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November 5, 2015

CMIC HOLDINGS Co., Ltd. Consolidated Financial Results
For the Year Ended September 30, 2015

(The Fiscal Year Ending September 30, 2015, Japan Accounting Standards)

CMIC HOLDINGS Co., Ltd. reported a further strengthening of existing operations and has implemented new measures in each of its segments on a consolidated basis in fiscal year 2015.

Highlights:

- **Sales grew 5.8% year on year to ¥55,904 million on a consolidated basis**
- **Operating income decreased 49.0% to ¥1,4411 million resulting in an operating margin of 2.5%**
- **Net loss per share ¥29.57**
- **Order backlog grew 11.4% to ¥62,153 million**

Tokyo, November 5, 2015 – CMIC HOLDINGS Co., Ltd. （TSE Code: 2309 today reported financial results for the fiscal year ended September 30, 2014.

CMIC HOLDINGS Co., Ltd. concluded the fiscal year 2015 with the following results:
In the consolidated fiscal year 2015, we launched Project Phoenix into full-fledged operation to promote the elimination of unprofitable businesses and reform our cost structure. We also promoted efforts as a single group to improve the business results in 3 business areas—contract manufacturing organization (CMO), site management organization (SMO), and intellectual property development (IPD)—in order to bring about a sharp turnaround in results and foster sustainable growth for the next period (fiscal year ending September 2016). In addition, we worked to reinforce business foundations, improve profitability and productivity, and pursue synergies between businesses by further enhancing individual services in other business areas.

Sales in this consolidated fiscal year were ¥55.904 billion (up 5.8% year-on-year [YoY]) and operating income was ¥1.411 billion (down 49.0% YoY).

Segment Information

The business results by segment are listed as below:

The Institute of Applied Medicine, Inc. (currently CMIC Pharma Science Co., Ltd.), which provides analytical chemistry services for drugs from pharmaceutical companies, has changed the reported segment to which it belongs from CMO business to CRO business as part of organizational reform in October 2014. We compare the change and percentage [difference] of results by segment versus the previous consolidated fiscal year for the different segments after the change in reporting segment.

- **CRO (Contract Research Organization) Business**

(Millions of yen)

	FY2015	FY2014	YoY Change Amount (%)
Sales	27,471	25,043	＋2,428 (＋9.7%)
Operating income	5,092	4,830	＋261 (＋5.4%)

In this business, we provide services primarily to pharmaceutical companies to support drug development.

In this consolidated fiscal year, we worked to secure and train human resources in line with strong demand in clinical services, and expanded support services for global development projects and domestic clinical trial management services by further bolstering our expertise and efficiency at responding to diverse client needs. We have also applied for drug approval using the international standards for clinical trial data stipulated by the CDISC* and strengthened our support system in medical affairs consulting services in the area of regenerative medicine. In non-clinical services, we made JCL Bioassay Co., Ltd. (currently, CMIC Pharma Science Co., Ltd.) a wholly owned company in March 2015; strengthened a partnership with the Institute of Applied Medicine, which provides analytical chemistry services, and CMIC Bioresearch Center Co., Ltd., which performs non-clinical safety and pharmacokinetic testing; and bolstered order activity as the largest drug-analysis-related CRO in Japan. In addition, we are promoting expansion of analytical chemistry service business opportunities associated with new and generic drug development and expanding the scope of structural consolidation and business in the United States.

Sales have exceeded those from the previous consolidated fiscal year due to solid growth in new orders and existing contracts in monitoring services and safety information management support services. With adding the results from JCL Bioassay Co., Ltd., operating income has exceeded that from the previous consolidated fiscal year on steady growth in safety information management support services.

*Clinical Data Interchange Standards Consortium: A non-profit clinical data standardization organization to which it is mandatory to apply (effective in Japan from 2016) based on international standards stipulated by the CDISC.

- **CMO (Contract Manufacturing Organization) Business**

(Millions of yen)

	FY2015	FY2014	YoY Change Amount (%)
Sales	**13,810**	13,613	＋197(＋1.4%)
Operating income	**(325)**	379	△704(－)

In this business, we provide services primarily to pharmaceutical companies to support drug manufacturing.

