

Financial Flash Report for the Fiscal Year Ended March 31, 2017

Company name: EIKEN CHEMICAL CO., LTD. Listing: TSE, First Section
 Securities code: 4549 URL: <http://www.eiken.co.jp/en/>
 Representative: Morifumi Wada, President & CEO
 Contact: Kiyohiko Horiuchi, Manager, Public Relations Section e-mail: koho@eiken.co.jp
 Scheduled date of Ordinary General Meeting of Shareholders: June 22, 2017
 Scheduled date of dividend payment: June 5, 2017
 Scheduled date of filing of Annual Securities Report: June 23, 2017

(Millions of yen rounded down)

1. Consolidated Performance for the Fiscal Year Ended March 31, 2017(April 1, 2016 to March 31, 2017)

(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 2017	33,274	3.5	3,976	12.4	4,112	15.2	2,918	20.1
Fiscal year ended March 2016	32,163	3.7	3,536	25.1	3,570	18.5	2,429	15.7

(Note) Comprehensive income: As of March 31, 2017: 3,082 million yen. (41.0%) As of March 31, 2016: 2,186million yen. (20.3%)

	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 2017	159.39	157.60	10.0	9.8	12.0
Fiscal year ended March 2016	132.85	131.43	8.9	9.3	11.0

(Reference) Investment profit or loss on equity method: March 2017: —million yen. March 2016: —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, 2017	44,252	30,609	68.6	1,656.98
As of March 31, 2016	39,266	28,201	71.2	1,529.13

(Reference) Shareholders' equity: As of March 31, 2017: 30,346million yen. As of March 31, 2016: 27,977million 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 2017	4,701	(1,876)	(910)	6,984
Fiscal year ended March 2016	3,115	(3,737)	(869)	5,074

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 2016	—	20.00	—	20.00	40.00	731	30.1	2.7
Fiscal year ended March 2017	—	20.00	—	30.00	50.00	915	31.4	3.1
Fiscal year ending March 2018 (Forecast)	—	25.00	—	25.00	50.00		42.0	

3. Forecasts of Consolidated Performance for the Fiscal Year Ending March 31, 2018

(April 1, 2017 to March 31, 2018)

(% 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	18,000	7.1	1,400	(39.8)	1,400	(40.3)	1,000	(41.7)	54.60
Full year	35,840	7.7	3,070	(22.8)	3,070	(25.3)	2,180	(25.3)	119.03

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, 2017: 21,770,719 shares

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

2) Number of treasury stock at term-end

As of March 31, 2017: 3,456,572 shares

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

3) Average number of shares outstanding during the period

As of March 31, 2017: 18,311,109 shares

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

【Reference】Non-consolidated Financial Summaries

1. Non-Consolidated Performance for the Year Ended March 31, 2017

(April 1, 2016 to March 31, 2017)

(1) Non-Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 2017	33,253	3.5	4,069	14.4	4,179	15.9	2,986	21.1
Fiscal year ended March 2016	32,135	3.7	3,556	22.4	3,607	19.7	2,466	17.4

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 2017	163.08	161.25
Fiscal year ended March 2016	134.88	133.44

(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, 2017	44,740	31,061	68.8	1,681.62
As of March 31, 2016	39,811	28,736	71.6	1,558.36

(Reference)

Shareholders' equity: As of March 31, 2017: 30,797 million yen
As of March 31, 2016: 28,511 million yen

2. Forecasts of Non-Consolidated Performance for the Fiscal Year Ending March 31, 2018

(April 1, 2017 to March 31, 2018)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	17,920	7.0	1,450	(38.4)	1,450	(38.7)	1,050	(39.6)	57.33
Full year	35,670	7.3	3,150	(22.6)	3,140	(24.9)	2,250	(24.7)	122.86

* Financial flash report is not the subject of the audit procedures.

