Summary of Financial Results for the Second Quarter Ended February 28, 2021 [Japan GAAP] (Consolidated) April 12, 2021

Company	Watts Co., Ltd.	Listed on the TSE
Stock Code	2735 URL: https://www.watts-j	p.com
Representative	Fumio Hiraoka, President and CEO	
Contact	Hidehito Mori,	T E L: +81-6-4792-3280
	Executive Managing Director, Head of C	orporate Planning Office
Expected date of fi	ling of quarterly report: April 12, 2021	Expected starting date of dividend payment: -

Preparation of quarterly supplementary financial document: Yes

Quarterly results briefing: Yes (for institutional investors)

1. Consolidated business results for the six months ended February 2021 (September 1, 2020 through February 28, 2021)

(Rounded down to million yen)

(1) Consolidated results of operations (% change from the previous corresponding period) Net income attributable to Sales Operating profit Recurring profit owners of parent Million yen % % % % Million yen Million yen Million yen 1.085 Six months ended Feb. 2021 25,618 -1.4 38.0 1.066 36.2 800 90.2 Six months ended Feb. 2020 25,982 1.3 786 114.5 783 132.4 420 306.6

(Note) Comprehensive income

Six months ended February 2021: 766 million yen (82.1%) Six months ended February 2020: 421 million yen (-%)

Six months ended reordary 2020. 421 minor yen (-70)				
	Net income	Diluted net income per		
	per share	share		
	Yen	Yen		
Six months ended Feb. 2021	59.72	-		
Six months ended Feb. 2020	31.39	-		

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Feb. 2021	22,785	11,046	48.5
As of Aug. 2020	21,544	10,481	48.7

(Reference) Shareholders' equity:

As of February 2021: 11,046 million yen

As of August 2020: 10,481 million yen

2. Dividends

		Annual dividend					
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total		
	Yen	Yen	Yen	Yen	Yen		
Year ended Aug. 2020	-	0.00	-	15.00	15.00		
Year ending Aug. 2021	-	0.00					
Year ending Aug. 2021 (forecast)			-	15.00	15.00		

(Note) Revisions to dividend forecast for the current quarter: None

3. Forecast of consolidated business results for the fiscal year ending August 2021 (September 1, 2020 through August 31, 2021) (% change from the previous corresponding period)

(September 1, 2	(September 1, 2020 through August 51, 2021) (% change from the previous corresponding period))		
	Sales		Operating pro	ofit	Recurring Pr	ofit	Net income attri to owners of p		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Aug. 2021	50,960	-3.5	1,850	4.6	1,780	2.8	1,150	48.5	85.83

(Note) Revisions to business forecast for the current quarter: Yes

For more information on the revisions to the consolidated business forecasts, please refer to the "Notice Concerning Revision to Business Forecasts" released on April 5, 2021.

*Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None
- (2) Application of accounting procedures specific to preparation of the consolidated quarterly financial statements: None
- (3) Changes in accounting policies, accounting estimates and restatement

 ①Changes in accounting policies associated with revision of accounting standards: ②Changes in accounting policies other than ① ③Changes in accounting estimates ④Restatement 	: None : None : Yes : None
 (4) Shares outstanding (common stock) ① Number of shares outstanding at the end of period (treasury stock included) 	

As of February 202113,958,800 sharesAs of August 202013,958,800 shares(2) Treasury stock at the end of period
As of February 2021560,874 sharesAs of August 2020560,874 shares(3) Average number of stock during period
Six months ended February 202113,397,926 sharesSix months ended February 202013,397,926 shares

(Note) The number of treasury stock at the end of period includes the Company's shares held by the share issuance trust for directors (FY8/21 2Q: 60,000 shares, FY8/20: 60,000 shares). In addition, the Company's shares owned by the share issuance trust for directors are included in treasury stock deducted for calculation of the average number of shares during period (FY8/21 2Q: 60,000 shares, FY8/20: 60,000 shares).

*Quarterly financial summary is not subject to auditing procedures by certified public accountants or auditing firms.

*Explanation regarding appropriate use of business forecasts and other special instructions

(Caution concerning forward-looking statements)

The forward-looking statements regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. Therefore, the company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

Please refer to "(3) Future forecast information including consolidated business forecasts" of "1. Results of operations" on page 3 for the suppositions that form the assumptions for business forecasts and cautions concerning the use of business forecasts.

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1. Results of Operations

(1) Analysis of operating results

During the six months ended February 2021, the Japanese economy experienced positive growth for two consecutive quarters, with the domestic real GDP growth rate for October-December 2020 (second preliminary report) at an annualized rate of +11.7% compared to the previous quarter. This growth is mainly because consumer spending recovered due to a slowdown in the expansion of COVID-19 and the government's GO TO Campaign that began in July. I addition, in the corporate sectors goods exports were strong due to increased consumption in Japan and abroad, supported by strong increases in demand for semiconductors and other products, and the capital investment has bottomed out as a result, although inbound tourist demand remains almost disappeared. Meanwhile, consumer spending declined again following the declaration of the second State of Emergency for Tokyo and 10 prefectures at the beginning of the year. However, unlike the first emergency declaration in April last year, only restaurants were asked to shorten operating hours, and its negative impact was limited. Other factors include the solving of the face mask shortage and the establishment of infection control measures when going out among people. Although it is a bright side that the vaccination started in mid-February, starting with medical personnel, there is a concern that the negative effects may last long depending on the speed of vaccination to the general public and the spread of the new variant of COVID-19.

Given this environment, in addition to the 100-Yen shop business in Japan, the Company, which operates the "Watts", "Watts with", "meets.", "silk", etc., has been working on diversifying its revenue sources by undertaking other domestic businesses, centering on the sale of life-style goods and discount goods as well as overseas business.

In the domestic 100-Yen shop business, the Company has been continuing to promote the introduction of products with prices higher than 100 yen (from 200 yen to 1,000 yen) and actively adding these products to consignment-type shops. In addition, we are working to strengthen synergies among the Group's businesses by opening 100-Yen shops with a Buona Vita section. Furthermore, the Company opened the Watts official YouTube channel on February 22, 2021.