In this consolidated fiscal year, a new manufacturing building at the CMIC CMO Co., Ltd., Toyama plant began full operation, steadily proceeding with contract production of new projects. At the Shizuoka plant, we are engaged in structural reform for early sales recovery, shifting to a more price-competitive cost structure, and in strengthening sales and marketing activities to acquire new orders, which has generated increasing demand. In October 2014, we entered a business partnership in packaging outsourcing with the UDG Healthcare PLC Group, which provides healthcare service in Ireland, to expand our client base and increase our technical capacity through a tie-up with a foreign-owned CMO. A bioprocess development building in the Shizuoka office of CMIC JSR Biologics Co., Ltd., a company accounted for using the equity method, was completed in July 2015 to move forward with designing next-generation antibody drugs and developing a manufacturing process. Furthermore, in March 2015, we purchased U.S. biomedicine contract development and manufacturing company KBI Biopharma, Inc., in collaboration with JSR Co., Ltd., and Innovation Network Corporation of Japan to introduce technology related to biomedicine.

Although sales exceeded those from the previous consolidated fiscal year with added results from CMIC CMO Ashikaga Co., Ltd., we recorded an operating loss due to a fall in production associated with completing production of partially contracted products at the Shizuoka plant of CMIC CMO Co., Ltd.

- **CSO (Contract Sales Organization) Business**

（Millions of yen）

	FY2015	FY2014	YoY Change Amount（%）
Sales	**8,875**	7,162	＋1,712（＋23.9%）
Operating income	**716**	645	＋71（＋11.0%）

In this business, we provide sales- and marketing-support services, primarily to pharmaceutical companies, as well as business process outsourcing (BPO) and personnel services for the healthcare and pharmaceutical industries.

In this consolidated fiscal year, we merged CMIC-MPSS Co., Ltd., with Healthcare PLC Group, which owns the largest CSO in Europe, and began operations as CMIC Ashfield K.K. in order to strengthen our capacity to meet demand for medical representative (MR) dispatch services and expand our service model. As reviews of operating budget cuts and resource allocation in pharmaceutical companies move forward, we are steadily executing existing large projects and acquiring new projects.

Sales and operating income are up from the previous consolidated fiscal year on solid growth in existing projects in CMIC Ashfield K.K. MR dispatch services and CMIC BS Co., Ltd., BPO services.

- **Healthcare Business**

(Millions of yen)

	FY2015	FY2014	YoY Change Amount (%)
Sales	**5,640**	7,433	△1,792(△24.1%)
Operating income	**△1,188**	△521	△667(－)

In this business, we provide site management organization (SMO) and healthcare information services, primarily to medical institutions, patients, and general consumers, to support maintaining and promoting health and healthcare.

In this consolidated fiscal year, despite intensified competition in the SMO industry and the impact from delayed progress in orders, we strove to acquire new orders through efforts to further strengthen sales activities and expand our network of medical institutions, while orders increased from the previous consolidated fiscal year. We are also moving forward with measures to streamline management, such as through project management and cost-cutting measures. We are continually promoting stronger education around quality control and compliance.

In terms of sales and operating income, sales have come in significantly lower than during the previous consolidated fiscal year due to a lag in order growth during the previous consolidated fiscal year. We have recorded an operating loss due to a decline in the operating rate.

- **IPD (Intellectual Property Development) Business**

(Millions of yen)

	FY2015	FY2014	YoY Change Amount (%)
Sales	**762**	498	+263(+52.9%)
Operating income	**△356**	△546	+190(－)

In this business, we primarily provide services to support the development and marketing of diagnostics and orphan drugs.

In the diagnostics business, our group is working to improve the market growth, science, and promotion of an improved high-sensitivity measurement version (brand name: RENAPRO® L-FABP Test TMB) of the in-vitro diagnostic drug “human L-type fatty acid-binding protein kit” (brand name: RENAPRO® L-FABP Test) developed for the purpose of diagnosing renal disease, and is also developing a Dip-test kit.