* 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. Outlook on business performance

(1) Summary of business performance for this term

During the consolidated fiscal year under review, Japan's economy continued to recover at a gradual pace as improvement in employment and income was achieved, but against the background of unstable trends in stock prices and exchange fluctuations, improvements in corporate earnings have come to a standstill. Meanwhile, overseas, the situation surrounding the Company remains uncertain as in addition to concerns regarding economic slowdown in the newly emerging Asian countries including China, there are also risks of political and economic changes due to the plan of the UK to leave the EU and the unclear future policies of the new American government.

In the clinical diagnostics industry, a 2016 revision of medical fees has been enforced as a part of the ongoing health insurance reform, but the sample test fees only went down 0.4% on the whole, which is only a small decrease. 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 will be working on developing their medical infrastructure in tandem with population growth and economic development.

Within this business environment, based on policies defined in its most recent management framework, "EIKEN ROAD MAP 2009", the Group decided on the medium-term management plan and, while striving to increase the sales of our major products in Japan, drove further forward the globalization of the Group as a whole in the overseas markets by placing particular emphasis on the following four fields: fecal occult blood tests, immunological and serological tests, urine tests and genetic tests.

As a result of these efforts, the net sales for the consolidated fiscal year ended March 31, 2017 went up to 33,274 million yen (increase of 3.5% on a year-on-year basis), as in addition to an increase in the overseas net sales, there was also a substantial increase in the sales of quick testing kits in the Immuno Catch line-up, with fecal occult blood diagnostic reagents, urine test strips, and genetic screening (LAMP method) reagents all driving the sales up in Japan.

If we look into the breakdown of net sales by classes and types of products, sales of quick testing kits in the Immuno Catch line-up showed a particularly prominent increase at 5,064 million yen (increase of 10.0% on a year-on-year basis). In the area of reagents for urine tests, sales of the urine test strips rose both in Japan and overseas resulting in 2,448 million yen (increase of 6.4% on a year-on-year basis). As for immunological and serological reagents, sales recorded 18,049 million yen (decrease of 0.5% on a year-on-year basis) due to the fact that although sales of fecal occult blood diagnostic reagents in Japan increased, sales of the AIA-related reagents brought in and sold from Tosoh Corporation and the overseas-oriented fecal immunochemical test reagents made only a small increase. Moreover, sales of clinical chemistry reagents amounted to 611 million yen (decrease of 4.9% on a year-on-year basis), and sales of equipment, food and environment related culture medium category scored 2,198 million yen (decrease of 1.6% on a year-on-year basis), with no sales increases made. In the "Other" category (medical devices, genetic related products, etc.), in addition to an increase of sales of genetic screening (LAMP method) reagents and patent royalty income, there was also a substantial increase in the sales of medical devices for overseas, adding up to 4,901 million yen (increase of 15.6% on a year-on-year basis).

Overseas, although sales of fecal immunochemical test reagents made only a small increase, sales of reagents and analyzers for urine tests increased resulting in total sales of 4,086 million yen (increase of 16.8% on a year-on-year basis).

Regarding profit, the Group made efforts to reduce production costs of our in-house products and to make more efficient use of expenses. Also, the research and development costs, which we expected to be incurred in this consolidated fiscal year, were carried over to the next fiscal year. As a result, operating income was 3,976 million yen (increase of 12.4% on a year-on-year basis) and ordinary income was 4,112 million yen (increase of 15.2% on a year-on-year basis). Furthermore, net income attributable to parent company shareholders amounted 2,918 million yen (increase of 20.1% on a year-on-year basis), resulting from a 134 million yen-worth extraordinary loss due to the termination of the retirement benefit plans.

(2) Summary of financial position for this term

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 4,985 million yen, while liabilities increased by 2,577 million yen and net assets increased by 2,408 million yen.

Our equity ratio decreased to 68.6% compared to 71.2% at the end of the previous consolidated fiscal year. Major increases and decreases in the category of assets included an increase of 1,793 million yen in cash and deposits. This fluctuation was mainly due to the increase in profits. There was also an increase of 2,621 million yen in tangible fixed assets, which was mainly due to the construction of a new building for Nogi Plant meant to reinforce the productive capacity. In the category of liabilities, income taxes payable etc. increased by 211 million yen due to posting of corporate income tax and other taxes. Moreover, accrued liabilities increased by 1,213 million yen, while current liabilities, etc. increased by 749 million yen, mainly as a result of capital investment. In the category of net assets, retained earnings increased by 2,186 million yen due to recording of net income attributable to parent company shareholders, despite payment of dividends.