As for the new shop openings, the Company opened 74 shops to the full-year plan of 144 shops. There were 21 shop closings, including certain unprofitable shops and unpredictable closing of shops where the Company's shops were located in. As a result, the total number of 100-Yen shops at the end of the second quarter was 1,293, which includes 1,268 directly managed shops (net increase of 53), and 25 franchised/other shops (unchanged). Of these, the number of "Watts" and "Watts with", the Watts brand shops, was 715 (net increase of 76), accounting for 55.3% of the total.

As for the number of the domestic other shops at the end of the fiscal year, "Buona Vita," a life-style goods shop offering comfortable life, was 19 shops (net decrease of 2). The Company is working on reviewing the product mix according to the characteristics of each shop and sales promotion activities via the official LINE account. "Søstrene Grene", a Denmark's life-style variety shop, was 2 shops (decreased by 2). It was decided to withdraw from this business, and all shops were closed as of the end of March. "Value- 100," the fresh-foods supermarket collaboration, continues with 1 shop (unchanged). "Real", a discount shop, was 6 shops (unchanged).

Regarding the overseas operation, the Company operates "KOMONOYA", a fixed-price shop mainly in Southeast Asia. At the end of the current fiscal year, "KOMONOYA" operates 48 shops in Thailand (net decrease of 2), 2 shops in Malaysia (unchanged), 4 shops in Vietnam (net decrease of 1), and 20 shops in Peru (unchanged).

In China, a fixed price shop "小物家园"(KOMONOKAEN) was 6 shops (unchanged). The total number of own-brand shops "KOMONOYA" and "小物家园"(KOMONOKAEN) was 80 (decreased by 3).

Due to the transfer of the Chinese subsidiary in the previous fiscal year and the impact of the spread of COVID-19, sales in the overseas business and Buona Vita declined.

In addition, the domestic 100-Yen shop business performed well, but its sales figure remained at the same level as the previous fiscal year due to the reaction to the increase in demand for hygiene products in February of the previous fiscal year. As a result, for the six months ended February 2021, sales were 25,618 million yen (down 1.4% YoY, 101.0% to the plan).

On the other hand, operating profit was 1,085 million yen (up 38.0% YoY and 141.0% to the plan) and recurring profit was 1,066 million yen (up 36.2% YoY and 142.3% to the plan), owing to progress in withdrawal from unprofitable businesses and reduction of expenses for new shop openings and renovations.

Net income attributable to owners of parent was 800 million yen (up 90.2% YoY and 129.1% to the plan) as Hilmer Japan Co., Ltd., a consolidated subsidiary of the Company, recorded a dept exemption gain due to the exemption of loans from a joint venture company upon its withdrawal from the business. (*Year on year: comparison with the results for the same period of the previous fiscal year. Ratio to plan: ratio to the business forecasts for the six months ended February 2021 which were announced in the "Notice Concerning Revision to Consolidated Business Forecasts for the First Half" on January 12, 2021.)

Since the Group operates under a single segment consisting of the operation of 100-Yen shops associated business, segment information is omitted.

(2) Analysis of financial position

① Assets, liabilities and net assets

(Assets)

As of the end of the current second quarter of the fiscal year, current assets stood at 17,439 million yen, increased by 1,023 million yen from the end of the previous fiscal year. This was mainly due to increases of 995 million yen in cash and deposits and 203 million yen in merchandise and finished goods despite a decrease of 129 million yen in notes and accounts receivable- trade.

Fixed assets stood at 5,345 million yen, increased by 217 million yen from the end of the previous fiscal year. This was mainly due to an increase of 287 million yen in software in progress included in other intangible assets following the core system renewal, while deferred tax assets decreased by 51 million yen.

As a result, total assets stood at 22,785 million yen, increased by 1,241 million yen from the end of the previous fiscal year.

(Liabilities)

As of the end of the current second quarter of the fiscal year, current liabilities stood at 10,384 million yen, increased by 722 million yen from the end of the previous fiscal year. This was mainly due to increases of 577 million yen in electronically recorded obligations and 467 million yen in notes and accounts payable-trade, and a decrease of 265 million yen in accrued consumption taxes.

Fixed liabilities stood at 1,354 million yen, a decrease of 46 million yen compared with the end of the previous fiscal year. This was mainly due to an increase of 207 million yen in asset retirement obligations, and a decrease of 268 million yen in long-term loans payable.

As a result, total liabilities stood at 11,738 million yen, increased by 675 million yen from the end of the previous fiscal year.

(Net assets)

As of the end of the current second quarter of the fiscal year, net assets stood at 11,046 million yen, increased by 565 million yen compared with the end of the previous fiscal year. This was mainly because retained earnings increased by 598 million yen. As a result, shareholders' equity ratio stood at 48.5% (48.7% at the end of the previous fiscal year).

2 Cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at end of the current second quarter of the fiscal year amounted to 7,586 million yen, increased by 995 million yen from the previous fiscal year.

Details and breakdown of each cash flow in the second quarter are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 1,802 million yen (842 million yen was provided in the same period of the previous fiscal year). Cash was provided mainly by income before income taxes and minority interests of 1,223 million yen and an increase in notes and accounts payable-trade of 1,045 million yen. Cash was used mainly for gain on debt exemption of 291 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 409 million yen (317 million yen was used in the previous fiscal year). This was mainly due to purchase of intangible fixed assets of 289 million and purchase of property, plant and equipment of 133 million yen for new shop openings.

(Cash flows from financing activities)

Net cash used for financing activities was 392 million yen (36 million yen was used in the previous fiscal year). This was mainly due to repayments of long-term loans payable of 255 million yen and dividends paid of 201 million yen.

(3) Future forecast information including business forecasts

In view of recent trends in business results, the Company revised its full-year business results, which were announced in the Summary of Financial Results on October 13, 2020.