In the orphan drug business, OrphanPacific, Inc., is continuing its policy to improve disease recognition for Buphenyl® (common name: sodium phenylbutyrate), a therapeutic agent that we are distributing for urea cycle disorders, and Normosang®, (common name: human hemin), a therapeutic agent for acute porphyria. As a new initiative in the orphan drug business, we have concluded a succession agreement with Astellas Pharma, Inc., approving the manufacture and sales of 3 orphan drugs, and began selling one drug in April 2015. We have increased sales volume with a business tie-up with Toray Medical Co., Ltd., for joint sales promotion, and are also working to cut sales expenses.

Sales have come in significantly higher than during the previous consolidated fiscal year based on increased diagnostics sales and new initiatives in the orphan drug business. Meanwhile, R&D expenses pertaining to diagnostics and sales-related costs at OrphanPacific, Inc., have generated an operating loss

Consolidated Financial Position and Cash Flow

Assets, liabilities, and net assets

Total assets this consolidated fiscal year increased by ¥6.624 billion YoY, to ¥55.861 billion. This is mainly due to an increase in tangible fixed assets from the acquisition of JCL Bioassay Co., Ltd.

Total liabilities increased by ¥6.267 billion YoY, to ¥35.194 billion. This is mainly due to an increase in borrowing.

Total net assets increased by ¥357 million YoY, to ¥20.667 billion. This is mainly due to an increase in capital surplus from an exchange of shares with JCL Bioassay Co., Ltd.

Cash Flow

Cash and cash equivalents in this consolidated fiscal year decreased by ¥113 million YoY, to ¥5.638 billion.

Cash flow from operating activities was ¥889 million of revenue (¥2.677 billion of revenue the previous consolidated fiscal year). This is due to a capital increase from net income before income taxes and depreciation expenses, and decreased capital trade receivables and payment of corporate taxes.

Cash flow from investing activities was ¥3.461 billion of expenditures (¥6.910 billion of expenditures the previous consolidated fiscal year). This is mainly due to the purchase of tangible fixed assets and intangible fixed assets, along with revenue from the sale of shares of affiliated companies.

Cash flow from financing activities was ¥1.904 billion of revenue (¥3.111 billion of revenue the previous consolidated fiscal year). This is mainly due to revenue from long-term loans and the issuance of commercial paper, and expenditures from repayment of long-term loans and dividend payments.

Distribution of Profits and Dividends

Our basic policy is to prioritize distribution of profits to shareholders as one of our key managerial policies and to distribute performance-based dividends while securing retained earnings to improve earnings and strengthen our corporate base. Based on this policy, we strive to make steady and stable distributions with a target 30% consolidated payout ratio. Toward stable dividends, our annual dividend is currently set at a minimum of ¥10 per share.

Our intention with internal reserves is to reinforce a corporate culture that can respond to changes in the management environment and utilize the reserves for capital and development investment to achieve sustainable growth.

Our basic policy is to distribute surplus twice a year, as mid-term and term-end dividends.

The bodies that determine the distribution of these surplus funds are the shareholders (via the general

shareholders' meeting) for the term-end dividend and the Board of Directors for the mid-term dividend. We distribute dividends twice this fiscal year; the mid-term dividend was ¥17.50 per share. We plan to distribute a term-end dividend of ¥5.00 per share, for an annual dividend of ¥22.50 per share.
For the next fiscal year, we plan to distribute an annual dividend of ¥10.00 per share (mid-term dividend of ¥5.00 per share and term-end dividend of ¥5.00 per share).

Future Outlook

Business conditions in the pharmaceutical industry remain difficult due to the effects of the action to curb medical expenditures (by, for example revising NHI drug prices and promoting wider adoption of generic drugs), and the expiration of patents on flagship products. However, the Government's new growth strategy of collaboration & cooperation between industry, government and the academic community for the activation of the healthcare industry and creation of scientific technology innovation is encouraging. Through the introduction of academic collaboration, pharmaceutical companies have been accelerating development of new drugs and pipeline. While Japanese pharmaceutical companies are trying to expand business in Asia and other developing countries, foreign-based bio ventures are actively competing in the Japanese market. At the same time, the drug development, manufacture, and marketing support industry to which the CMIC Group belongs is continuously growing, propelled by an increase in outsourcing in order to reduce study costs and timing and increase overall study efficiency.

