

Consolidated Financial Results for the Nine Months Ended December 31, 2016

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 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 7947 URL: <http://www.fpco.co.jp/>
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 Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): February 7, 2017
 Scheduled date for commencement of dividend payments: –
 Supplementary documents for quarterly results: None
 Quarterly results briefing: None

(Amounts of less than one million yen are truncated.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2016 (April 1, 2016 – December 31, 2016)

(1) Consolidated Results of Operations

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Period ended December 31, 2016	133,730	1.7	13,353	19.6	13,660	15.1	9,404	17.6
December 31, 2015	131,469	3.2	11,168	47.1	11,864	40.9	7,999	48.2

(Note) Comprehensive income: Period ended December 31, 2016: 9,994 million yen (22.4%)
 Period ended December 31, 2015: 8,165 million yen (34.3%)

	Net income per share (basic)		Net income per share (diluted)	
	Yen	Yen	Yen	Yen
Period ended December 31, 2016	227.38	–	–	–
December 31, 2015	193.24	–	–	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2016	226,561	98,332	43.2	2,368.05
March 31, 2016	209,053	91,591	43.6	2,202.56

(Reference) Equity: As of December 31, 2016: 97,895 million yen
 As of March 31, 2016: 91,174 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2016	–	33.00	–	35.00	68.00
Year ending March 31, 2017	–	40.00	–		
Year ending March 31, 2017 (forecast)				39.00	79.00

Note: Revisions to dividend forecasts published most recently: No

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(Percentages show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending March 31, 2017	176,000	3.4	15,100	14.0	15,500	10.5	10,400	11.9	251.24

Note: Revisions to consolidated business performance forecasts published most recently: No

* Notes

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries accompanying changes in scope of consolidation): No
- (2) Application of particular accounting treatment concerning preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies and accounting estimates, and restatement
- | | |
|---|----|
| (i) Changes in accounting policies accompanying amendments to accounting standards, etc.: | No |
| (ii) Changes in accounting policies other than (i): | No |
| (iii) Changes in accounting estimates: | No |
| (iv) Restatement: | No |
- (4) Number of shares outstanding (common shares):
- | | |
|---|-------------------|
| (i) Number of shares outstanding at end of period (including treasury shares) | |
| As of December 31, 2016: | 44,284,212 shares |
| As of March 31, 2016: | 44,284,212 shares |
| (ii) Number of treasury shares at end of period: | |
| As of December 31, 2016: | 2,944,011 shares |
| As of March 31, 2016: | 2,889,332 shares |
| (iii) Average number of shares outstanding during the period (consolidated cumulative period) | |
| Nine months ended December 31, 2016: | 41,362,072 shares |
| Nine months ended December 31, 2015: | 41,395,001 shares |

* Status of a quarterly review

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements have been reviewed at the time of the announcement of this financial summary.

* Explanations and other special notes concerning the appropriate use of business performance forecasts

The forecasts and other forward-looking statements presented in this material are based on information available to the Company as of the date of publication of this material. Actual performance may differ from the forecast figures due to a variety of factors. Refer to "1. Qualitative Information Relating to Consolidated Results of Operations for the First Three Quarters Ended December 31, 2016; (3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results" on page 5 of the "Accompanying Materials" for the assumptions underlying the forecasts, notes to the use of forecasts and other related matters.

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1. Qualitative Information Relating to Consolidated Results of Operations for the First Three Quarters Ended December 31, 2016

(1) Explanation of Financial Results

During the first nine months under review (from April 1, 2016 to December 31, 2016), the Japanese economy saw a moderate recovery as the employment and income environment continued to improve. In the third quarter, however, consumer spending was weak partly due to high prices of vegetables associated with the unseasonable weather. Because of this situation and concern over trends in overseas economies, especially the U.S. economy and emerging economies, the economic outlook remained uncertain.