For details, please refer to the "Notice Concerning Revision to Business Forecasts" announced on April 5, 2021.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (August 31, 2020)	Current second quarter (February 28, 2021)
Assets		
Current assets		
Cash and deposits	6,591,348	7,586,464
Notes and accounts receivable-trade	2,340,081	2,211,03
Merchandise and finished goods	7,114,726	7,317,91
Raw materials and supplies	15,339	30,88
Consumption taxes receivable	57,652	69,89
Other	320,877	246,53
Allowance for doubtful accounts	-23,849	-22,93
Total current assets	16,416,177	17,439,79
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	2,021,501	2,101,63
Accumulated depreciation and impairment loss	-1,290,640	-1,269,80
Buildings and structures, net	730,860	831,83
Vehicles	19,860	24,51
Accumulated depreciation and impairment loss	-14,252	-14,23
Vehicles, net	5,607	10,28
Tools, furniture and fixtures	3,637,146	3,667,53
Accumulated depreciation and impairment loss	-3,049,711	-3,118,92
Tools, furniture and fixtures, net	587,435	548,61
Land	257,800	257,80
Leased assets	27,623	27,62
Accumulated depreciation and impairment loss	-19,879	-22,78
Leased assets, net	7,744	4,83
Construction in progress	19,162	,
Total property, plant and equipment	1,608,611	1,653,36
Intangible assets		
Other	227,932	506,75
Total intangible assets	227,932	506,75
Investments and other assets		
Investment securities	436,438	406,94
Deferred tax assets	406,098	354,91
Guarantee deposits	2,316,365	2,300,83
Other	143,227	133,33
Allowance for doubtful accounts	-10,166	-10,16
Total investments and other assets	3,291,964	3,185,87
Total noncurrent assets	5,128,507	5,345,99
Total assets	21,544,684	22,785,790

