February 5, 2019

Consolidated Financial Results for the Nine Months Ended December 31, 2018

Company name:	FP Corporation
Stock exchange listing:	Tokyo Stock Exchange
Stock code:	7947 URL: https://www.fpco.jp/
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Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho):	February 6, 2019
Scheduled date for commencement of dividend payments:	–
Supplementary documents for quarterly results:	Yes
Quarterly results briefing:	None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2018 (April 1, 2018 – December 31, 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	%
December 31, 2018	140,872	4.6	11,635	4.2	12,085	3.7	8,715	10.7
December 31, 2017	134,625	0.7	11,161	(16.4)	11,648	(14.7)	7,875	(16.3)

(Note) Comprehensive income: Period ended December 31, 2018: 8,176 million yen (-8.6%)
Period ended December 31, 2017: 8,942 million yen (-10.5%)

	Net income per share (basic)	Net income per share (diluted)
Period ended	Yen	Yen
December 31, 2018	210.82	–
December 31, 2017	190.51	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2018	253,033	111,047	43.7	2,675.96
March 31, 2018	244,147	106,219	43.4	2,560.18

(Reference) Equity: As of December 31, 2018: 110,624 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 December 31, 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 December 31, 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)

Nine months ended December 31, 2018:	41,339,952 shares
Nine months ended December 31, 2017:	41,340,101 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 Three Quarters Ended December 31, 2018; (3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results" on page 5 of the "Accompanying Materials."

(How to obtain supplementary documents for quarterly results)
The Company will post supplementary documents for quarterly results at its official website immediately after announcing the results.

Accompanying Materials – Contents

1. Qualitative Information Relating to Consolidated Results of Operations for the First Three Quarters Ended December 31, 2018

(1) Explanation of Financial Results

During the first nine months under review (from April 1, 2018 to December 31, 2018), the Japanese economy continued to see a moderate recovery due to the improvement of the employment and income environments. However, it also continued to see future uncertainties, partly reflecting the impact of the US-China trade conflict, uncertainty of overseas economies, and fluctuations in the financial and capital markets.

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, Eco APET containers and Eco OPET 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 OPET transparent containers, whose lineup was expanded, 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 increasingly being adopted. So are ECO APET containers in applications such as vegetable salad containers and containers with lids for fresh fruit and vegetables.

During the third quarter of the fiscal year under review (October 1, 2018 to December 31, 2018), sales of seasonal products slowed due to the warm winter. However, sales of containers for prepared food were strong because holiday demand increased thanks to the good weather on weekends. 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 proposed 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.

With respect to the revision of product prices, the revised prices took root in the third quarter under review thanks to the understanding of customers.

(Net sales)

During the third quarter under review, the sales volume of products manufactured by the Group surged 4.4% year on year in terms of the number of cases and 4.1% in terms of the number of products. Net sales rose 8.5% from the same period a year earlier, to 38,928 million yen. Net sales of products purchased from outside the Group increased 1.5% year on year, to 12,366 million yen.

As a result of the above, net sales for the three months under review increased by 3,225 million yen (6.7%) year on year, to 51,295 million yen, marking a record high.

During the first nine months under review, the sales volume of products manufactured by the Group surged 3.9% year on year in terms of the number of cases and 3.4% in terms of the number of products. Their net sales rose 6.8% from the same period year earlier, to 106,920 million yen. Net sales of products purchased from outside the Group fell 1.7 % year on year, to 33,952 million yen.

As a result of the above, net sales for the first nine months under review also marked a record high, having increased 6,247 million yen (4.6%) year on year, to 140,872 million yen.

(Profits)

Operating profit for the third quarter under review increased by 600 million yen (12.3%) year on year, to 5,475 million yen. Ordinary profit for the three months increased 582 million yen (11.6%) from the same period year earlier, to 5,601 million yen. Ordinary profit before depreciation and amortization was 8,922 million yen, up 12.3% year on year, and profit attributable to owners of parent surged 26.5% year on year, to 4,369 million yen, partly reflecting the recording of extraordinary income from the sale of real estate of the former head office building of FPCO Miyako Himo Co., Ltd., a consolidated subsidiary, which