In this environment, we saw increases in the sales volume of our original products, including Multi FP, Multi Solid, OPET, and new transparent PP containers, and products using recycled raw materials, such as Eco Tray and Eco APET. New design and new function containers centered on our original products are greatly appreciated by customers not only for their functionality as containers but also for the superiority of their material functions including oil, acid and heat resistance. In particular, the Multi FP container, which is used for hot pots, soup containers, heated, prepared food containers, and chilled lunchboxes, now has a new deep heat-resistant product with a lid and a new heat-resistant inner plate. Through this development, the Multi FP container, along with the new transparent PP container, has enabled new product development that allows microwave heating. This encourages proposals for the creation of new sales spaces at retailers, and more and more customers are using the product. For transparent containers, including lids and hood packs, we are working on enhancing the lineup of OPET and new transparent PP products to replace conventional OPS containers. Eco APET containers are increasingly being used as vegetable salad containers and containers for fruits and vegetables. With consumers tending to look for affordability, we have also seen increases in the sales volume of new products such as containers with covers, which make dressed meat and prepared food look good on sales floors. More and more companies in the restaurant industry are providing home meal replacements, and major restaurant chains have begun to use our containers. A major burger restaurant chain has started to use soup containers, and a major beef bowl restaurant chain has begun to use containers for takeaways. As a result, the sales volume of products manufactured by the Group in the first nine months under review rose 5.7% year on year in terms of the number of cases and 3.7% year on year in terms of the number of products. The net sales of products manufactured by the Group climbed 1.5% year on year.

During the peak season at the end of the year, when there is a concentration of sales, the number of distribution vehicles reached a record high. The Group was able to handle shipments without any delay thanks to the distribution network that it has expanded in the past six years, including the Fukuyama Cross-Docking Center and the Hachioji Distribution Center.

On the other hand, net sales of products purchased from outside the Group in the first nine months under review rose by 2.3% year on year. This was attributable to efforts to strengthen procurement ability and the increase in the volume of products handled, as well as the review of unprofitable transactions.

As a result, the Group achieved consolidated net sales of 133,730 million yen, up 2,261 million yen or up 1.7% year on year, reaching a record high.

Although there were cost increases of about 1,100 million yen, due mainly to the commencement of the operations of new bases and facilities, an increase in distribution costs associated with the increase in the volume of sales, and a decrease of 386 million yen in subsidy income, we boosted profits by about 3,280 million yen overall. Operating income in the first nine months under review hit an all-time high of 13,353 million yen, up 2,184 million yen or 19.6% year on year, while ordinary income stood at a record 13,660 million yen, up 1,796 million yen or 15.1%, ordinary income before depreciation and amortization came to a record high of 21,990 million yen, up 16.4%, and profit attributable to owners of parent reached a record of 9,404 million yen, up 17.6%. This was primarily due to the impact of lower materials prices, the strong sales of our original and new products, and the Group-wide efforts to improve profit margins.

Regarding sales activity, we are seeking to boost net sales and profitability by accelerating the development of high-value-added products to build a rich product lineup and by shifting the sales mix to our original products. We are also taking steps to reduce carbon emissions and improve work productivity to respond to the labor shortage, while promoting sales of products using recycled materials and general-purpose products. On July 1, 2016, the Company acquired all issued shares of Ueda Packaging Corporation, making it a wholly owned consolidated subsidiary and changing its name to FPCO Ueda Corporation. FPCO Ueda Corporation sells food packaging materials to supermarkets and food processing companies in the San'in Region. As a member of the Group, FPCO Ueda Corporation will utilize our sales and distribution network to provide high value-added services to customers and increase synergies between Group companies. On top of that, the Company is preparing to hold the FPCO Fair

2017 “Different, Good, Tasty,” with “sales space that charms customers by creating new products and ways to sell” as the main theme, on March 15, 16, and 17. The purpose of this fair is to propose the Company’s latest product development and sales space creation to customers.