Electronically recorded obligations 3,686,438 4,263,896 Current portion of long-term loans payable 684,324 480,568 Income taxes payable 169,097 385,706 Accrued consumption taxes 399,903 134,127 Provision for loss on business liquidation 75,596 49,600 Provision for bonuses 203,687 184,782 Other 945,519 938,786 Total current liabilities 9,661,633 10,384,201 Noncurrent liabilities 9,661,633 10,384,201 Noncurrent liabilities relating to retirement benefits 297,928 309,153 Provision for directors' stock-based benefits 65,245 82,123 Asset retirement obligations 192,735 399,867 Other 247,987 232,874 Total noncurrent liabilities 11,062,992 11,738,977 Net assets 11,062,992 11,738,977 Shareholders' equity 1,354,136 1,354,136 Capital stock 440,297 440,297 Capital stock 247,987 232,874			(Thousands of yen)
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Provision for loss on business liquidation 75,596 49,601 Provision for bonuses 203,687 184,782 Provision for directors' bonuses 17,900 - Other 945,519 938,786 Total current liabilities 9,661,633 10,384,201 Noncurrent liabilities 9,661,633 10,384,201 Long-term loans payable 569,688 301,634 Liabilities relating to retirement benefits 297,928 309,153 Provision for directors' retirement benefits 27,772 29,121 Provision for directors' stock-based benefits 65,245 82,123 Asset retirement obligations 192,735 399,867 Other 247,987 232,874 Total noncurrent liabilities 11,062,992 11,738,977 Net assets 11,062,992 11,738,977 Shareholders' equity 1,354,136 1.354,136 Retained earnings 8,965,680 9,563,943 Treasury stock -273,120 -273,120 Capital stock 440,297 140,297 A		169,097	385,706
Provision for bonuses 203,687 184,782 Provision for directors' bonuses 17,900 Other 945,519 938,786 Total current liabilities 9,661,633 10,384,201 Noncurrent liabilities Long-term loans payable 569,688 301,634 Liabilities relating to retirement benefits 297,928 309,153 Provision for directors' retirement benefits 27,772 29,121 Provision for directors' stock-based benefits 65,245 82,123 Asset retirement obligations 192,735 399,867 Other 247,987 232,874 Total noncurrent liabilities 1,401,358 1,554,776 Total noncurrent liabilities 1,401,358 1,554,776 Total liabilities 1,062,992 11,738,977 Net assets	Accrued consumption taxes	399,903	134,127
Provision for directors' bonuses 17,900 Other 945,519 938,786 Total current liabilities 9,661,633 10,384,201 Noncurrent liabilities 9,661,633 10,384,201 Long-term loans payable 569,688 301,634 Liabilities relating to retirement benefits 297,928 309,153 Provision for directors' retirement benefits 27,772 29,121 Provision for directors' stock-based benefits 65,245 82,123 Asset retirement obligations 192,735 399,867 Other 247,987 232,874 Total noncurrent liabilities 1,401,358 1,354,776 Total iabilities 11,062,992 11,738,977 Net assets 11,062,992 11,738,977 Shareholders' equity 1,354,136 1,354,136 Capital stock 440,297 440,297 Capital surplus 1,354,136 1,354,136 Retained earnings 8,965,680 9,563,943 Treasury stock -273,120 -273,120 Accumulated other comp	Provision for loss on business liquidation	75,596	49,601
Other 945,519 938,786 Total current liabilities 9,661,633 10,384,201 Noncurrent liabilities 569,688 301,634 Long-term loans payable 569,688 309,153 Provision for directors' retirement benefits 297,928 309,153 Provision for directors' retirement benefits 27,772 29,121 Provision for directors' stock-based benefits 65,245 82,123 Asset retirement obligations 192,735 399,867 Other 247,987 232,874 Total noncurrent liabilities 1,401,358 1,354,776 Total liabilities 1,401,358 1,354,776 Total liabilities 11,062,992 11,738,977 Net assets 1 1,354,136 1,354,136 Shareholders' equity 1,354,136 1,354,136 1,354,136 Capital stock 440,297 440,297 440,297 Capital stock 2-273,120 -273,120 -273,120 Treasury stock -273,120 -273,120 -273,120 Total shareholders'		203,687	184,782
Total current liabilities 9,661,633 10,384,201 Noncurrent liabilities 569,688 301,634 Liabilities relating to retirement benefits 297,928 309,153 Provision for directors' retirement benefits 27,772 29,121 Provision for directors' stock-based benefits 65,245 82,123 Asset retirement obligations 192,735 399,867 Other 247,987 232,874 Total noncurrent liabilities 1,401,358 1,354,776 Total liabilities 1,401,358 1,354,776 Total stock 440,297 440,297 Capital stock 440,297 440,297 Capital stock 440,297 440,297 Capital surplus 1,354,136 1,354,136 Retained earnings 8,965,680 9,563,943 Treasury stock -273,120 -273,120 Total shareholders' equity 10,486,994 11,085,257 Accumulated other comprehensive income 15,857 18,840 Valuation difference on available-for-sale securities 15,857 18,840	Provision for directors' bonuses	17,900	—
Noncurrent liabilitiesLong-term loans payable569,688301,634Liabilities relating to retirement benefits297,928309,153Provision for directors' retirement benefits27,77229,121Provision for directors' stock-based benefits65,24582,123Asset retirement obligations192,735399,867Other247,987232,874Total noncurrent liabilities11,401,3581,354,776Total iabilities11,062,99211,738,977Net assets1354,1361,354,136Shareholders' equity1,354,1361,354,136Capital stock440,297440,297Capital stock440,297440,297Capital stock2-273,120-273,120Total shareholders' equity10,486,99411,085,257Accumulated other comprehensive income15,85718,840Valuation difference on available-for-sale securities15,85718,840Foreign currency translation adjustment Total accumulated other comprehensive income-21,158-57,285Total accumulated other comprehensive income-5,301-38,444Total net assets10,481,69211,046,812	Other	945,519	938,786
Long-term loans payable 569,688 301,634 Liabilities relating to retirement benefits 297,928 309,153 Provision for directors' retirement benefits 27,772 29,121 Provision for directors' stock-based benefits 65,245 82,123 Asset retirement obligations 192,735 399,867 Other 247,987 232,874 Total noncurrent liabilities 1,401,358 1,354,776 Total liabilities 11,062,992 11,738,977 Net assets 11,062,992 11,738,977 Capital stock 440,297 440,297 Capital stock 440,297 440,297 Capital stock 440,297 440,297 Capital surplus 1,354,136 1,354,136 Retained earnings 8,965,680 9,563,943 Treasury stock -273,120 -273,120 Accumulated other comprehensive income 10,486,994 11,085,257 Valuation difference on available-for-sale 15,857 18,840 securities -5,301 -38,444 Total accumula	Total current liabilities	9,661,633	10,384,201
Liabilities relating to retirement benefits 297,928 309,153 Provision for directors' retirement benefits 27,772 29,121 Provision for directors' stock-based benefits 65,245 82,123 Asset retirement obligations 192,735 399,867 Other 247,987 232,874 Total noncurrent liabilities 1,401,358 1,354,776 Total liabilities 11,062,992 11,738,977 Net assets 11,062,992 11,738,977 Capital stock 440,297 440,297 Capital stock 440,297 440,297 Capital stock 2-273,120 -273,120 Teasury stock -273,120 -273,120 Total shareholders' equity 10,486,994 11,085,257 Accumulated other comprehensive income 15,857 18,840 valuation difference on available-for-sale securities -57,301 -38,444 Total accumulated other comprehensive income -5,301 -38,444 Total net assets 10,48,692 11,046,812	Noncurrent liabilities		