resulted from the relocation of its head office to the same building as the Company's Tokyo Headquarters.
During the first nine months under review, gross profit increased around 3,780 million yen, reflecting solid sales of the Company's original and new products as well as the effects of price revisions. Meanwhile, despite a cost rise including increase of raw materials expenses by 2,380 million yen and that of logistics expenses, depreciation expenses, labor expenses, and electricity utility charges, the amount of increase of expenses was some 970 million yen, and the total cost increase was around 3,350 million yen thanks to the improvement effects of the group-wide streamlining efforts. As a result, operating profit for the first nine months under review rose 473 million yen (4.2%) year on year, to 11,635 million yen. Ordinary profit for the period increased by 436 million yen (3.7%) year on year, to 12,085 million yen. Ordinary profit before depreciation and amortization was 21,911 million yen (up 8.2% year on year), and profit attributable to owners of parent totaled 8,715 million yen (up 10.7% year on year). The profit figures showed healthy progress against the projected levels for the full fiscal year announced in the 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.
On November 27, 2018, the Company acquired 20% of outstanding shares of APEX Corporation (hereinafter, "APEX"), as a result of which APEX became the Company's equity method affiliate. Founded in Fukuoka City in February 1974, APEX has been ranked 2nd among dealers of food packaging materials in the Kyushu district. APEX, as well as FPCO International Package Co., Ltd., FPCO Ueda Corporation, and FPCO Ishida Co., Ltd., which are consolidated subsidiaries and food packaging material dealers of the Group, aim for a new form of food packaging material dealers with the highest efficiency using the Group's infrastructure.

(Production)
In the production sector of the Group, patient improvement efforts were accumulated, including skills improvement of operators, reduction of preparation time, improvement of the performance of manufacturing facilities, and improvement of metal molds and trimming dies. As a result, the number of shots per hour was improved by 13% compared to the level in the fiscal year ended March 31, 2008. Further, the Company's molding plants around the country operate 52 pieces of automated equipment in 25 production process lines for the purpose of labor saving and the automation of the production process.
The Group's production capacity of raw materials for Eco APET and Eco OPET containers stand at approx. 50,000 tons per year, including that of Kanto Eco PET Plant and Chubu Eco PET Plant as well as that of Nishinihon PET-Bottle Recycle Co., Ltd., a consolidated subsidiary.
In addition, the percentage of eco-friendly products, which are made from recycled PET materials, among APET and OPET containers has reached 97%. This has boosted the advantage of the Company in the industry in terms of raw material costs, due to the difference in price between imported virgin PET materials and recycled PET materials.

(Logistics)
The Company temporarily relaxed its efforts to construct a robust and flexible nationwide logistics network and introduced unmanned carriers for the purpose of streamlining operations in the warehouse and to save labor. The Company also introduced a voice picking system to increase the productivity of picking operations. With these and other initiatives, the Company established a stable supply system for future market expansion and peak seasons. As a result, while there was concern over the shortage of transportation capacity attributed to the shortage of drivers in the truck transportation industry during the peak period in December 2018, the Group was able to deliver products and goods to customers without great confusion. On the other hand, transportation unit prices continue to soar all over Japan due to heavy rain in Western Japan, which also caused a rise in the Group's logistics costs.

In addition, as part of our Business Continuity Plan (BCP), the Company has 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 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, the distribution center in Ishikari, Hokkaido secured power sources using the emergency power-generating equipment until the recovery from the power failure, which was highly evaluated.
Through these measures, the Group will continue striving to 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 to the above, 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.
As a support for employees’ work environment, the Company provides Pico House No.1 (Chikusei City, Ibaraki Prefecture; 150 units; completed in January 2017) and Pico House No.2 (Wanouchi Town, Ampachi County, Gifu Prefecture; 102 units; completed in March 2017), company dormitories for single employees which have furniture and home appliances. In addition, the Company is planning to construct Pico House No.3 (to be newly built in Fukuyama City, Hiroshima Prefecture; 48 units) and Piko House No.4 (renovation of a bachelors' dormitory in Koga City, Ibaraki Prefecture; 64 units), both of which are planned to be completed in March 2020.

(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).
Eco OPET container:	An OPET transparent container molded from the bi-axially oriented PET sheets, which use the same raw materials as Eco APET container
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 third quarter under review totaled 253,033 million yen, up 8,885 million yen from the end of the previous fiscal year.

This was mainly due to an increase in account receivable - trade, which resulted from an increase in net sales.

Consolidated liabilities amounted to 141,985 million yen, up 4,058 million yen from the end of the previous fiscal year.

This chiefly reflected an increase in interest-bearing liabilities following an increase in notes and accounts payable – trade and the procurement of funds for capital investment.

Consolidated net assets reached 111,047 million yen, up 4,827 million yen from the end of the previous fiscal year.

This change mainly reflected the recording of profit attributable to owners of parent of 8,715 million yen and dividends paid of 3,348 million 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 first 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 third quarter under review totaled 17,865 million yen, up 2,206 million yen from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities amounted to 17,747 million yen (7,895 million yen in cash was provided a year earlier).