In this environment, the CMIC Group is pursuing synergies between businesses as "one CMIC" while working to further enhance the foundations and individual services of each business based on PVC, its own unique business model.
As for next fiscal year, this will be the year when Project Phoenix (a project which aims to achieve a sharp recovery in results and sustained growth by eliminating unprofitable businesses and promoting cost structure reform), which the CMIC group has worked on in unison this consolidated fiscal year, yields results. Profits and sales are forecast to increase from this consolidated fiscal year.

Outlook for each segment:
CRO is our core business and, as a leading company in Japan in this area, we will continue to support foreign companies and companies in different industries as they enter the market, to strengthen medical device-related business, expand business in the Asian region, promote robust growth in clinical services, and to strengthen systems in non-clinical services. Although orders in the CRO business remain robust around monitoring services, we expect an increase in revenue and a decrease in profit as we move forward with system maintenance in non-clinical services in the U.S.
As for the CMO business, we are making progress on establishing a structure for total service provision in drug manufacturing, from formulation design to investigational new drug manufacturing to commercial production, and trying to improve our competitiveness through bolstering technological capacity and strategic capital investment. At CMIC JSR Biologics Co., Ltd., we are also moving forward with designing next-generation antibody drugs and developing a manufacturing process. We forecast higher revenue and lower profit in the CMO business as the effects of the cost structural reform implemented this period will contribute for the full year.

As for the CSO business, CMIC Ashfield K.K., a joint venture with the UDG Healthcare PLC Group, which owns the largest CSO in Europe, aims to grow its market share by continuing to work on strengthening its capacity to meet demand for MR dispatch services and enhance its service model. We expect both revenue and profit in the CSO business to increase as orders for MR dispatch services and BPO and personnel services remain strong.
Although the healthcare business is in a difficult business environment undergoing industry reorganization due to intensified competition, we anticipate increased revenue as new orders are recovering. Meanwhile, we forecast an operating loss because we expect an increased operation rate and a genuine sales recovery to come in the second half due to the lag in order growth in this period. We are continuing to promote the expansion of our network of medical institutions to further boost order activity and improve quality assurance and the operation rate, aiming to shrink the operating loss and accelerate early sales recovery.
For the IPD business, we anticipate a rise in revenue in the orphan drug business because we will begin selling two products approved by Astellas Pharma, Inc., in October 2015. In contrast, we anticipate an operating loss in diagnostics due to continued expenditures on research expenses and an ongoing performance downturn at OrphanPacific, Inc. We are working to build an efficient sales structure and reduce costs to reduce the operating loss.

Consolidated business results forecasts for the fiscal year ending September 30, 2016	Amount	YoY change
Net sales	63,200	13.0%
Operating income	2,300	62.9%
Ordinary income	1,960	101.9%
Net income	400	-

Outlook by segment is as follows (note that outlook on sales by segment includes inter-segment sales).

Consolidated sales forecasts for the fiscal year ending September 30, 2016	Amount	YoY change
CRO Business	30,000	9.2%
CMO Business	14,900	7.9%
CSO Business	10,300	16.1%
Healthcare Business	6,300	11.7%
IPD Business	2,500	228.0%
Total	57,200	13.2%
Less inter-segment sales	(800)	-
Consolidated	63,200	13.0%

Corporate Information

The CMIC Group was the first CRO (Contract Research Organization) in Japan and provides services that contribute to increasing efficiency and quality of clinical research. Currently, based on PVC (Pharmaceutical Value Creator) business model, the Group provides services in the following business areas: CRO (Contract Research Organization) business, CMO (Contract Manufacturing Organization) business, CSO (Contract Sales Organization) business, Healthcare business, IPD (Intellectual Property Development) business. For more information about the CMIC Group, please visit http://www.cmic-holdings.co.jp/e/.