Liabilities relating to retirement benefits 297,928 309,153 Provision for directors' retirement benefits 27,772 29,121 Provision for directors' stock-based benefits 65,245 82,123 Asset retirement obligations 192,735 399,867 Other 247,987 232,874 Total noncurrent liabilities 1,401,358 1,354,776 Total liabilities 11,062,992 11,738,977 Net assets 11,062,992 11,738,977 Capital stock 440,297 440,297 Capital stock 440,297 440,297 Capital stock 2-273,120 -273,120 Teasury stock -273,120 -273,120 Total shareholders' equity 10,486,994 11,085,257 Accumulated other comprehensive income 15,857 18,840 valuation difference on available-for-sale securities -57,301 -38,444 Total accumulated other comprehensive income -5,301 -38,444 Total net assets 10,48,692 11,046,812	Long-term loans payable	569,688	301,634
Provision for directors' retirement benefits 27,772 29,121 Provision for directors' stock-based benefits 65,245 82,123 Asset retirement obligations 192,735 399,867 Other 247,987 232,874 Total noncurrent liabilities 1,401,358 1,354,776 Total noncurrent liabilities 11,062,992 11,738,977 Net assets 11,062,992 11,738,977 Capital stock 440,297 440,297 Capital stock 440,297 440,297 Capital surplus 1,354,136 1,354,136 Retained earnings 8,965,680 9,563,943 Treasury stock -273,120 -273,120 Total shareholders' equity 10,486,994 11,085,257 Accumulated other comprehensive income 15,857 18,840 securities -21,158 -57,285 Total accumulated other comprehensive income -5,301 -38,444 Total net assets 10,481,692 11,046,812		297,928	309,153
Asset retirement obligations 192,735 399,867 Other 247,987 232,874 Total noncurrent liabilities 1,401,358 1,354,776 Total liabilities 11,062,992 11,738,977 Net assets 11,062,992 11,738,977 Shareholders' equity 440,297 440,297 Capital stock 440,297 440,297 Capital stock 440,297 440,297 Capital surplus 1,354,136 1,354,136 Retained earnings 8,965,680 9,563,943 Treasury stock -273,120 -273,120 Total shareholders' equity 10,486,994 11,085,257 Accumulated other comprehensive income 15,857 18,840 valuation difference on available-for-sale 15,857 18,840 securities -21,158 -57,285 Total accumulated other comprehensive income -5,301 -38,444 Total net assets 10,481,692 11,046,812	Provision for directors' retirement benefits	27,772	29,121
Other 247,987 232,874 Total noncurrent liabilities 1,401,358 1,354,776 Total liabilities 11,062,992 11,738,977 Net assets Shareholders' equity 440,297 440,297 Capital stock 440,297 440,297 640,297 Capital stock 440,297 440,297 640,297 Capital surplus 1,354,136 1,354,136 1,354,136 Retained earnings 8,965,680 9,563,943 9,563,943 Treasury stock -273,120 -273,120 -273,120 Total shareholders' equity 10,486,994 11,085,257 Accumulated other comprehensive income 15,857 18,840 valuation difference on available-for-sale securities 15,857 18,840 Foreign currency translation adjustment -21,158 -57,285 Total accumulated other comprehensive income -5,301 -38,444 Total net assets 10,481,692 11,046,812	Provision for directors' stock-based benefits	65,245	82,123
Total noncurrent liabilities1,401,3581,354,776Total liabilities11,062,99211,738,977Net assets11,062,99211,738,977Shareholders' equity440,297440,297Capital stock440,297440,297Capital surplus1,354,1361,354,136Retained earnings8,965,6809,563,943Treasury stock-273,120-273,120Total shareholders' equity10,486,99411,085,257Accumulated other comprehensive income15,85718,840Foreign currency translation adjustment-21,158-57,285Total accumulated other comprehensive income-5,301-38,444Total net assets10,481,69211,046,812	Asset retirement obligations	192,735	399,867
Total liabilities11,062,99211,738,977Net assets11,062,99211,738,977Net assets440,297440,297Capital stock440,297440,297Capital surplus1,354,1361,354,136Retained earnings8,965,6809,563,943Treasury stock-273,120-273,120Total shareholders' equity10,486,99411,085,257Accumulated other comprehensive income15,85718,840Valuation difference on available-for-sale securities-21,158-57,285Total accumulated other comprehensive income-21,158-57,285Total accumulated other comprehensive income-38,44410,481,69211,046,812	Other	247,987	232,874
Total liabilities11,062,99211,738,977Net assetsShareholders' equityCapital stock440,297Capital stock1,354,136Retained earnings8,965,680Treasury stock-273,120Total shareholders' equity10,486,994Accumulated other comprehensive income15,857Valuation difference on available-for-sale securities15,857Foreign currency translation adjustment-21,158Total accumulated other comprehensive income-5,301Total net assets10,481,69211,046,812	Total noncurrent liabilities	1,401,358	1,354,776
Net assetsShareholders' equityCapital stock440,297Capital surplus1,354,136Retained earnings8,965,680Retained earnings8,965,680Treasury stock-273,120Total shareholders' equity10,486,994Naution difference on available-for-sale securities15,857Foreign currency translation adjustment-21,158Foreign currency translation adjustment-5,301Total net assets10,481,69211,046,812	Total liabilities		11,738,977
Capital stock440,297440,297Capital surplus1,354,1361,354,136Retained earnings8,965,6809,563,943Treasury stock-273,120-273,120Total shareholders' equity10,486,99411,085,257Accumulated other comprehensive income15,85718,840Valuation difference on available-for-sale securities15,85718,840Foreign currency translation adjustment-21,158-57,285Total accumulated other comprehensive income-5,301-38,444Total net assets10,481,69211,046,812	Net assets	, ,	, ,
Capital stock440,297440,297Capital surplus1,354,1361,354,136Retained earnings8,965,6809,563,943Treasury stock-273,120-273,120Total shareholders' equity10,486,99411,085,257Accumulated other comprehensive income15,85718,840Valuation difference on available-for-sale securities15,85718,840Foreign currency translation adjustment-21,158-57,285Total accumulated other comprehensive income-5,301-38,444Total net assets10,481,69211,046,812			
Capital surplus1,354,1361,354,136Retained earnings8,965,6809,563,943Treasury stock-273,120-273,120Total shareholders' equity10,486,99411,085,257Accumulated other comprehensive income		440.297	440.297
Retained earnings8,965,6809,563,943Treasury stock-273,120-273,120Total shareholders' equity10,486,99411,085,257Accumulated other comprehensive income	•	,	,
Treasury stock-273,120-273,120Total shareholders' equity10,486,99411,085,257Accumulated other comprehensive income	• •		
Total shareholders' equity10,486,99411,085,257Accumulated other comprehensive incomeValuation difference on available-for-sale securities15,85718,840Foreign currency translation adjustment-21,158-57,285Total accumulated other comprehensive income-5,301-38,444Total net assets10,481,69211,046,812	-		
Accumulated other comprehensive income Valuation difference on available-for-sale securities Foreign currency translation adjustment -21,158 Total accumulated other comprehensive income Total net assets 10,481,692			
Valuation difference on available-for-sale securities15,85718,840Foreign currency translation adjustment-21,158-57,285Total accumulated other comprehensive income-5,301-38,444Total net assets10,481,69211,046,812	· · ·		,
Total accumulated other comprehensive income-5,301-38,444Total net assets10,481,69211,046,812	Valuation difference on available-for-sale	15,857	18,840
Total accumulated other comprehensive income-5,301-38,444Total net assets10,481,69211,046,812	Foreign currency translation adjustment	-21,158	-57,285
Total net assets 10,481,692 11,046,812	· · · · <u> </u>	-5,301	-38,444
			,
	Total liabilities and net assets	21,544,684	22,785,790

