November 6, 2018

Consolidated Financial Results for the Six Months Ended September 30, 2018

Company name:	FP Corporation
Stock exchange listing:	Tokyo Stock Exchange
Stock code:	7947 URL: https://www.fpco.jp/
Representative:	Morimasa Sato, Representative Director, President
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Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho):	November 7, 2018
Scheduled date for commencement of dividend payments:	November 29, 2018
Supplementary documents for quarterly results:	Yes
Quarterly results briefing:	Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2018 (April 1, 2018 – September 30, 2018)

(1) Consolidated Results of Operations

(Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Period ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2018	89,577	3.5	6,160	(2.0)	6,483	(2.2)	4,345	(1.7)
September 30, 2017	86,555	1.2	6,287	(17.9)	6,628	(16.2)	4,421	(18.2)

(Note) Comprehensive income: Period ended September 30, 2018: 4,421 million yen (-15.2 %)
Period ended September 30, 2017: 5,214 million yen (-5.2 %)

	Net income per share (basic)	Net income per share (diluted)
Period ended	Yen	Yen
September 30, 2018	105.12	–
September 30, 2017	106.94	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
September 30, 2018	248,740	108,945	43.6	2,625.75
March 31, 2018	244,147	106,219	43.4	2,560.18

(Reference) Equity: As of September 30, 2018: 108,548 million yen
As of March 31, 2018: 105,837 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, 2018	–	40.00	–	41.00	81.00
Year ending March 31, 2019	–	40.00			
Year ending March 31, 2019 (forecast)			–	41.00	81.00

(Note) Revisions to dividend forecasts published most recently: No

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending March 31, 2019	179,000	3.1	14,300	11.0	14,800	9.2	9,900	7.9	239.48

(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 September 30, 2018:	44,284,212 shares
As of March 31, 2018:	44,284,212 shares

(ii) Number of treasury shares at end of period:

As of September 30, 2018:	2,944,263 shares
As of March 31, 2018:	2,944,236 shares

(iii) Average number of shares outstanding during the period (consolidated cumulative period)

Six Months ended September 30, 2018:	41,339,953 shares
Six Months ended September 30, 2017:	41,340,127 shares

* Quarterly consolidated financial results are outside the scope of audit procedures by certified public accountants and audit firm.

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

(Notes on forward-looking statements)

Descriptions regarding the future, such as the forecast of financial results herein, are calculated based on the information which is available to the Company as of the date hereof. Please note that actual results may be different due to various factors such as subsequent changes in business environment. For assumptions underlying the forecasts and notes to the use of the forecasts, please refer to “1. Qualitative Information Relating to Consolidated Results of Operations for the First Six Months Ended September 30, 2018; (3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results” on page 5 of the “Accompanying Materials.”

(Method used to obtain content for the quarterly analyst meeting)

The Company plans to hold a briefing for institutional investors and analysts on November 7 (Wed.), 2018 A video of this briefing is planned to be posted on the Company’s website as soon as possible after the briefing along with quarterly earnings results materials to be used at the briefing on the day.

Accompanying Materials – Contents

1. Qualitative Information Relating to Consolidated Results of Operations for the First Six Months Ended September 30, 2018

(1) Explanation of Financial Results

During the first six months under review (from April 1, 2018 to September 30, 2018), the Japanese economy saw a moderate recovery despite the impact of natural disasters, such as heavy rain, typhoons and earthquakes that caused major damage. Although the price pass-through of freight and other costs due to the rise in raw materials and labor expenses advanced in business-to-business transactions, the consumer price was yet to increase and budget-minded attitudes at household were persistent.

