construction in progress	0	1,239
Total property, plant and equipment	7,118	9,067
Intangible assets	561	637
Investments and other assets		
Investment securities	443	391
Long-term time deposits	2,900	2,900
Net defined benefit asset	207	257
Deferred tax assets	230	161
Other	1,156	1,230
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	4,930	4,934
Total non-current assets	12,610	14,639
Total assets	37,895	39,266

(Millions of yen)

	FY 2015 (As of March 31, 2015)	FY 2016 (As of March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,964	4,136
Electronically recorded obligations - operating	2,516	2,689
Lease obligations	382	347
Income taxes payable	511	426
Provision for bonuses	684	699
Provision for sales returns	4	4
Other	1,932	1,805
Total current liabilities	9,995	10,109
Non-current liabilities		
Lease obligations	596	568
Provision for environmental measures	3	0
Asset retirement obligations	34	33
Other	625	353
Total non-current liabilities	1,260	956
Total liabilities	11,255	11,065
Net assets		
Shareholders' equity		
Capital stock	6,897	6,897
Capital surplus	7,892	7,892
Retained earnings	14,838	16,571
Treasury shares	(3,339)	(3,301)
Total shareholders' equity	26,289	28,060
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	150	119
Foreign currency translation adjustment	276	148
Remeasurements of defined benefit plans	(267)	(350)
Total accumulated other comprehensive income	160	(82)
Subscription rights to shares	190	224
Total net assets	26,639	28,201
Total liabilities and net assets	37,895	39,266

(2) Consolidated Statements of Income

(Millions of yen)

	FY 2015 (Fiscal year ended March 31, 2015)	FY 2016 (Fiscal year ended March 31, 2016)
Net sales	31,014	32,163
Cost of sales	18,147	18,761
Gross profit	12,867	13,402
Reversal of provision for sales returns	5	4
Provision for sales returns	4	4
Gross profit - net	12,868	13,402
Selling, general and administrative expenses	10,041	9,866
Operating income	2,826	3,536
Non-operating income		
Interest income	11	7
Dividend income	4	4
Rent income	21	19
Foreign exchange gains	74	—
Subsidy income	14	—
Foreign Exchange Adjustments	40	17
Other	46	41
Total non-operating income	213	90
Non-operating expenses		
Interest expenses	8	9
Commitment fee	2	3
Depreciation	9	9
Foreign exchange losses	—	29
Other	5	5
Total non-operating expenses	26	56
Ordinary income	3,013	3,570
Extraordinary income		
Gain on sales of non-current assets	1	2
Gain on liquidation of subsidiaries and associates	4	—
Total extraordinary income	5	2
Extraordinary losses		
Loss on sales and retirement of non-current assets	14	183
Total extraordinary losses	14	183
Profit before income taxes	3,004	3,390
Income taxes - current	938	809
Income taxes - deferred	(34)	151
Total income taxes	904	960
Profit	2,100	2,429
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	2,100	2,429

Consolidated statements of comprehensive income

(Millions of yen)

	FY 2015 (Fiscal year ended March 31, 2015)	FY 2016 (Fiscal year ended March 31, 2016)
Profit	2,100	2,429
Other comprehensive income		
Valuation difference on available-for-sale securities	24	(31)
Foreign currency translation adjustment	159	(128)
Remeasurements of defined benefit plans, net of tax	457	(82)
Total other comprehensive income	642	(243)
Comprehensive income	2,742	2,186
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,742	2,186
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of changes in net assets

FY 2015 (Fiscal year ended March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,897	7,892	13,178	(3,399)	24,568
Cumulative effects of changes in accounting policies			238		238
Restated balance	6,897	7,892	13,417	(3,399)	24,807
Changes of items during period					
Dividends of surplus			(674)		(674)
Profit attributable to owners of parent			2,100		2,100
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(4)	60	55
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,421	60	1,481
Balance at end of current period	6,897	7,892	14,838	(3,339)	26,289