(2) Consolidated Statements of Income and Statements of Comprehensive Income

(Quarterly consolidated statements of income)

(Second quarter)

	Previous second quarter (from September 1, 2019 to February 29, 2020)	Current second quarter (from September 1, 2020 to February 28, 2021)
Sales	25,982,206	25,618,481
Cost of sales	16,081,752	15,736,583
Gross profit	9,900,453	9,881,897
Selling, general and administrative expenses	9,114,209	8,796,513
Operating profit	786,243	1,085,384
Non-operating revenues		
Interest income	4,477	779
Foreign exchange gains	12,153	1,346
Royalty income	3,144	2,040
Compensation income	24,677	1,442
Subsidy income	5,448	2,117
Other	10,158	5,419
Total non-operating income	60,060	13,146
Non-operating expenses		,
Interest expenses	2,362	1,517
Early-withdrawal penalty	44,578	1,320
Equity in losses of affiliates	11,520	24,252
Other	4,649	4,525
Total non-operating expenses	63,111	31,615
Recurring profit	783,192	1,066,914
Extraordinary income	·	
Surrender value of insurance	1,260	4,974
Investment securities	_	3,403
Gain on sales of noncurrent assets	362	232
Insurance income	25,138	8,532
Gain on debt exemption	—	291,302
Total extraordinary income	26,761	308,446
Extraordinary loss		
Loss on retirement of noncurrent assets	2,376	1,651
Impairment loss	89,997	150,464
Loss on liquidation of business	107,007	_
Loss due to disaster	23,228	-
Total extraordinary losses	222,610	152,115
Income before income taxes and minority interests	587,343	1,223,245
Income taxes-current	353,314	375,190
Income taxes-deferred	-186,551	47,922
Total income taxes	166,762	423,112
Net income	420,580	800,132
Net income attributable to owners of parent	420,580	800,132

(Quarterly Consolidated Statements of Comprehensive Income) (Second quarter)