In this environment, the Company’s original products achieved strong sales, including Multi-FP containers, Multi Solid containers, OPET transparent containers, new transparent PP containers as well as recycled Eco Trays and Eco APET containers. Among others, Multi FP containers were adopted for applications including prepared food containers and lunchboxes. They have paved the way for developing unprecedented microwavable products, such as Namakara Sozai, which takes advantage of the characteristic insulation. They are being increasingly adopted along with proposals on new selling spaces in food retail stores. With respect to transparent containers, the Company expanded the lineups of OPET transparent containers and new transparent PP containers. Transparent lids for microwavable containers for prepared food and for lunchboxes and containers with fitted lids suitable for fried food and other prepared food are being increasingly adopted. So are ECO Apet containers in applications such as summer noodle containers with inner trays, vegetable salad containers and containers with lids for fresh fruit and vegetables. As the extremely hot days continued this summer, sales of summer noodle containers with inner trays were strong.

Food retailers are enhancing their arrays of highly profitable prepared food and are shifting from fresh food to prepared food. Amid this trend, the sales volume of the Company’s containers with lids that provide a good appearance to food ingredients is rising. In line with the expansion of the home meal replacement market, the development of new prepared food and other products by major food manufacturers is building momentum. In addition, the restaurant industry is expanding into the home meal replacement market. More and more large restaurant chains are starting to use take-out containers. As work improvement measures for coping with the labor shortage faced by food retailers, the Company proposes securely closed tape-free containers, containers for assortments of prepared food items with cassette-like interior structures and containers for meals with fitted lids for fixed meals, among others.

In this situation, the prices of raw materials for products manufactured by the Group are successively rising. For example, the price increase of imported polyethylene terephthalate (PET) resins followed the imposition of anti-dumping tariffs on PET resins made in China in September 2017. It was followed by the upward price revision of polystyrene in January 2018. In parallel, prices of secondary materials such as cardboard and plastic bags followed suit. Logistical expenses, electricity utility charges, labor expenses and other expenses also soared. In response, the Company announced a revision of product prices applicable to products shipped on April 1, 2018 and later.

For the first six months under review, the Group worked to streamline operations in all departments and conducted negotiations for price increases in preparation for the revision to product prices. As a result, it executed the revision on the basis of customers’ understanding.

(Net sales)

Net sales for the first six months of the consolidated fiscal year under review stood at 89,577 million yen, up 3,021 million yen or 3.5% year on year, marking a record high. This shows healthy progress toward the forecast figure for the full fiscal year announced in Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 on May 2, 2018. The sales volume of products manufactured by the Group for this period surged 3.7% year on year in terms of the number of cases and 3.1% in terms of the number of products. For the first six months under review, their net sales rose 5.9% from the same period a year earlier, to 67,991 million yen. Net sales of products purchased from outside the Group dropped 3.4% year on year, to 21,585 million yen, due to the reconsideration of unprofitable transactions despite an increase in the product merchandizing and product procurement capacity.

(Profits)

Gross profit increased around 1,810 million yen, reflecting solid sales of the Company’s original products and new products as well as the effects of price revisions. Meanwhile, raw materials expenses rose by some 1,480 million yen and logistics expenses increased by some 150 million yen. Soaring labor and depreciation expenses and an upward revision to electricity utility charges led to a cost rise of around 330 million yen and a total cost increase of nearly 1,960 million yen, despite group-wide streamlining efforts.

As a result, operating profit for the first six months under review decreased by 127 million yen or 2.0% year on year, to 6,160 million yen, and ordinary profit was also down by 145 million yen or 2.2% year on year, to 6,483 million yen. Ordinary profit before depreciation and amortization was 12,989 million yen, up 5.6% year on year, and profit attributable to owners of parent totaled 4,345 million yen, down 1.7% year on year.

Ordinary profit for the first six months under review increased by 249 million yen or 6.8% year on year, partly due to profit improvement that was achieved through the revision of product prices. The profit figures showed healthy progress against the projected levels for the full fiscal year announced in Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 on May 2, 2018.

(Sales activities)

The expansion of the home meal replacement market centered on prepared food provided by food retailers and food processing vendors sparked the widespread adoption of the Company’s original microwavable products.