In March 2016, the Chubu Eco PET Plant adjacent to the Chubu PET Recycling Plant commenced operation. This enables integrated production to promote the FPCO “bottle to tray” recycling method, in which it reuses collected transparent PET containers and PET bottles as raw materials to produce Eco APET containers. The Chubu PET Recycling Plant collects transparent PET containers and PET bottles to produce recycled PET flakes, which are then pneumatically transported to the Chubu Eco PET Plant, where Eco APET containers are molded by sheet extrusion. With OPET sheet extrusion equipment No. 3 and product-molding machines, the Chubu Eco PET Plant also functions as a production base for OPET transparent containers. In a bid to expand production capacity of Eco APET containers, we are building a new integrated manufacturing plant combining a PET recycling plant with sheet extrusion and molding facilities on the site of the Kanto Yachiyo Plant. Like the recycling facilities in the Chubu area, the new plant will produce recycled PET flakes from collected PET bottles and transparent PET containers and use these as raw materials to mold Eco APET containers through sheet extrusion. We are also pushing ahead with the introduction of industrial robots at all molding plants throughout Japan, aiming for the automation of manufacturing processes to save labor. In December 2016, 22 automatic packing machines and dust-removing packing machines and 7 case packing robots were operating, and they allowed us to reduce the workforce requirements by 61 workers. We plan to operate 26 automatic packing machines and dust-removing packing machines and 16 case packing robots in March 2017, thereby reducing the workforce requirements by 82 workers. We will continue to introduce industrial robots to promote the automation of manufacturing processes to save labor.

In terms of logistics preparation for demand that is expected to increase in the future, we temporarily settled our effort to construct a robust and flexible nationwide logistics network and ensured the establishment of a stable supply system for future market expansion and peak seasons. By September 2016, as part of our Business Continuity Plan (BCP), we completed the installation of emergency power-generating equipment and the storage of sufficient fuel to secure an electricity supply for 72 hours, or three days, in all 21 locations nationwide to ensure that our critical business functions will continue to operate even in the event of serious incidents, such as an electricity outage caused by a disaster. We believe that these measures will contribute to our customers’ business continuity and further reinforce our structure that delivers products when needed. We also introduced a voice-activated picking system to improve the productivity of picking operations. Through these measures, we will provide a stable supply and reduce costs throughout the logistics chain up to product delivery to customers.

In June 2016, we were selected for inclusion in the 2016 Competitive IT Strategy Company Stock Selection for the second consecutive year. We were jointly chosen by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange in recognition of our IT utilization, including the introduction of industrial robots on the production front and the introduction of a voice-activated picking system on the logistics front.

Given an improvement in the employment situation, labor costs are rising significantly with a labor shortage and companies are having difficulty with recruitment. In this environment, the Group built a company apartment building consisting of 150 studio units, which was completed in January 2017, in Chikusei, Ibaraki Prefecture in order to secure personnel from a wider area in the Kanto area. In the Chubu area, we are building a similar facility with 102 studio units in Wanouchi-cho, Anpachi District, Gifu Prefecture. We plan to complete this facility by March 2017.

In our research and development activities, we sought to accelerate and enhance research into new materials and products and product development. We also placed greater emphasis on personnel development utilizing our facilities.

With respect to the employment of disabled workers, part of the Group’s corporate social responsibility, as of December 31, 2016, the Group provided employment opportunities for 367 individuals (630 disabled workers employed), and 64 at its tie-up partners. In October 2016, for the third consecutive year, the Company came at the top in a ranking of companies that hire workers with disabilities, announced by Toyo Keizai Inc. In January 2017, Ducks Shikoku Co., a consolidated special subsidiary, merged with other consolidated special subsidiaries, Ducks Co. (“Ducks (Chiba)”), Ducks Saga Co., and Ibaraki Pigeon Recycle Co., and changed its business name to FPCO Ducks Co. (“FPCO Ducks”). At the same time, the manufacturing of containers that look like thin wooden boxes at FPCO Ai Pack Co., a type A employment continuation assistance business and consolidated subsidiary, in Hokkaido was transferred to FPCO Ducks. In 1986, the Group established Ducks (Chiba) and began to hire disabled workers in earnest. Thirty years after that, the Group reconsidered an optimum structure of special subsidiaries and optimum business fields. As a result, the Group has created a special subsidiary with six plants nationwide, from Hokkaido to

Kyushu, where expertise on the management of disabled workers is shared and human resources are used effectively. The Group will continue to provide stable workplaces that will make the most of the capabilities of disabled workers.