`		(Thousands of yen)
	Previous second quarter (from September 1, 2019 to February 29, 2020)	Current second quarter (from September 1, 2020 to February 28, 2021)
Net income	420,580	800,132
Other comprehensive income		
Valuation difference on available-for-sale securities	-3,547	2,983
Foreign currency translation adjustment	-7,647	-31,403
Share of other comprehensive income of associates accounted for using equity method	11,815	-4,723
Total other comprehensive income	620	-33,143
Comprehensive income	421,200	766,988
(Breakdown)		
Comprehensive income attributable to owners of parent	421,200	766,988
Comprehensive income attributable to non- controlling interests	-	_

(3) Quarterly Consolidated Statements of Cash Flows

(from September 1, 2019 to February 29, 2020)(from September 1, 2020 to February 29, 2020)Net cash provided by (used in) operating activities587,3431,223,24Income before income taxes and minority interests587,3431,223,24Depreciation of goodwill2,8602,868Increases (decrease) in provision for horuses-3,673-941Increases (decrease) in provision for horuses-12,966-5,680Increases (decrease) in provision for horuses-12,966-5,680Increases (decrease) in provision for directors'1,3371,34retirement henefitsIncrease (decrease) in provision for lotss on74,844-25599business liquidation3,404Loss (gain) on alse of investment securitiesInterest adpresses2,362-1,51Loss (gain) on alse of investment securitiesInterest adpresses2,3761,65Gain on debt examption291,30Decrease (increase) in inventories-121,934-243,22Interest adpresses1,30,445-280,22Other-132,058103,505Subtotal1,071,9571,968,866Interest expenses paid-1,205-8,97Increase (increase) in inventories-3,414-249,223Other8,404-135,50Purchase of inoperty, plant and equipment-242,135-133,11Proceeds from sales of property, plant and equipment-8,42,33			(Thousands of yen
Income befroe income taxes and minority interests\$87,3431.223.24Depreciation and amortization205,985156.33Impairment loss205,985156.33Impriment loss89,997150,46Amortization of gostAvill2.8602.86Increase (decrease) in provision for bonuses-12,966-56.80Increase (decrease) in inpovision for directors'1,3371,112retirement benefitsIncrease (decrease) in inpovision for directors'4,12816.87stock-based benefitsIncrease (decrease) in provision for lises onbusiness liquidationInterest and dividends incomeInterest spenses2.3021.51Loss (gain) on sale of investment securitiesCain on debt exemptionDecrease (increase) in notes and accounts receivable-trade101,003128,47-Decrease (increase) in accounts receivable-tradeIncrease (decrease) in onces and accounts payable-tradeIncrease (decrease) in accrued consumption taxesOther-1.205Increase (decrease) in accrued consumption taxesNot ask provided by (used in) investing activitiesPaynetis for asset retirement obligations <th></th> <th></th> <th></th>			
Depreciation and amorization205,985156,33Impairment loss89,997150,46Amorization of goodwill2,8602,86Increase (decrease) in provision for bonuses-3,673-91Increase (decrease) in provision for directors'12,12411,22retirement barefits12,12411,22Increase (decrease) in provision for directors'4,12816,87stock-based benefitsIncrease (decrease) in provision for lores on74,844-255.99business liquidationIncrease (decrease) in provision for lors on-4,562-7.8Interest ad dividends income-4,562-7.8Interest ad dividends income2,91,30Loss on retirement of noncurrent assets2,3761.65Gain on debt exemptionDecrease (increase) in notes and accounts payable- trade131,4431.045,02Increase (decrease) in notes and accounts payable- trade131,4431.045,02Interest and dividends income received4,3401.75Interest and dividends income received4,3401.75Interest and dividends income receivedPorchase of property, plant and equipmentProceeds from collection of lease and guarantee depositsProveded by (used in) investing activitiesProveded for solution sales of property, plant and equipmentProceeds from collection of lease and guarantee <br< td=""><td>Net cash provided by (used in) operating activities</td><td></td><td></td></br<>	Net cash provided by (used in) operating activities		
Impairment loss89.907150.46Amortization of goodwill2,8602,86Increase (decrease) in pathownce for doubtful accounts-3.673-91Increase (decrease) in provision for bonuses-12,966-36,80Increase (decrease) in provision for dricotos'1,3171,132Increase (decrease) in provision for dricotos'1,3371,244Increase (decrease) in provision for dricotos'4,12816,87Increase (decrease) in provision for loss on-4,562-78Increase (decrease) in provision for loss on-4,562-78Increase (decrease) in provision for loss on-4,562-78Interest expenses2,3621,51Loss on citrement of noncurrent assets2,3761,65Gain on debt exemption291,30228,4724,24,22Increase (decrease) in nores and accounts payable- trade131,4431,04502244,22Increase (decrease) in accruet consumption taxes130,445-280,22-28,97Other-132,058103,500Subtotal1,071,9571,968,86Interest and dividends income received-4,3401,751,968,86Interest and dividends income received-4,24,23-195,50Net cash provided by (used in) operating activities-347,433-432,71Purchase of intracelle payable- trade-242,135-195,150Net cash provided by (used in) investing activities-342,135-135,151Proceeds from sales of property, plant and equipment-242,135-135,151 <td>Income before income taxes and minority interests</td> <td>587,343</td> <td>1,223,245</td>	Income before income taxes and minority interests	587,343	1,223,245
Amerization of goodwill 2,860 2,86 Increase (decrease) in allowance for doubla accounts 3,673 -91 Increase (decrease) in provision for bonuses -12,066 -36,80 Increase (decrease) in provision for directors' 1,337 1,34 retirement henefits	Depreciation and amortization	205,985	156,330
Increase (decrease) in allowance for doubtful accounts Increase (decrease) in provision for bonuses Increase (decrease) in provision for directors' Increase (decrease) in provision for loss on Increase (decrease) in accounts receivable-trade Casin on debt exemption Decrease (increase) in accounts receivable-trade Increase (decrease) in notes and accounts payable- Increase (decrease) in accounts payable- Increase (decrease) in accounts previable trade Increase (decrease) in accounts payable- Increase (decrease) payable- Increase (decrease) in accounts payable- Increase (decrease) payable- Increase (decrease) in accounts payable- Purchase of property, platt and equipment Payments for lease and guarantee Increase (decrease) in cash and cash equivalents Proceeds from sales of property, platt and equipment P	Impairment loss	89,997	150,464
Increase (decrease) in provision for bonuese - 12.966 - 36.80 Increase (decrease) in provision for directors' 1.237 1.24 retirement benefits	Amortization of goodwill	2,860	2,860
Increase (decrease) in provision for directors' 1,337 1,34 retirement benefits 1,337 stock-based benefits 2,337 Increase (decrease) in provision for loss on 74,844 2,559 business liquidation 2,559 business liquidation 2,362 1,51 Loss (gain) on sale of investment securities 2,376 1,65 Gain on debt exemption 2,362 1,51 Loss (gain) on sale of investment securities 2,376 1,65 Gain on debt exemption 2,362 1,51 Decrease (increase) in increment of noncurrent assets 2,376 1,65 Gain on debt exemption 2,24,22 Increase (decrease) in notes and accounts payable- trade 101,003 128,47 Decrease (increase) in incrementor is 2,121,934 -234,22 Increase (decrease) in notes and accounts payable- trade 101,003 128,47 Decrease (increase) in incrementor is 2,121,934 -234,22 Increase (decrease) in notes and accounts payable- trade 101,003 128,47 Decrease (decrease) in accrued consumption taxes 130,445 -280,23 Other -320,58 103,50 Subtotal 1,071,057 1,968,86 Interest and dividends income received 4,3400 1,77 Interest expenses paid -1,235 -8,87 Income taxes paid -2,32,455 -1,59,50 Net cash provided by (used in) operating activities -27,424 -289,58 Payments for lease and guarantee 6,1247 38,12 deposits -34,233 -43,27 Proceeds from sales of property, plant and equipment -242,135 -1,133,11 Proceeds from sales of property, plant and equipment -242,135 -1,33,11 Proceeds from sales of investment securities -57,424 -289,58 Payments for lease and guarantee deposits -34,233 -43,27 Proceeds from sales of investment securities -57,424 -289,58 Payments for asset retirement obligations -45,609 -4009 Purchase of investment securities -57,424 -289,58 Payments for asset retirement obligations -50,57 Proceeds from sales of investment securities -587 Proceeds from sales of investment activities -57,424 -289,58 Payments for asset retirement obligations -50,579 - Proceeds from sales of investment securities -57,574,50 Payments for a	Increase (decrease) in allowance for doubtful accounts	-3,673	-919
retirement benefits Increase (decrease) in provision for directors' Increase (decrease) in provision for directors' Increase (decrease) in provision for loss on Subscience Signification Increase (decrease) in provision for loss on Interest and dividends income Interest and dividends income Interest expenses Interest and dividends income Interest expenses Interest expenses Interest expenses Interest expenses Interest and dividends income received Interest Interest expenses Interest and dividends income received Interest expenses paid Interest expenses Interest Interest Interest Interest expenses Interest	Increase (decrease) in provision for bonuses	-12,966	-36,804
retirement benefits Increase (accrease) in provision for directors' stock-based benefits Increase (accrease) in provision for loss on Interest expenses Inte	retirement benefits	12,124	11,224