The Group is speeding up the development and widening of lineups of high value-added products matched with consumers’ lifestyles and increasing the ratio of its original products in sales in a bid to increase product sales and the profit ratio. In addition, the Company is taking environmental actions for cutting CO_2 emissions, making proposals on improvements for boosting work productivity in response to the labor shortage and endeavors to increase sales of recycled products and general-purpose products.

The Company held an exhibit with proposals for its original materials, measures to address the labor shortage and FPCO-style recycling at the joint exhibition for the proposal of solutions to issues in the production of prepared food, SOUZAI JAPAN 2018, which was held at Tokyo Big Sight from September 26 to 28, 2018. We received visits by a lot of people from food, machinery and chemical manufacturers, among others, and extremely high recognition of the FPCO-style recycling activities and the insulation of Multi-FP containers.

(Production)

The Kanto Eco PET Plant and the Chubu Eco PET Plant carry out the integrated production of Eco APET containers according to the FPCO *bottle to tray* recycling method. The Group’s production capacity of raw materials for Eco APET containers stands at 50,000 tons per year, including that of Nishinihon PET-Bottle Recycle Co., Ltd., a consolidated subsidiary. In addition, OPET sheet extruders and product molding machines were installed at the Kanto Yachiyo Plant and the Chubu Eco PET Plant to produce OPET transparent containers. To increase sales of OPET transparent containers, the Company has put OPET Sheet Extruder No. 4, which was additionally installed in the premises of the Chubu Eco PET Plant, into full operation since April 2018.

The Company’s molding plants around the country operate 50 industrial robots for the purpose of labor saving and the automation of the production process.

(Logistics)

We temporarily relaxed our efforts 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. Accordingly, despite the shortage of trucks in the Western Japan area due to heavy rain in Western Japan, the Group was able to deliver products with few problems. The Company also introduced unmanned carriers for the purpose of streamlining operations in the warehouse and to save labor, and introduced a voice picking system for increasing the productivity of picking operations. In addition, as part of our Business Continuity Plan (BCP), we have installed 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 the operations for warehousing and shipping will be continued even in the event of serious incidents, such as an electricity outage caused by a disaster. When an electricity outage occurred throughout Hokkaido due to the Hokkaido Iburi Tobu Earthquake on September 6, 2018, the distribution center in Ishikari, Hokkaido secured power sources using the emergency power-generating equipment until the recovery from the power failure.

Through these measures, the Group will provide a stable supply and reduce costs throughout the logistics chain up to product delivery to customers.

(Workstyle reform initiatives)

The Group works to create a working environment that is friendly to workers in consideration of tasks in which employees with disabilities can play fulfilling roles, and strives to hire more workers with disabilities with a view to enhancing diversity. In association with initiatives to expand women's occupational domains, to help women to remain employed, and to increase the number of women in managerial positions, the Company posted its *Positive Action* declaration on the Positive Action Portal operated by the Ministry of Health, Labour and Welfare. The Company is striving to increase the ratio of female employees on the main career track to 20% or more and the number of female managers to 50.

In addition, the Company has put in place not only the flextime system but also a staggered working hour scheme under which the start and finish times may be shifted in a bid to broaden the working hour options and to press ahead with workstyle reform for reducing overtime work by encouraging employees to work intensively in busy time slots on their respective duties and thereby to improve work productivity. In addition, the Company requires each employee to take paid leave of five consecutive days in an attempt to help refresh their mental and physical condition and enliven the workplaces.

(Explanations of terms)

Multi FP (MFP) container:	A formed PS (polystyrene) container with cold and heat resistance to temperatures between -40ºC and +110ºC and with superior oil and thermal insulation.
Multi Solid (MSD) container:	A non-formed PS (polystyrene) container with a heat resistance temperature of +110ºC 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 +80ºC that is molded from bi-axially oriented PET sheets, with superior oil and transparency, achieving the same thermal insulation as the OPS transparent container.
New transparent PP container:	A transparent PP container with a heat resistance temperature of +110ºC, which has achieved the same transparency as OPS transparent container using standard-grade polypropylene raw material.
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).
OPS transparent container:	A conventional transparent container with a heat resistance temperature of +80ºC that is molded from the bi-axially oriented polystyrene sheets.