(Explanations of terms)

Multi FP (MFP) container:	An formed PS (polystyrene) container with cold and heat resistance to temperatures between -40°C and +110°C and with superior oil and acid resistance and thermal insulation.
Multi Solid (MSD) container:	A non-formed PS (polystyrene) container with a heat resistance temperature of +110°C that is able to create sharp figures by using scraps of materials from the Multi FP, while maintaining the characteristics of the Multi FP.
OPET transparent container:	A polyethylene terephthalate transparent container with a heat resistance temperature of +80°C that is molded from bi-axially oriented PET sheets, with superior oil and acid resistance and transparency, achieving the same thermal insulation as the OPS.
New transparent PP container:	A transparent PP container with a heat resistance temperature of +110°C, which has achieved the same transparency as OPS using standard-grade polypropylene raw material.
OPS transparent container:	A conventional transparent container with a heat resistance temperature of +80°C that is molded from the bi-axially oriented polystyrene sheets.
Eco Tray:	A recycled expanded polystyrene container for which polystyrene containers collected at supermarket shop counters and scrap pieces collected within plants are used as raw materials (sales commenced in 1992).
Eco APET container:	A recycled PET transparent container for which PET transparent containers collected at supermarket shop counters, PET bottles and scrap pieces collected within plants are used as raw materials (sales commenced in 2012).
Hood pack:	A general-purpose transparent container having a hood connected to the main body, which is used, for example, at a sales space for fried foods at a supermarket.

(2) Explanation of Financial Situation

1) State of assets, liabilities and net assets

Assets for the Group totaled 226,561 million yen at the end of the third quarter under review, up 17,508 million yen from the end of the previous fiscal year.

This was attributable mainly to increases in cash and deposits of 1,515 million yen, notes and accounts receivable - trade of 7,132 million yen, building and structures of 2,545 million yen, machinery, equipment and vehicles of 6,426 million yen while there was a decrease in leased assets of 1,663 million yen.

Consolidated liabilities amounted to 128,228 million yen, up 10,766 million yen from the end of the previous fiscal year.

This was chiefly attributable to rises in accounts payable - trade of 4,458 million yen and short-term and long-term loans payable of 10,741 million yen, while there were declines in income taxes payable of 1,196 million yen, current liabilities - other of 1,407 million yen, and noncurrent liabilities - other of 1,313 million yen.

Consolidated net assets reached 98,332 million yen, up 6,741 million yen from the end of the previous fiscal year.

This change mainly reflected the posting of a profit attributable to owners of parent of 9,404 million while there was a decrease of 3,102 million yen due to dividends of surplus.

2) State of cash flows

Cash and cash equivalents (hereinafter "cash") totaled 16,589 million yen at the end of the first nine months under review, up 1,499 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities amounted to 15,620 million yen (10,281 million yen in cash was provided a year earlier).

This primarily reflected a cash increase due mainly to income before income taxes of 13,458 million yen, depreciation of 8,330 million yen, and an increase in notes and accounts payable - trade of 4,221 million yen, while there were some cash decreases due mainly to an increase in notes and accounts receivable - trade of 7,042 million yen and income taxes paid of 5,386 million yen.

(Cash flows from investing activities)

Net cash used in investing activities reached 17,535 million yen (10,742 million yen in cash was used a year earlier).

This was mainly due to 17,746 million yen in purchase of property, plant and equipment, including the Chubu Eco PET Plant, and other manufacturing facilities.

(Cash flows from financing activities)

Net cash provided by financing activities came to 3,414 million yen (45 million yen in cash was provided a year earlier).

This primarily reflected proceeds from long-term loans payable of 21,000 million yen, a net decrease in short-term loans

payable of 886 million yen, repayment of long-term loans payable of 10,687 million yen, repayments of lease obligations of 2,939 million yen, and cash dividends paid of 3,071 million yen.

(3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results

As to the future outlook, unpredictable conditions, such as consumer trends and changes in raw material costs and electricity charges attributable to the foreign exchange rate and crude oil price fluctuations, are expected to persist in the operating environment surrounding the Group.

Looking at the current environment surrounding domestic companies, the employment situation has improved, and labor costs are rising significantly due to a labor shortage. Companies are having difficulty securing human resources.