(3) Summary of cash flows for this term

Cash and cash equivalents for the consolidated fiscal year under review (hereinafter referred to as "net cash") increased by 1,909 million yen compared to the end of the previous consolidated fiscal year, reaching 6,984 million yen on March 31, 2017.

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 was 4,701 million yen (compared to the net cash of 3,115 million yen in the previous fiscal year) This was mainly due to a 155 million yen expenditure caused by an increase in net defined benefit assets, a 125 million yen income caused by an increase in accounts receivable, a 262 million yen expenditure caused by an increase in inventory, a 388 million yen increase caused by an increase in accounts payable, and 3,845 million yen in pretax profit. Depreciation and amortization totaled 1,563 million yen.

Cash flows from investing activities

Net cash used in investing activities was an expenditure of 1,876 million yen (compared to the net cash expenditure of 3,737 million yen in the previous fiscal year). This was mainly due to 1,898 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 was an expenditure of 910 million yen (compared to the net cash expenditure of 869 million yen in the previous fiscal year). This was mainly due to dividends payments of 732 million yen.

(Reference) Trend of indicators related to cash flow

	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17
Equity capital ratio (%)	67.0	66.2	69.8	71.2	68.6
Equity capital ratio based on the market value (%)	68.5	89.6	94.9	109.8	127.7
Interest-bearing debt to cash flow ratio (year)	0.5	0.2	0.1	0.1	0.1
Interest coverage ratio (times)	109.2	250.2	375.8	331.2	507.5

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.

(4) Future prospects

It is expected that companies will remain cautious in light of the slowdown of the Chinese economy and the policy trends of the new U.S. government. In Japan, 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 will 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 7.7% to 35,840 million yen. However, research and development costs, which we expected to be incurred in this consolidated fiscal year, were carried over to the next fiscal year. Accordingly, we expect operating income of 3,070 million yen (decrease of 22.8% on a year-on-year basis), ordinary income of 3,070 million yen (decrease of 25.3% on a year-on-year basis), and net income attributable to parent company shareholders of 2,180 million yen (decrease of 25.3% on a year-on-year basis).

Still, we forecast net sales to overseas of 6,520 million yen (increase of 59.6% on a year-on-year basis), and a share of 18.2% from total sales.

(5) Basic policy on profit sharing and dividends for this and the next term

The Company regards distribution of profits to its shareholders as one of the most important management issues, and our dividend policy is to first ensure internal reserves required for reinforcement of our financial base and active business development, and then distribute profits by paying stable dividends twice annually, as an interim dividend and a year-end dividend. Specifically, based on the above-mentioned policy, the Company will endeavor to maintain dividends with a goal of 30% or higher for its consolidated dividend payout ratio. The Company in its Articles of Incorporation has set the decision-making body regarding dividends from surplus as follows: "Dividends from surplus, etc. can be distributed by a resolution of the Board of Directors in accordance with regulations of Article 459, Paragraph 1 of the Companies Act."

The year-end dividend for the current business year has been set at 30 yen per share. As we have already paid the interim dividend of 20 yen on December 1, 2016, the dividends on an annual basis will add up to 50 yen per share. For the next term, the Company plans to pay out the regular dividend consisting of the interim dividend of 25 yen per share and the year-end dividend of 25 yen per share.

The internal reserves will be used from a mid- and long-term viewpoint to invest in the research and development, plant and equipment, as well as improvements in efficiency of management to strengthen our management foundations.