(2) Explanation of Financial Situation

1) State of assets, liabilities and net assets

Consolidated assets at the end of the second quarter under review totaled 248,740 million yen, up 4,593 million yen from the end of the previous fiscal year.

This was mainly due to an increase in cash and deposits of 4,071 million yen.

Consolidated liabilities amounted to 139,794 million yen, up 1,866 million yen from the end of the previous fiscal year.

This chiefly reflected an increase in interest-bearing liabilities following the procurement of funds for capital investment and a decrease in accounts payable - other relating to equipment.

Consolidated net assets reached 108,945 million yen, up 2,726 million yen from the end of the previous fiscal year.

This change mainly reflected increase in retained earnings of 2,650 million yen.

Under its basic principles of profit distribution that have been announced, the Company has decided to pay a dividend of 40 yen per share with a record date of September 30, 2018 and a year-end dividend of 41 yen on the assumption that the forecast results will be achieved. The annual dividend per share will thus be 81 yen.

It is to be noted that the Partial Amendment to Accounting Standard for Tax Effect Accounting (Statement No. 28 issued by the Accounting Standards Board of Japan on February 16, 2018) and others began to apply at the beginning of the second quarter of the consolidated fiscal year under review, and that the comparison in financial standing is made with the figures at the end of the previous fiscal year after retrospective treatment.

2) State of cash flows

Consolidated cash and cash equivalents (hereinafter "cash") at the end of the second quarter under review totaled 19,731 million yen, up 4,071 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities amounted to 12,068 million yen (4,014 million yen in cash was provided a year earlier).

This reflected a cash increase due mainly to quarterly profit before income taxes of 6,366 million yen, depreciation of 6,506 million yen and a shrinkage in accounts receivable - other of 324 million yen as well as a cash decrease following income taxes paid of 2,181 million yen, among others.

(Cash flows from investing activities)

Net cash used in investing activities reached 10,567 million yen (9,500 million yen in cash was used a year earlier).

This was due mainly to 9,640 million yen spent on the purchase of property, plant and equipment such as production equipment as well as the construction of the plant for film printing of FPCO Gravure Co., Ltd.

(Cash flows from financing activities)

Net cash provided by financing activities came to 2,570 million yen (5,691 million yen in cash was provided a year earlier).

This primarily reflected proceeds from long-term loans payable of 15,000 million yen, repayment of long-term loans payable of 8,443 million yen, repayment of lease obligations of 1,487 million yen and cash dividends paid of 1,698 million yen.

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

Successive natural disasters that caused major damage, such as heavy rain, typhoons and earthquakes, caused no human loss among the Group's staff members and no damage to any buildings or equipment on the Group's sites.

As to the future outlook, unpredictable conditions, such as consumer trends and the rise 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.

In this environment, the inauguration of the Kanto Eco PET Plant coincided with the fall in the prices of PET bottles collected in Japan after China placed a ban on the import of waste plastics and with the rise in import PET resin prices due to anti-dumping tariffs on PET resins made in China. The decrease in the Company's use of imported virgin PET resins is expected to boost its advantage in terms of raw material costs in the industry.

Given that the new product prices had taken root in the market, the Company resumed ordinary sales activities. It will propose its original products such as Namakara Sozai, microwave nabe and securely closed products and new products and distribute information about successful selling spaces. In the production sector, the Company accelerated the introduction of industrial robots. In the logistical sector, it introduced the voice picking system and provided unmanned carriers and automatic sorting systems for labor saving and for improving work efficiency. In the future, the Company will implement measures aimed at suppressing production and logistical expenses. In addition, the Company will speed up the development of its original products and other new products and the widening of product lineups and work to reduce the costs of the entire logistical process with the use of its logistical network that extends across the country in an effort to bolster the structure for stably earning profits for a medium to long period of time.