In this environment, we are promoting the introduction of industrial robots in production, and a voice-activated picking system and an automatic sorter system in distribution to encourage labor saving and improve work productivity. We will continue to take these steps to curb production and distribution costs. In addition, we will develop a corporate structure in which we can achieve stable profits over the medium to long terms through measures including the further acceleration of new product development and lineup enhancement, including the Company's original products, combined with cost control in our nationwide distribution network. The Chubu Eco PET Plant, which commenced operation in March 2016, facilitates the FPCO "bottle to tray" recycling method, in which it reuses collected transparent PET containers and PET bottles as raw materials to produce Eco APET containers. Of all APET transparent containers manufactured by the Group, the Chubu Eco PET Plant aims to increase the sales ratio of Eco APET from 74% as of March 2016 to 87% by March 2017. The new plant combining a PET recycling plant with sheet extrusion and molding facilities which is now under construction on the site of the Kanto Yachiyo Plant is scheduled for completion in August 2017.

To increase the film supply capacity of FPCO ALRight Co., Ltd. ("FPCO ALRight"), a consolidated subsidiary, a new film plant is under construction in Kasaoka, Okayama Prefecture. The plant is scheduled to be completed in January 2018.

Primarily to reduce film printing sourcing cost, the Company established a joint venture, FPCO Gravure Co., Ltd. ("FPCO Gravure"), with Kawamoto Kagaku, Y.K. ("Kawamoto Kagaku") in Asakuchi, Okayama Prefecture in February 2017. FPCO Gravure plans to build a new gravure printing plant in Asakuchi, Okayama Prefecture and take over the printing business of Kawamoto Kagaku and that of FPCO ALRight. The new plant is planned to commence operations in April 2018.

The results forecasts for the full year that were announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 on May 10, 2016 remain unchanged.

2. Matters Relating to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable

(2) Application of Particular Accounting Treatment Concerning Preparation of Quarterly Consolidated Financial Statements

Not applicable

(3) Additional Information

(Application of Implementation Guidance on the Recoverability of Deferred Tax Assets)

From the first quarter, the Company is applying Implementation Guidance on the Recoverability of Deferred Tax Assets (Guidance No. 26 of the Accounting Standards Board of Japan, issued March 28, 2016).

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2016)	Third quarter of the current consolidated fiscal year (As of December 31, 2016)
Assets		
Current assets		
Cash and deposits	15,089	16,605
Notes and accounts receivable - trade	35,628	42,761
Merchandise and finished goods	15,686	15,672
Work in process	76	79
Raw materials and supplies	2,849	3,084
Other	4,854	4,452
Allowance for doubtful accounts	(29)	(29)
Total current assets	74,154	82,625
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	59,951	62,497
Machinery, equipment and vehicles, net	15,935	22,362
Lands	33,502	33,679
Lease assets, net	10,626	8,963
Other, net	6,742	7,375
Total property, plant and equipment	126,759	134,878
Intangible assets		
Goodwill	1,232	1,413
Other	1,057	934
Total intangible assets	2,290	2,348
Investments and other assets	5,849	6,708
Total non-current assets	134,898	143,935
Total assets	209,053	226,561
Liabilities		
Current liabilities		
Accounts payable - trade	18,472	22,931
Short-term loans payable	13,803	22,201
Commercial papers	15,000	15,000
Income taxes payable	3,220	2,023
Provision for bonuses	1,805	1,002
Provision for directors' bonuses	71	67
Other	17,656	16,249
Total current liabilities	70,029	79,474
Noncurrent liabilities		
Long-term loans payable	35,106	37,450
Provision for directors' retirement benefits	1,210	1,391
Provision for executive officers' retirement benefits	14	21
Net defined benefit liability	2,993	3,096
Other	8,107	6,793
Total non-current liabilities	47,432	48,753
Total liabilities	117,462	128,228

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2016)	Third quarter of the current consolidated fiscal year (As of December 31, 2016)
Net assets		
Shareholders' equity		
Capital stock	13,150	13,150
Capital surplus	15,843	15,843
Retained earnings	66,453	72,755
Treasury shares	(4,942)	(5,092)
Total shareholders' equity	90,505	96,657
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	919	1,434
Remeasurements of defined benefit plans	(249)	(196)
Total accumulated other comprehensive income	669	1,238
Non-controlling interests	416	436
Total net assets	91,591	98,332
Total liabilities and net assets	209,053	226,561