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	125	117	(725)	(482)	191	24,278
Cumulative effects of changes in accounting policies						238
Restated balance	125	117	(725)	(482)	191	24,516
Changes of items during period						
Dividends of surplus						(674)
Profit attributable to owners of parent						2,100
Purchase of treasury shares						(0)
Disposal of treasury shares						55
Net changes of items other than shareholders' equity	24	159	457	642	(0)	641
Total changes of items during period	24	159	457	642	(0)	2,123
Balance at end of current period	150	276	(267)	160	190	26,639

FY 2016 (Fiscal year ended March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,897	7,892	14,838	(3,339)	26,289
Changes of items during period					
Dividends of surplus			(694)		(694)
Profit attributable to owners of parent			2,429		2,429
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(2)	38	36
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,732	38	1,770
Balance at end of current period	6,897	7,892	16,571	(3,301)	28,060

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	150	276	(267)	160	190	26,639
Changes of items during period						
Dividends of surplus						(694)
Profit attributable to owners of parent						2,429
Purchase of treasury shares						(0)
Disposal of treasury shares						36
Net changes of items other than shareholders' equity	(31)	(128)	(82)	(243)	33	(209)
Total changes of items during period	(31)	(128)	(82)	(243)	33	1,561
Balance at end of current period	119	148	(350)	(82)	224	28,201

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2015 (Fiscal year ended March 31, 2015)	FY 2016 (Fiscal year ended March 31, 2016)
Cash flows from operating activities		
Profit before income taxes	3,004	3,390
Depreciation	1,253	1,430
Increase (decrease) in provision for sales returns	(0)	(0)
Increase (decrease) in provision for environmental measures	(1)	(2)
Increase (decrease) in provision for bonuses	15	15
Increase (decrease) in net defined benefit asset	(218)	(224)
Share-based compensation expenses	54	69
Interest and dividend income	(15)	(12)
Interest expenses	8	9
Foreign exchange losses (gains)	(36)	(1)
Loss (gain) on valuation of securities	(2)	—
Loss (gain) on sales and retirement of property, plant and equipment	7	180
Loss (gain) on liquidation of subsidiaries and associates	(4)	—
Decrease (increase) in notes and accounts receivable - trade	(504)	(481)
Decrease (increase) in inventories	(3)	46
Decrease (increase) in other current assets	226	(330)
Decrease (increase) in other investments	32	14
Increase (decrease) in notes and accounts payable - trade	183	345
Increase (decrease) in other current liabilities	43	(467)
Other, net	171	64
Subtotal	4,211	4,045
Interest and dividend income received	14	12
Interest expenses paid	(9)	(9)
Income taxes paid	(835)	(932)
Income taxes refund	12	—
Net cash provided by (used in) operating activities	3,393	3,115
Cash flows from investing activities		
Proceeds from redemption of securities	100	—
Purchase of property, plant and equipment	(1,048)	(3,097)
Proceeds from sales of property, plant and equipment	4	14
Purchase of intangible assets	(116)	(206)
Payments for retirement of non-current assets	-	(103)
Purchase of investment securities	(86)	—
Payments into time deposits	(5,803)	(3,170)
Proceeds from withdrawal of time deposits	500	3,000
Other payments	(212)	(200)
Other proceeds	11	26
Net cash provided by (used in) investing activities	(6,652)	(3,737)

(Millions of yen)

	FY 2015 (Fiscal year ended March 31, 2015)	FY 2016 (Fiscal year ended March 31, 2016)
Cash flows from financing activities		
Repayments of long-term loans payable	(270)	—
Proceeds from (payments for) disposition (purchase) of treasury stock	(0)	(0)
Cash dividends paid	(674)	(694)
Other, net	(162)	(174)
Net cash provided by (used in) financing activities	(1,107)	(869)
Effect of exchange rate change on cash and cash equivalents	4	(11)
Net increase (decrease) in cash and cash equivalents	(4,362)	(1,502)
Cash and cash equivalents at beginning of period	10,940	6,577
Cash and cash equivalents at end of period	6,577	5,074