2. Basic way of thinking regarding selection of accounting standards

For the time being, to enhance comparability of consolidated financial statements and comparability between companies, the Group will create consolidated financial statements in accordance with Japanese standards. We shall examine possibilities of application of international accounting standards taking into consideration various circumstances in and outside the country.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2016 (As of March 31, 2016)	FY 2017 (As of March 31, 2017)
Assets		
Current assets		
Cash and deposits	8,245	10,039
Notes and accounts receivable - trade	10,233	10,356
Lease investment assets	196	179
Merchandise and finished goods	3,086	3,266
Work in process	1,020	1,091
Raw materials and supplies	805	812
Deferred tax assets	358	381
Other	682	856
Total current assets	24,627	26,983
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,902	18,804
Accumulated depreciation	(10,186)	(10,457)
Buildings and structures, net	4,715	8,347
Machinery, equipment and vehicles	5,317	5,777
Accumulated depreciation	(4,209)	(4,433)
Machinery, equipment and vehicles, net	1,108	1,344
Tools, furniture and fixtures	3,428	3,509
Accumulated depreciation	(2,759)	(2,894)
Tools, furniture and fixtures, net	669	614
Land	995	996
Leased assets	737	648
Accumulated depreciation	(398)	(320)
Leased assets, net	338	328
Construction in progress	1,239	58
Total property, plant and equipment	9,067	11,689
Intangible assets	637	499
Investments and other assets		
Investment securities	391	389
Long-term time deposits	2,900	2,900
Net defined benefit asset	257	565
Deferred tax assets	161	24
Other	1,230	1,206
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	4,934	5,080
Total non-current assets	14,639	17,269
Total assets	39,266	44,252

(Millions of yen)

	FY 2016 (As of March 31, 2016)	FY 2017 (As of March 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,136	4,346
Electronically recorded obligations - operating	2,689	2,866
Lease obligations	347	339
Accounts payable - other	1,001	2,215
Income taxes payable	426	638
Provision for bonuses	699	707
Provision for sales returns	4	4
Other	803	1,553
Total current liabilities	10,109	12,672
Non-current liabilities		
Lease obligations	568	583
Provision for environmental measures	0	-
Asset retirement obligations	33	34
Other	353	352
Total non-current liabilities	956	970
Total liabilities	11,065	13,642
Net assets		
Shareholders' equity		
Capital stock	6,897	6,897
Capital surplus	7,892	7,894
Retained earnings	16,571	18,758
Treasury shares	(3,301)	(3,284)
Total shareholders' equity	28,060	30,265
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	119	131
Foreign currency translation adjustment	148	75
Remeasurements of defined benefit plans	(350)	(126)
Total accumulated other comprehensive income	(82)	80
Subscription rights to shares	224	263
Total net assets	28,201	30,609
Total liabilities and net assets	39,266	44,252

(2) Consolidated Statements of Income

(Millions of yen)

	FY 2016 (Fiscal year ended March 31, 2016)	FY 2017 (Fiscal year ended March 31, 2017)
Net sales	32,163	33,274
Cost of sales	18,761	19,110
Gross profit	13,402	14,163
Reversal of provision for sales returns	4	4
Provision for sales returns	4	4
Gross profit - net	13,402	14,163
Selling, general and administrative expenses	9,866	10,186
Operating profit	3,536	3,976
Non-operating income		
Interest income	7	6
Dividend income	4	5
Foreign exchange gains	—	3
Rent income	19	18
Subsidy income	—	29
Compensation income	—	20
Insurance income	—	35
Foreign Exchange Adjustments	17	—
Other	41	38
Total non-operating income	90	158
Non-operating expenses		
Interest expenses	9	9
Commitment fee	3	2
Depreciation	9	8
Foreign exchange losses	29	—
Other	5	1
Total non-operating expenses	56	22
Ordinary profit	3,570	4,112
Extraordinary income		
Gain on sales of non-current assets	2	0
Gain on sales of investment securities	—	1
Total extraordinary income	2	1
Extraordinary losses		
Loss on sales and retirement of non-current assets	183	115
Loss on valuation of investment securities	—	18
Loss on abolishment of retirement benefit plan	—	134
Total extraordinary losses	183	268
Profit before income taxes	3,390	3,845
Income taxes - current	809	918
Income taxes - deferred	151	8
Total income taxes	960	926
Profit	2,429	2,918
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	2,429	2,918