Note on the appropriate use of business forecasts contained in this report

Earnings forecasts and other forward-looking statements contained in this report are based on information currently available to the Company and certain assumptions that the Company has judged to be reasonable. Actual results may vary significantly from forecasts due to a variety of factors. Important factors that might cause such a difference include, but are not limited to, risks associated with: (i) business trends among customers, (ii) laws and regulations and government policies, (iii) competitors, (iv) compliance, (v) information management, (vi) securing human resources, (vii) conducting clinical trials under contract, (viii) product liability, (ix) research and development, (x) international business, (xi) financial market conditions, (xii) natural disasters, and (xiii) environmental regulations. The Company undertakes no obligation to update these forward-looking statements in the future.

Summary of Results for the Fiscal Year Ended September 30, 2015 (October 1, 2014 through September 30, 2015)

(1) Consolidated financial results
(Millions of yen; amounts less than one million yen are omitted)
(Percentage figures indicate increase compared with the corresponding period of the prior fiscal year)

	Fiscal year ended September 30, 2015		Fiscal year ended September 30, 2014	
		Change (%)		Change (%)
Net sales	**55,904**	**5.8**	52,836	3.7
Operating income	**1,411**	**(49.0)**	2,766	(33.4)
Ordinary income	**970**	**(63.3)**	2,645	(32.9)
Net income	**(542)**	―	1,174	(33.0)
Net income per share (Yen)	**(29.57)**		65.26	
Diluted net income per share (Yen)			―	
Return on equity (%)	**(2.7)**		5.9	
Ordinary income/total capital (%)	**1.8**		5.7	
Operating income/net sales (%)	**2.5**		5.2	

Reference: Comprehensive income: FY2015:△ ¥610 million, FY2014: ¥1,379 million (23.1% decrease)
Equity in earnings (losses) of affiliates: FY2015: △¥291 million, FY2014: △¥23 million

(2) Consolidated financial position (Millions of yen; amounts less than one million yen are omitted)

	September 2015	September 2014
Total assets	**55,861**	49,237
Net assets	**20,667**	20,309
Equity ratio (%)	**36.4**	41.1
Equity per share (Yen)	**1,087．84**	1,123.74

Reference: Shareholders' equity: September 2015: ¥20,340 million, September 2014: ¥20,224 million

(3) Consolidated cash flows (Millions of yen; amounts less than one million yen are omitted)

	Fiscal year ended September 30, 2015	Fiscal year ended September 30, 2014
Net cash provided by (used in) operating activities	**889**	2,677
Net cash provided by (used in) investing activities	**(3,461)**	(6,910)
Net cash provided by (used in) financing activities	**1,904**	3,111
Cash and cash equivalents at end of period	**5,638**	5,751

Dividend Status (Yen)

	FY ended September 2014	**FY ended September 2015**	FY ending September 2016 (Estimated)
Dividend per share (Base date)			
End of first quarter	–	**–**	–
End of second quarter	17.50	**17.50**	5.00
End of third quarter	–	**–**	–
End of FY	17.50	**5.00**	5.00
Total	35.00	**22.50**	10.00
Total cash dividends (annual) (Million yen)	636	**424**	
Dividend payout ratio (consolidated) (%)	54.2	―	46.7
Dividend on equity ratio (consolidated) (%)	3.2	**2.0**	

Consolidated Financial Statements for the Fiscal Year Ended September 30, 2015

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2015 (September 30, 2015)	FY 2014 (September 30, 2014)
Assets		
Current assets		
Cash and deposits	5,804	5,922
Notes and accounts receivable-trade	10,787	9,154
Merchandise and finished goods	264	119
Work in process	3,592	3,226
Raw materials and supplies	1,583	1,258
Deferred tax assets	1,295	1,659
Other	2,968	2,288
Allowance for doubtful accounts	(11)	(10)
Total current assets	**26,283**	**23,619**
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	16,012	13,834
Machinery, equipment and vehicles	9,291	8,624
Tools, furniture and fixtures	3,305	1,928
Land	6,343	5,934
Lease assets	1,937	1,164
Construction in progress	1,185	122
Total property, plant and equipment	**21,910**	**18,819**
Intangible assets		
Goodwill	1,680	820
Other	1,596	1,650
Total intangible assets	**3,276**	**2,470**
Investments and other assets		
Investment securities	849	922
Deferred tax assets	1,609	1,610
Lease and guarantee deposits	1,682	1,517
Other	280	307
Allowance for doubtful accounts	(29)	(30)
Total investments and other assets	**4,391**	**4,327**
Total noncurrent assets	**29,578**	**25,617**
Total assets	**55,861**	**49,237**