This reflected a cash increase due mainly to profit before income taxes of 12,549 million yen, depreciation of 9,826 million yen, an increase in notes and accounts payable - trade at 3,019 million yen, and a shrinkage in accounts receivable - other of 813 million yen, as well as a cash decrease following an increase in notes and accounts receivable - trade of 7,280 million yen and income taxes paid of 3,648 million yen, among others.

(Cash flows from investing activities)

Net cash used in investing activities reached 12,912 million yen (12,480 million yen in cash was used a year earlier).

This was due to 12,620 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., a consolidated subsidiary.

(Cash flows from financing activities)

Net cash used in financing activities came to 2,628 million yen (4,484 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 11,310 million yen, repayment of lease obligations of 2,195 million yen and cash dividends paid of 3,323 million yen.

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

As to the future outlook, the persistent budget-mindedness of consumers has continued, and unpredictable conditions are expected to persist in the operating environment surrounding the Group due in part to the impact of the US-China trade conflict, Brexit, and changes in raw material costs and electricity charges attributable to the foreign exchange rate and crude oil price fluctuations.

Under this environment, the Group has set “Source” as the theme for 2019. The Group will ensure the Hands-on Approach and Customer-First Concept as its source and practice the three basic pillars of a manufacturer, that is, “reliably deliver products of the highest quality at the most competitive prices whenever they are needed.”

In the sales sector, the Company 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. Above all, activities for developing seasonal menus for Namakara Sozai have taken root, practiced by 114 companies. These activities are expected to be expanded further in various parts of Japan.

In addition, the Company will expand its business into the frozen food package market, a new market, by taking advantage of the cold and heat resistance to temperatures between -40ºC and +110ºC and the superior oil and thermal insulation, which are the features of Multi FP containers as one of the Company’s original products.

On March 27, 28, and 29, the Company will hold the FPCO Fair 2019. In this event, which will be held under the theme of “Back to the source for the future,” the Company will suggest solutions following Namakara Sozai as far-sighted solutions from the FPCO Group for issues in selling spaces.

In the production sector, the Company accelerated the introduction of industrial robots. In the logistics sector, it introduced the voice picking system and provided unmanned carriers and automatic sorting systems for labor saving and for improving work efficiency. The Company will continue to implement measures like the above, which are aimed at holding down production and logistics 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 exceeds 9,200. The Group aims to further promote the FPCO method of *Tray to Tray* and *Bottle to Tray* recycling, which are carried out in an integrated manner by four parties -- supermarkets and other users, dealers of packaging materials, and consumers in addition to the Group. For this purpose, the Group has created a poster to raise environmental awareness, which features the celebrity LiLiCo. The Group will convey the message “We will never say that they are disposable!!” to consumers by working together with users, including supermarkets, in its efforts to realize recycling-based society and thereby build 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 Company is planning to change the retirement plan of some of its consolidated subsidiaries in the fourth quarter of the fiscal year under review, with the aim of improving labor conditions. An extraordinary loss is expected to be recorded as a result of processing for the change, but 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)	Third quarter of the current consolidated fiscal year (As of December 31, 2018)
Assets		
Current assets		
Cash and deposits	15,659	17,865
Notes and accounts receivable - trade	37,487	44,804
Merchandise and finished goods	17,828	17,886
Work in process	86	160
Raw materials and supplies	4,021	3,942
Other	4,331	3,534
Allowance for doubtful accounts	(20)	(21)
Total current assets	79,395	88,172
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	73,411	76,329
Machinery, equipment and vehicles, net	31,577	33,226
Lands	33,683	33,183
Lease assets, net	6,486	4,994
Other, net	8,681	6,120
Total property, plant and equipment	153,839	153,854
Intangible assets		
Goodwill	1,106	1,359
Other	1,177	1,250
Total intangible assets	2,284	2,610
Investments and other assets	8,627	8,395
Total non-current assets	164,751	164,860
Total assets	244,147	253,033
Liabilities		
Current liabilities		
Accounts payable - trade	21,560	24,662
Short-term loans payable	14,595	14,213
Commercial papers	18,000	18,000
Income taxes payable	2,024	2,316
Provision for bonuses	2,076	1,095
Provision for directors' bonuses	85	77
Other	18,832	18,797
Total current liabilities	77,174	79,163
Non-current liabilities		
Long-term loans payable	52,401	55,673
Provision for directors' retirement benefits	581	610
Provision for executive officers' retirement benefits	24	28
Net defined benefit liability	3,222	3,347
Other	4,522	3,161
Total non-current liabilities	60,752	62,821
Total liabilities	137,927	141,985