Consolidated statements of comprehensive income

(Millions of yen)

	FY 2016 (Fiscal year ended March 31, 2016)	FY 2017 (Fiscal year ended March 31, 2017)
Profit	2,429	2,918
Other comprehensive income		
Valuation difference on available-for-sale securities	(31)	12
Foreign currency translation adjustment	(128)	(72)
Remeasurements of defined benefit plans, net of tax	(82)	223
Total other comprehensive income	(243)	163
Comprehensive income	2,186	3,082
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,186	3,082
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of changes in net assets

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

FY 2017 (Fiscal year ended March 31, 2017)

(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	16,571	(3,301)	28,060
Changes of items during period					
Dividends of surplus			(732)		(732)
Profit attributable to owners of parent			2,918		2,918
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		1		17	18
Net changes of items other than shareholders' equity					
Total changes of items during period	-	1	2,186	17	2,205
Balance at end of current period	6,897	7,894	18,758	(3,284)	30,265

	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	119	148	(350)	(82)	224	28,201
Changes of items during period						
Dividends of surplus						(732)
Profit attributable to owners of parent						2,918
Purchase of treasury shares						(0)
Disposal of treasury shares						18
Net changes of items other than shareholders' equity	12	(72)	223	163	39	203
Total changes of items during period	12	(72)	223	163	39	2,408
Balance at end of current period	131	75	(126)	80	263	30,609

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2016 (Fiscal year ended March 31, 2016)	FY 2017 (Fiscal year ended March 31, 2017)
Cash flows from operating activities		
Profit before income taxes	3,390	3,845
Depreciation	1,430	1,563
Increase (decrease) in provision for sales returns	(0)	0
Increase (decrease) in provision for environmental measures	(2)	(0)
Increase (decrease) in provision for bonuses	15	8
Decrease (increase) in net defined benefit asset	(224)	(155)
Share-based compensation expenses	69	58
Interest and dividend income	(12)	(11)
Interest expenses	9	9
Foreign exchange losses (gains)	(1)	13
Loss (gain) on sales and retirement of property, plant and equipment	180	114
Loss (gain) on sales of investment securities	—	(1)
Loss (gain) on valuation of investment securities	—	18
Decrease (increase) in notes and accounts receivable - trade	(481)	(125)
Decrease (increase) in inventories	46	(262)
Decrease (increase) in other current assets	(330)	(190)
Decrease (increase) in other investments	14	(1)
Increase (decrease) in notes and accounts payable - trade	345	388
Increase (decrease) in other current liabilities	(467)	26
Other, net	64	169
Subtotal	4,045	5,466
Interest and dividend income received	12	13
Interest expenses paid	(9)	(9)
Income taxes paid	(932)	(769)
Net cash provided by (used in) operating activities	3,115	4,701
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,097)	(1,898)
Proceeds from sales of property, plant and equipment	14	1
Purchase of intangible assets	(206)	(27)
Payments for retirement of non-current assets	(103)	(17)
Proceeds from sales of investment securities	—	2
Payments into time deposits	(3,170)	(3,054)
Proceeds from withdrawal of time deposits	3,000	3,159
Other payments	(200)	(41)
Other proceeds	26	—
Net cash provided by (used in) investing activities	(3,737)	(1,876)

(Millions of yen)

	FY 2016 (Fiscal year ended March 31, 2016)	FY 2017 (Fiscal year ended March 31, 2017)
Cash flows from financing activities		
Proceeds from (payments for) disposition (purchase) of treasury stock	(0)	(0)
Cash dividends paid	(694)	(732)
Other, net	(174)	(178)
Net cash provided by (used in) financing activities	(869)	(910)
Effect of exchange rate change on cash and cash equivalents	(11)	(4)
Net increase (decrease) in cash and cash equivalents	(1,502)	1,909
Cash and cash equivalents at beginning of period	6,577	5,074
Cash and cash equivalents at end of period	5,074	6,984