In terms of environmental issues, it will be of growing importance amid the recently mounting attention to the marine plastic waste issue to carry out the 3R (i.e. reduce, reuse and recycle) initiative, including the reduction of plastic waste emissions and recycling. In 1990, the Group embarked on circular recycling using the FPCO method with collection boxes at six collection points in supermarkets. With the rising awareness of the environment among consumers, the number of used container collection points now exceeds 9,200. Based on the FPCO method of *Tray to Tray* and *Bottle to Tray* recycling, the Group aims to build a recycling-oriented society and establish a sustainable society. The Company will also develop containers with the industry's lowest-class environmental impact incorporating environmentally considered design to carry out a range of actions, including those for reducing waste emissions from business activities and for recycling into resources.

The results forecasts for the full year that were announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 on May 2, 2018 remain unchanged.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2018)	Second quarter of the current consolidated fiscal year (As of September 30, 2018)
Assets		
Current assets		
Cash and deposits	15,659	19,731
Notes and accounts receivable - trade	37,487	38,504
Merchandise and finished goods	17,828	17,756
Work in process	86	157
Raw materials and supplies	4,021	3,984
Other	4,331	3,720
Allowance for doubtful accounts	(20)	(19)
Total current assets	79,395	83,835
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	73,411	74,926
Machinery, equipment and vehicles, net	31,577	33,721
Lands	33,683	33,637
Lease assets, net	6,486	5,511
Other, net	8,681	5,705
Total property, plant and equipment	153,839	153,501
Intangible assets		
Goodwill	1,106	1,396
Other	1,177	1,191
Total intangible assets	2,284	2,588
Investments and other assets	8,627	8,815
Total non-current assets	164,751	164,905
Total assets	244,147	248,740
Liabilities		
Current liabilities		
Accounts payable - trade	21,560	21,510
Short-term loans payable	14,595	15,367
Commercial papers	18,000	18,000
Income taxes payable	2,024	1,955
Provision for bonuses	2,076	2,022
Provision for directors’ bonuses	85	51
Other	18,832	15,985
Total current liabilities	77,174	74,893
Non-current liabilities		
Long-term loans payable	52,401	57,386
Provision for directors’ retirement benefits	581	598
Provision for executive officers’ retirement benefits	24	26
Net defined benefit liability	3,222	3,277
Other	4,522	3,612
Total non-current liabilities	60,752	64,901
Total liabilities	137,927	139,794

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2018)	Second quarter of the current consolidated fiscal year (As of September 30, 2018)
Net assets		
Shareholders’ equity		
Capital stock	13,150	13,150
Capital surplus	15,860	15,860
Retained earnings	80,175	82,826
Treasury shares	(5,093)	(5,094)
Total shareholders’ equity	104,092	106,743
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,876	1,909
Remeasurements of defined benefit plans	(131)	(104)
Total accumulated other comprehensive income	1,745	1,805
Non-controlling interests	381	397
Total net assets	106,219	108,945
Total liabilities and net assets	244,147	248,740

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

(Quarterly Consolidated Statement of Income)

(First half period)

(Million yen)

	First half period of previous fiscal year (April 1, 2017 - September 30, 2017)	First half period of current fiscal year (April 1, 2018 - September 30, 2018)
Net sales	86,555	89,577
Cost of sales	59,038	61,363
Gross profit	27,516	28,213
Selling, general and administrative expenses	21,229	22,053
Operating profit	6,287	6,160
Non-operating income		
Interest income	0	0
Dividends income	52	58
Subsidy income	133	128
Gain on sale of scraps	59	74
Other	223	210
Total non-operating income	468	472
Non-operating expenses		
Interest expenses	70	57
Other	56	91
Total non-operating expenses	127	149
Ordinary profit	6,628	6,483
Extraordinary income		
Insurance income	82	–
Total extraordinary income	82	–
Extraordinary losses		
Loss on sales and retirement of non-current assets	19	117
Additional retirement benefits for directors and condolence money	144	–
Company funeral-related expenses	88	–
Total extraordinary losses	252	117
Profit before income taxes	6,458	6,366
Income taxes - current	1,828	2,116
Income taxes - deferred	188	(112)
Total income taxes	2,016	2,004
Profit	4,441	4,361
Profit attributable to non-controlling interests	20	15
Profit attributable to owners of parent	4,421	4,345