(Millions of yen)	FY 2015 (September 30, 2015)	FY 2014 (September 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,226	589
Current portion of bonds payable	100	—
Short-term borrowings	3,050	600
Commercial papers	3,000	2,000
Current portion of long-term debt	2,869	3,201
Accounts payable-other	2,848	2,626
Accrued expenses	921	902
Income taxes payable	412	1,207
Advances received	1,176	1,211
Provision for bonuses	1,840	1,989
Provision for directors' bonuses	3	38
Provision for loss on order received	394	307
Other	1,885	1,733
Total current liabilities	**19,729**	**16,406**
Noncurrent liabilities		
Bonds payable	50	—
Long-term debt	9,000	7,608
Net defined benefit liability	5,255	4,082
Deferred tax liabilities	12	12
Asset retirement obligations	401	372
Other	745	444
Total noncurrent liabilities	**15,464**	**12,520**
Total liabilities	**35,194**	**28,927**
Net assets		
Shareholders' equity		
Capital stock	3,087	3,087
Capital surplus	7,715	6,292
Retained earnings	9,906	11,098
Treasury stock	(271)	(258)
Total shareholders' equity	**20,438**	**20,220**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	67	0
Foreign currency translation adjustment	98	39
Premeasurements of defined benefit plans	(263)	(34)
Total accumulated other comprehensive income	**(97)**	**4**

Minority interests	**326**	**85**
Total net assets	**20,667**	**20,309**
Total liabilities and net assets	**55,861**	**49,237**

(2) **Consolidated Statements of Income**

(Millions of yen)

	FY 2015 (October 1, 2014– September 30, 2015)	FY 2014 (October 1, 2013– September 30, 2014)
Net sales	**55,904**	**52,836**
Cost of sales	**44,816**	**41,948**
Gross profit	**11,087**	**10,887**
Selling, general and administrative expenses	**9,676**	**8,120**
Operating income	**1,411**	**2,766**
Non-operating income		
Interest income	12	9
Foreign exchange gains (losses)	―	21
Commission income	19	―
Rent income	16	14
Government grant	20	35
Gain on sales of materials	17	―
Other income	36	66
Total non-operating income	**122**	**148**
Non-operating expenses		
Interest expenses	144	134
Foreign exchange loss	25	―
Investment loss of affiliates	291	23
Impairment loss of investment	―	57
Other expenses	101	53
Total non-operating expenses	**563**	**269**
Ordinary income	**970**	**2,645**
Special gains (losses)		
Gain on sales of investment securities	110	―
Gain on sales of shares of subsidiaries and affiliates	818	―
Gain on step acquisitions	27	―
Gain for a bargain purchase	―	281
Insurance income	72	―
Total extraordinary income	**1,029**	**281**
Extraordinary loss		
Loss on retirement of noncurrent assets	72	109
Impairment loss on noncurrent assets	74	28
Loss on valuation of investment securities	15	―
Compensation for damage	150	170
Loss on revision of pay regulations	157	―

Office transfer expenses	163	—
Loss on disposal of facilities and others	87	150
Total extraordinary losses	**720**	**459**
Income before income taxes and minority interests	**1,280**	**2,467**
Income taxes-current	1,162	2,078
Income taxes-deferred	634	(811)
Total income taxes	**1,797**	**1,267**
Income before minority interests	**(516)**	**1,200**
Minority interests in income (loss)	**25**	**25**
Net income	**(542)**	**1,174**

(3) **Consolidated Statements of Comprehensive Income**

(Amounts in millions of yen)

	FY2015 (October 1, 2014 – June 30, 2015)	FY2014 (October 1, 2013 – June 30, 2014)
Income before minority interests	**(516)**	**1,200**
Other comprehensive income		
Unrealized gain (loss) on securities	67	**58**
Foreign currency translation adjustment	67	120
Premeasurements of defined benefit plans	(229)	—
Total other comprehensive income	**(93)**	**178**
Comprehensive income	**(610)**	**1,379**
Comprehensive income (loss) attributable to:		
Owners of the parent	(644)	1,345
Minority interests	34	33

