

Consolidated Statements of Cash Flows

TOKAI RIKA Co., Ltd. and Consolidated Subsidiaries

Years ended March 31, 2018 and 2017

Millions of Yen

| | Year ended March 31, 2017 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income taxes | 9,882 | 30,096 |
| Depreciation | 20,311 | 20,937 |
| Impairment loss | 93 | - |
| Amortization of goodwill | 33 | 32 |
| Increase (Decrease) in allowance for doubtful accounts | 120 | (113) |
| Increase (Decrease) in accrued bonuses to employees | 484 | 542 |
| Increase (Decrease) in accrued bonuses to directors | (42) | 13 |
| Increase (Decrease) in provision for accrued product warranty | (16,284) | 1,220 |
| Increase (Decrease) in retirement allowances for directors and corporate auditors | (29) | 4 |
| Increase (Decrease) in net defined benefit liability | 1,676 | 872 |
| Increase (Decrease) in net defined benefit asset | (1,100) | (1,424) |
| Interest and dividend income | (840) | (918) |
| Interest expenses | 74 | 50 |
| Equity in earnings of affiliated companies | 19 | (86) |
| Foreign exchange gain or loss | (15) | 328 |
| Loss on sales of investment securities | (597) | - |
| Gain on sales of property, plant and equipment | 186 | (420) |
| Increase (Decrease) in notes and accounts receivable | (2,466) | (3,108) |
| Increase (Decrease) in inventories | (1,327) | (2,412) |
| Increase (Decrease) in notes and accounts payable | 4,081 | (8,221) |
| Increase (Decrease) in consumption taxes payable | (102) | 275 |
| Others, net | 23,364 | (12,187) |
| Sub - Total | 37,521 | 25,482 |
| Interest and dividend income received | 947 | 938 |
| Interest expenses paid | (72) | (39) |
| Income taxes paid | (4,898) | (5,555) |
| Net cash provided by operating activities | 33,497 | 20,826 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sales of marketable securities | 11,760 | 5,500 |
| Purchases of tangible fixed assets | (22,722) | (21,726) |
| Proceeds from sales of tangible fixed assets | 70 | 62 |
| Purchases of investment securities | (203) | (3,026) |
| Proceeds from sales of investment securities | 1,256 | 2 |
| Disbursement for originating loans | (237) | (421) |
| Proceeds from collections of loans | 251 | 422 |
| Others, net | (1,782) | (582) |
| Net cash used in investing activities | (11,606) | (19,769) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase (Decrease) in short-term borrowings, net | (162) | 344 |
| Decrease in long-term borrowings | (908) | (685) |
| Proceeds from issuance of bonds | - | 10,000 |
| Lease liabilities paid | (93) | (122) |
| Dividends paid | (5,470) | (5,659) |
| Dividends paid to non-controlling interests | (633) | (358) |
| Proceeds from share issuance to non-controlling shareholders | 196 | - |
| Purchases of treasury stock | (1) | (2) |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | (7) | - |
| Others, net | 60 | 23 |
| Net cash provided by (used in) financing activities | (7,020) | 3,539 |
| EFFECT OF FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS | (812) | (98) |
| NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS | 14,057 | 4,498 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 39,314 | 53,372 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | 53,372 | 57,870 |