

# Consolidated Statements of Cash Flows

Years ended March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2017	2016	2017
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes	¥ 63,943	¥ 46,566	\$ 570,921
Depreciation and amortization	29,445	29,723	262,910
Increase (decrease) in allowance for doubtful accounts	41	(527)	367
Interest and dividend income	(2,822)	(3,037)	(25,200)
Interest expense	2,135	2,136	19,065
Foreign exchange losses (gains)	(53)	6	(475)
Gain on sales of noncurrent assets	(55)	(989)	(491)
Gain on sales of investment securities	(18,849)	(2,351)	(168,297)
Loss on disposal of noncurrent assets	568	775	5,078
Loss on devaluation of investment securities	244	167	2,187
Impairment loss	1,356	282	12,114
Loss on liquidation of subsidiaries	—	470	—
Changes in operating assets and liabilities:			
Trade receivables	(14,107)	(22,609)	(125,957)
Inventories	1,557	(7,811)	13,905
Trade payables	7,169	12,513	64,016
Advances received	4,909	1,750	43,833
Other, net	(7,408)	(1,437)	(66,177)
Cash generated from operations	68,073	55,627	607,799
Interest and dividends received	2,838	3,035	25,347
Interest expenses paid	(2,230)	(2,186)	(19,919)
Income taxes paid	(10,496)	(8,026)	(93,716)
Net cash provided by operating activities	58,185	48,450	519,511
<b>Cash Flows from Investing Activities:</b>			
Purchase of property, plant and equipment	(18,085)	(17,843)	(161,481)
Proceeds from sales of property, plant and equipment	358	1,994	3,201
Purchase of investment securities	(1,549)	(4,657)	(13,838)
Proceeds from sales of investment securities	33,251	5,878	296,888
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(130)	—	(1,163)
Payments of loans receivable	(4,371)	(6,888)	(39,035)
Collection of loans receivable	4,958	6,242	44,272
Other, net	(4,684)	(4,136)	(41,799)
Net cash provided by (used in) investing activities	9,748	(19,410)	87,045
<b>Cash Flows from Financing Activities:</b>			
Net increase (decrease) in short-term loans payable	(22,228)	(8,245)	(198,465)
Proceeds from long-term loans payable	11,355	19,520	101,386
Repayment of long-term loans payable	(16,582)	(20,106)	(148,056)
Proceeds from issuance of bonds	15,000	15,000	133,929
Redemption of bonds	(20,500)	(15,000)	(183,036)
Repayments of lease obligations	(12,879)	(14,490)	(114,992)
Proceeds from sales of treasury stock	1	1	11
Purchase of treasury stock	(29)	(28)	(263)
Cash dividends paid	(7,143)	(7,144)	(63,783)
Cash dividends paid to non-controlling interests	(901)	(1,002)	(8,050)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,107)	—	(18,816)
Other, net	(69)	(73)	(612)
Net cash used in financing activities	(56,082)	(31,567)	(500,747)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	(910)	(2,099)	(8,127)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	10,941	(4,626)	97,682
<b>Cash and Cash Equivalents at Beginning of Year</b>	30,838	31,895	275,346
<b>Increase in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation</b>	107	3,552	960
<b>Increase in Cash and Cash Equivalents Resulting from Merger with Unconsolidated Subsidiaries</b>	—	17	—
<b>Cash and Cash Equivalents at End of Year</b>	¥ 41,886	¥ 30,838	\$ 373,988

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.