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(First three quarters period)

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2015 - December 31, 2015)	First three quarters period of current fiscal year (April 1, 2016 - December 31, 2016)
Net sales	131,469	133,730
Cost of sales	90,591	88,832
Gross profit	40,877	44,898
Selling, general and administrative expenses	29,708	31,544
Operating income	11,168	13,353
Non-operating income		
Interest income	1	1
Dividends income	82	95
Subsidy income	492	105
Gain on sale of scraps	139	94
Other	265	254
Total non-operating income	981	551
Non-operating expenses		
Interest expenses	192	140
Other	93	104
Total non-operating expenses	285	244
Ordinary income	11,864	13,660
Extraordinary income		
Gain on sales of non-current assets	–	81
Total extraordinary income	–	81
Extraordinary losses		
Loss on sales and retirement of non-current assets	68	91
Impairment loss	–	113
Loss on valuation of investment securities	–	78
Total extraordinary losses	68	283
Income before income taxes	11,796	13,458
Income taxes - current	4,034	4,075
Income taxes - deferred	(239)	(43)
Total income taxes	3,795	4,032
Net income	8,000	9,425
Profit attributable to non-controlling interests	1	20
Profit attributable to owners of parent	7,999	9,404

(Quarterly Consolidated Statement of Comprehensive Income)
(First three quarters period)

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2015 - December 31, 2015)	First three quarters period of current fiscal year (April 1, 2016 - December 31, 2016)
Net income	8,000	9,425
Other comprehensive income		
Valuation difference on available-for-sale securities	129	515
Remeasurements of defined benefit plans, net of tax	36	52
Total other comprehensive income	165	568
Comprehensive income	8,165	9,994
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,164	9,973
Comprehensive income attributable to non-controlling interests	1	20

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2015 - December 31, 2015)	First three quarters period of current fiscal year (April 1, 2016 - December 31, 2016)
Cash flows from operating activities		
Income before income taxes	11,796	13,458
Depreciation	7,035	8,330
Impairment loss	–	113
Increase (decrease) in provision for bonuses	(663)	(824)
Increase (decrease) in provision for directors' bonuses	4	(3)
Increase (decrease) in allowance for doubtful accounts	4	(6)
Increase (decrease) in provision for directors' retirement benefits	(13)	59
Increase (decrease) in provision for executive officers' retirement benefits	5	6
Increase (decrease) in net defined benefit liability	110	103
Loss (gain) on valuation of investment securities	–	78
Loss (gain) on sales and retirement of non-current assets	60	9
Interest and dividends income	(83)	(96)
Interest expenses	192	140
Decrease (increase) in notes and accounts receivable - trade	(13,275)	(7,042)
Decrease (increase) in inventories	2,359	(151)
Decrease (increase) in accounts receivable - other	1,492	813
Increase (decrease) in notes and accounts payable - trade	2,104	4,221
Other, net	2,498	1,836
Subtotal	13,627	21,045
Interest and dividend income received	83	96
Interest expenses paid	(187)	(135)
Income taxes paid	(3,241)	(5,386)
Net cash provided by (used in) operating activities	10,281	15,620
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,524)	(17,746)
Other, net	(218)	210
Net cash provided by (used in) investing activities	(10,742)	(17,535)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,100	(886)
Proceeds from long-term loans payable	12,000	21,000
Repayment of long-term loans payable	(7,453)	(10,687)
Repayments of lease obligations	(3,185)	(2,939)
Cash dividends paid	(2,414)	(3,071)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	45	3,414
Net increase (decrease) in cash and cash equivalents	(416)	1,499
Cash and cash equivalents at beginning of period	13,710	15,089
Cash and cash equivalents at end of period	13,294	16,589

(4) Notes to Quarterly Consolidated Financial Statements

Note to Going Concern Assumption

Not applicable

Notes on Any Significant Change in the Value of Shareholders' Equity

Not applicable