(4) **Consolidated Statements of Cash Flows**

(Millions of yen)

	FY 2015 (October 1, 2014– September 30, 2015)	FY 2014 (October 1, 2013– September 30, 2014)
Cash flows from operating activities:		
Income before income taxes and minority interests	1,280	2,467
Depreciation and amortization	2,314	1,579
Impairment loss on noncurrent assets	74	28
Amortization of goodwill	583	448
Gain for a bargain purchase	-	(281)
Increase (decrease) in net defined benefit liability	669	605
Increase (decrease) in provision for bonuses	(217)	17
Increase (decrease) in provision for directors' bonuses	(35)	14
Increase (decrease) in allowance for doubtful accounts	(0)	1
Increase (decrease) in provision for loss on order received	64	19
Interest and dividends income	(12)	(9)
Interest expenses	144	134
Equity in (earnings) losses of affiliates	291	23
Foreign exchange losses (gains)	(4)	(61)
Loss (gain) on sales of investment securities	(110)	—
Loss (gain) on sales of shares of subsidiaries and affiliates	(818)	
Impairment loss of investment	—	57
Gain on step acquisitions	(27)	—
Loss on retirement of noncurrent assets	72	109
Office transfer expenses	163	—
Compensation for damage	150	170
Loss on disposal of facilities and others	87	150
Government grant	(20)	(35)
Decrease (increase) in notes and accounts receivable-trade	(639)	(1,415)
Decrease (increase) in inventories	(377)	492
Increase (decrease) in notes and accounts payable-trade	122	(639)
Increase (decrease) in accrued expenses	(45)	273
Increase (decrease) in advances received	(246)	(743)
Increase (decrease) in deposits received	(36)	280
Other, net	35	1,362
Subtotal	3,463	5,050
Interest and dividends income received	28	71

Interest expenses paid	(150)	(131)
Compensation for damage paid	(320)	—
Proceeds from government grant	20	35
Income taxes paid	(2,151)	(2,349)
Net cash provided by operating activities	**889**	**2,677**

(Millions of yen)

	FY 2015 (October 1, 2014– September 30, 2015)	FY 2014 (October 1, 2013– September 30, 2014)
Cash flows from investing activities:		
Payments into time deposits	(180)	(160)
Proceeds from withdrawal of time deposits	196	159
Purchase of property, plant and equipment	(3,108)	(2,158)
Proceeds from sales of property, plant and equipment	20	2
Purchase of intangible assets	(640)	(840)
Payments for retirement of noncurrent assets	(15)	(77)
Payments for lease and guarantee deposits	(929)	(332)
Proceeds from collection of lease and guarantee deposits	766	123
Purchase of investments securities	(616)	(66)
Proceeds from sales of investments securities	141	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	102	(3,218)
Proceeds from sales of shares of subsidiaries and affiliates	1,126	—
Purchase of investments in subsidiaries	(90)	(341)
Payments of loans receivable	(233)	56
Other, net	–	(55)
Net cash provided by (used in) investing activities	**(3,461)**	**(6,910)**
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	2,400	(1,350)
Proceeds from long-term debt	3,400	5,500
Repayments of long-term debt	(3,537)	(2,165)
Repayments of lease obligations	(201)	(220)
Redemption of bonds	(50)	
Net increase (decrease) in commercial papers	1,000	2,000
Purchases of treasury stock	(458)	0
Dividends paid	(648)	(636)
Other, net	—	(16)
Net cash provided by (used in) financing activities	**1,904**	**3,111**
Effect of exchange rate change on cash and cash equivalents	**21**	**64**

Net increase (decrease) in cash and cash equivalents	**(646)**	**(1,058)**
Cash and cash equivalents at beginning of period	**5,751**	**6,810**
Increase in cash and cash equivalents resulting from share exchanges	**533**	**—**
Cash and cash equivalents at end of period	**5,368**	**5,751**