(Quarterly Consolidated Statement of Comprehensive Income)

(First half period)

(Million yen)

	First half period of previous fiscal year (April 1, 2017 - September 30, 2017)	First half period of current fiscal year (April 1, 2018 - September 30, 2018)
Profit	4,441	4,361
Other comprehensive income		
Valuation difference on available-for-sale securities	738	33
Remeasurements of defined benefit plans, net of tax	34	26
Total other comprehensive income	773	59
Comprehensive income	5,214	4,421
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,194	4,405
Comprehensive income attributable to non-controlling interests	20	15

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	First half period of previous fiscal year (April 1, 2017 - September 30, 2017)	First half period of current fiscal year (April 1, 2018 - September 30, 2018)
Cash flows from operating activities		
Profit before income taxes	6,458	6,366
Depreciation	5,677	6,506
Increase (decrease) in provision for bonuses	144	(54)
Increase (decrease) in provision for directors' bonuses	(43)	(33)
Increase (decrease) in allowance for doubtful accounts	(6)	(3)
Increase (decrease) in provision for directors' retirement benefits	(873)	16
Increase (decrease) in provision for executive officers' retirement benefits	(4)	1
Increase (decrease) in net defined benefit liability	52	55
Interest and dividends income	(53)	(59)
Interest expenses	70	57
Loss (gain) on sales and retirement of non-current assets	18	103
Insurance income	(82)	–
Additional retirement benefits for directors and condolence money	144	–
Company funeral-related expenses	88	–
Decrease (increase) in notes and accounts receivable–trade	(5,210)	(1,014)
Decrease (increase) in inventories	(1,285)	246
Decrease (increase) in accounts receivable - other	(300)	324
Increase (decrease) in notes and accounts payable - trade	2,808	(49)
Other, net	(122)	1,786
Subtotal	7,481	14,248
Interest and dividend income received	53	59
Interest expenses paid	(66)	(57)
Proceeds from insurance income	82	–
Additional retirement benefits for directors and condolence money paid	(144)	–
Company funeral-related expenses paid	(88)	–
Income taxes paid	(3,302)	(2,181)
Net cash provided by (used in) operating activities	4,014	12,068
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,518)	(9,640)
Payments for transfer of business	–	(635)
Other, net	17	(292)
Net cash provided by (used in) investing activities	(9,500)	(10,567)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	500	(800)
Net increase (decrease) in commercial papers	3,000	–
Proceeds from long-term loans payable	21,000	15,000
Repayment of long-term loans payable	(15,483)	(8,443)
Repayments of lease obligations	(1,672)	(1,487)
Cash dividends paid	(1,652)	(1,698)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	5,691	2,570
Net increase (decrease) in cash and cash equivalents	205	4,071
Cash and cash equivalents at beginning of period	18,144	15,659
Cash and cash equivalents at end of period	18,350	19,731

(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

Additional Information

(Application of the Partial Amendment to Accounting Standard for Tax Effect Accounting and Others)

The Partial Amendment to Accounting Standards for Tax Effect Accounting (Statement No. 28 issued by the Accounting Standards Board of Japan on February 16, 2018) and others began to apply at the beginning of the first quarter of the consolidated fiscal year under review. Accordingly, deferred tax assets are stated in the category of investments and other assets, and deferred tax liabilities are stated in the category of non-current liabilities.

The accounting standards and others mentioned above apply retrospectively to the consolidated balance sheet for the previous consolidated fiscal year. As a result of this, total assets and total liabilities decreased by 51 million yen, whereas the equity ratio rose by 0.1 percentage points.