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2018)	Third quarter of the current consolidated fiscal year (As of December 31, 2018)
Net assets		
Shareholders' equity		
Capital stock	13,150	13,150
Capital surplus	15,860	15,860
Retained earnings	80,175	85,542
Treasury shares	(5,093)	(5,094)
Total shareholders' equity	104,092	109,459
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,876	1,256
Remeasurements of defined benefit plans	(131)	(91)
Total accumulated other comprehensive income	1,745	1,164
Non-controlling interests	381	423
Total net assets	106,219	111,047
Total liabilities and net assets	244,147	253,033

(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, 2017 - December 31, 2017)	First three quarters period of current fiscal year (April 1, 2018 - December 31, 2018)
Net sales	134,625	140,872
Cost of sales	91,395	95,320
Gross profit	43,229	45,552
Selling, general and administrative expenses	32,067	33,916
Operating profit	11,161	11,635
Non-operating income		
Interest income	0	0
Dividends income	96	106
Subsidy income	133	129
Gain on sale of scraps	91	122
Other	359	327
Total non-operating income	682	687
Non-operating expenses		
Interest expenses	100	87
Other	95	150
Total non-operating expenses	195	237
Ordinary profit	11,648	12,085
Extraordinary income		
Gain on sales of non-current assets	–	734
Insurance income	82	–
Total extraordinary income	82	734
Extraordinary losses		
Loss on sales and retirement of non-current assets	50	170
Impairment loss	–	100
Additional retirement benefits for directors and condolence money	144	–
Company funeral-related expenses	92	–
Total extraordinary losses	287	270
Profit before income taxes	11,443	12,549
Income taxes ‐ current	3,144	3,894
Income taxes ‐ deferred	394	(101)
Total income taxes	3,538	3,792
Profit	7,904	8,757
Profit attributable to non-controlling interests	28	41
Profit attributable to owners of parent	7,875	8,715

(Quarterly Consolidated Statement of Comprehensive Income)

(First three quarters period)

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2017 - December 31, 2017)	First three quarters period of current fiscal year (April 1, 2018 - December 31, 2018)
Profit	7,904	8,757
Other comprehensive income		
Valuation difference on available-for-sale securities	985	(620)
Remeasurements of defined benefit plans, net of tax	51	39
Total other comprehensive income	1,037	(580)
Comprehensive income	8,942	8,176
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,913	8,134
Comprehensive income attributable to non-controlling interests	28	41

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	First three quarters period of previous fiscal year (April 1, 2017 - December 31, 2017)	First three quarters period of current fiscal year (April 1, 2018 - December 31, 2018)
Cash flows from operating activities		
Profit before income taxes	11,443	12,549
Depreciation	8,605	9,826
Impairment loss	–	100
Increase (decrease) in provision for bonuses	(954)	(990)
Increase (decrease) in provision for directors’ bonuses	(19)	(7)
Increase (decrease) in allowance for doubtful accounts	(6)	(2)
Increase (decrease) in provision for directors’ retirement benefits	(853)	28
Increase (decrease) in provision for executive officers’ retirement benefits	(2)	4
Increase (decrease) in net defined benefit liability	79	90
Interest and dividends income	(97)	(107)
Interest expenses	100	87
Loss (gain) on sales and retirement of non-current assets	49	(578)
Insurance income	(82)	–
Additional retirement benefits for directors and condolence money	144	–
Company funeral-related expenses	92	–
Decrease (increase) in notes and accounts receivable - trade	(10,656)	(7,280)
Decrease (increase) in inventories	(1,846)	257
Decrease (increase) in accounts receivable - other	426	813
Increase (decrease) in notes and accounts payable - trade	5,256	3,019
Other, net	787	3,559
Subtotal	12,467	21,371
Interest and dividend income received	97	107
Interest expenses paid	(93)	(82)
Proceeds from insurance income	82	–
Additional retirement benefits for directors and condolence money paid	(144)	–
Company funeral-related expenses paid	(92)	–
Income taxes paid	(4,421)	(3,648)
Net cash provided by (used in) operating activities	7,895	17,747
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,554)	(12,620)
Proceeds from sales of property, plant and equipment	89	1,407
Payments for transfer of business	–	(874)
Other, net	(16)	(825)
Net cash provided by (used in) investing activities	(12,480)	(12,912)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–	(800)
Net increase (decrease) in commercial papers	3,000	–
Proceeds from long-term loans payable	26,000	15,000
Repayment of long-term loans payable	(18,794)	(11,310)
Repayments of lease obligations	(2,447)	(2,195)
Cash dividends paid	(3,273)	(3,323)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	4,484	(2,628)
Net increase (decrease) in cash and cash equivalents	(100)	2,206
Cash and cash equivalents at beginning of period	18,144	15,659
Cash and cash equivalents at end of period	18,043	17,865

(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.