stock-based benefits Increase (decrease) in provision for loss on business liquidation 74.844 -25.99 Interest and dividends income -4.562 -78 Interest expenses 2.362 -151 Loss (gain) on sale of investment securities - -3,40 Casin on debt exemption - -291,30 Decrease (increase) in accounts receivable-trade 101,903 128,47 Decrease (increase) in notes and accounts payable-trade 131,443 1,045,02 trade 11,025 -280,23 Increase (decrease) in accrued consumption taxes 130,445 -280,22 Other -1205,83 103,505 Subtotal 1,071,957 1,968,86 Interest expenses paid -1,295 -8,97 Income taxes paid -232,845 -159,50 Net cash provided by (used in) operating activities 842,156 1,802,13 Purchase of property, plant and equipment -242,133 -43,27 Proceeds from sales of property, plant and equipment -74,24 -289,58 Payments for taset and guarantee deposits -347,24 <td>retirement benefits</td> <td>1,337</td> <td>1,349</td>	retirement benefits	1,337	1,349
business liquidation-Interest and dividends income-4,562-78Interest expenses2,3621,51Loss (gain) on sale of investment securities340Loss on retirement of noncurrent assets2,3761,65Gain on debt exemption291,30Decrease (increase) in accounts receivable-trade101,003128,47Decrease (increase) in notes and accounts payable121,934-234,22Increase (decrease) in notes and accounts payable131,0431,045,02trade132,058103,50Subtoal1,071,9571,968,86Interest expenses paid-1,295-8,97Income taxes paid-1,295-8,97Income taxes paid-232,245-159,50Net cash provided by (used in) operating activities842,1561,802,13Purchase of property, plant and equipment-780-46Purchase of intangible assets-57,424-289,58Payments for lease and guarantee deposits-387-Proceeds from collection of lease and guarantee-387-Proceeds from sales of investment securitiesPayments for lease in investing activitiesPayments for lease and guarantee deposits-317,460-409,99Purchase of investment securitiesProceeds from sales of investment securitiesProceeds from sales of investment securitiesProceeds from sales of investm	stock-based benefits		16,878
Interest expenses2,3621,51Loss (gain) on sale of investment securities3,40Loss on retirement of noncurrent assets2,3761,65Gain on debt exemption291,30Decrease (increase) in incounts receivable-trade101,903128,47Decrease (increase) in investories-121,934-234,22Increase (decrease) in accrued consumption taxes130,445-280,22Other-132,058103,50Subtotal1,071,9571,968,86Interest ed dividends income received4,3401,75Interest expenses paid-1,295-8,97Increase (decrease) in operating activities842,1561,802,13Net cash provided by (used in) operating activities842,1561,802,13Purchase of property, plant and equipment780-46Purchase of intangible assets-57,424-289,58Payments for lease and guarantee deposits-347,233-43,27Proceeds from collection of lease and guarantee-317,460-400,50Payments for asset retirement obligations-31,746-400,50Payment of long-term loans payable-30050,303,50Net cash provided by (used in) investing activities-347,26-289,58Payments for lease and guarantee deposits-34,233-43,27Proceeds from collection of lease and guarantee-317,460-400,50Payment for lease investment securities8,48Other8,48Other- <td>business liquidation</td> <td></td> <td>-25,994</td>	business liquidation		-25,994
Loss (gain) on sale of investment securities $ -3,40$ Loss on retirement of noncurrent assets2,3761,65Gain on debt exemption $ -291,30$ Decrease (increase) in accounts receivable-trade101,903128,47Decrease (increase) in inventories $-121,934$ $-234,22$ Increase (decrease) in notes and accounts payable-131,4431,045,02trade130,445 $-280,22$ Other $-132,058$ 103,50Subtotal1,071,9571,968,86Interest end dividends income received4,3401,75Increase (accrease) paid $-232,345$ $-159,50$ Net cash provided by (used in) operating activities $842,156$ $1,802,13$ Net cash provided by (used in) operating activities $-242,135$ $-133,11$ Purchase of intengible assets $-57,424$ $-289,88$ Payments for lease and guarantee deposits $-34,233$ $-43,27$ Proceeds from collection of lease and guarantee $-317,460$ $-409,99$ Purchase of investment obligations $-45,609$ $-40,99$ Purchase of investment securities -387 $-$ Proceeds from sales of investment securities $-317,460$ $-409,59$ Net cash provided by (used in) investing activities $-317,460$ $-409,59$ Net cash provided by (used in) financing activities $-317,460$ $-299,289$ Proceeds from sales of investment securities -387 $-$ Repayment of lease obligations $-3,143$ $-3,143$ Cash provided by (used			-784
Loss on retirement of noncurrent assets2,3761,65Gain on debt exemption291,30Decrease (increase) in accounts receivable-trade101,903128,47Decrease (increase) in inventories-121,934-234,22Increase (decrease) in notes and accounts payable- trade131,4431,045,02Increase (decrease) in accrued consumption taxes130,445-280,22Other-132,058103,50Subtotal1,071,9571,968,86Interest and dividends income received4,3401,75Increase (accrease) paid-1,295-8,97Increase taxes paid-1,295-8,97Increase of property, plant and equipment-242,135-159,50Purchase of property, plant and equipment-242,135-133,11Proceeds from sales of property, plant and equipment-57,424-289,58Payments for lease and guarantee deposits-34,233-43,27Proceeds from collection of lease and guarantee doposits-387-Payments for asset retirement obligations-45,609-40,99Purchase of investment securities-387-Proceeds from collection of lease and guarantee doposits-317,460-409,59Payment of loag-term loans payable-209,289-255,81Repayment of loag-term loans payable-299,289-255,81Repayment of loag-term loans payable-299,289-255,81Repayment of loag-term loans payable-30,00-Proceeds from long-term loans payable-299,289 <td>-</td> <td>2,362</td> <td>1,517</td>	-	2,362	1,517
Gain on debt exemption291,30Decrease (increase) in accounts receivable-trade101,903128,47Decrease (increase) in notes and accounts payable- trade-121,934-234,22Increase (decrease) in notes and accounts payable- trade131,4431,045,02Under-132,058103,50Subtotal1,071,9571,968,86Interest and dividends income received4,3401,75Increase (decrease) in one scener decrease (decrease)-232,845-159,50Interest expenses paid-232,845-159,50Interest expenses paid-232,845-159,50Net cash provided by (used in) operating activities842,1561,802,13Purchase of property, plant and equipment-242,135-133,11Proceeds from sales of property, plant and equipment78046Purchase of intagible assets-57,424-289,58Payments for lease and guarantee deposits-342,233-43,27Proceeds from collection of lease and guarantee61,24738,12deposits-347,400-409,99-40,99Purchase of investment securities-387-Proceeds from collection of lease and guarantee-317,460-409,59Net cash provided by (used in) investing activities-317,460-409,59Proceeds from sales of investment securities-387-Proceeds from sales of investment securities-387-Proceeds from long-term loans payable-299,289-255,81Repayment of lease obligation		_	
Decrease (increase) in accounts receivable-trade101,903128,47Decrease (increase) in inventories-121,934-234,22Increase (decrease) in notes and accounts payable-trade131,4431,045,02Increase (decrease) in accrued consumption taxes130,445-280,22Other-132,058103,50Subtotal1,071,9571,968,86Interest and dividends income received4,3401,75Increase paid-232,845-159,50Net cash provided by (used in) operating activities842,1561,802,13Purchase of property, plant and equipment-242,135-133,11Purchase of intangible assets-57,424-289,88Payments for lease and guarantee deposits-34,233-43,27Proceeds from collection of lease and guarantee-387-Proceeds from sales of investment securitiesPayments for saset retirement obligations-45,609-400,99Purchase of intangible assets-387-Proceeds from sales of investment securitiesProceeds from long-term loans payable-209,289Proceeds from long-term loans pa		2,376	
Decrease (increase) in inventories-121,934-234,22Increase (decrease) in notes and accounts payable- trade131,4431,045,02Increase (decrease) in accrued consumption taxes130,445-280,22Other-132,058103,50Subtotal1,071,9571,968,86Interest and dividends income received4,3401,75Increase spaid-1,295-8,97Increase of property, plant and equipment-232,845-159,50Net cash provided by (used in) operating activities842,1561,802,13Purchase of property, plant and equipment-242,135-133,11Proceeds from sales of property, plant and equipment78046Purchase of intangible assets-57,424-289,58Payments for lease and guarantee deposits-342,233-43,27Proceeds from collection of lease and guarantee-317,460-409,99Purchase of investment securities-387-Proceeds from sales of investment securities-387-Proceeds from sales of investment securities-317,460-409,59Net cash provided by (used in) financing activities-317,460-409,55Net cash provided by (used in) financing activities-317,460-409,55Net cash provided by (used in) financing activities-317,460-409,55Net cash provided by (used in) financing activities-36,729-255,81Repayment of long-term loans payable-209,289-255,81Repayment of long-term loans payable-209,289-255,81 <t< td=""><td></td><td></td><td></td></t<>			
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Income taxes paid-232,845-159,50Net cash provided by (used in) operating activities842,1561,802,13Net cash provided by (used in) investing activities-242,135-133,11Purchase of property, plant and equipment-242,135-133,11Proceeds from sales of property, plant and equipment78046Purchase of intangible assets-57,424-289,58Payments for lease and guarantee deposits-34,233-43,27Proceeds from collection of lease and guarantee61,24738,12deposits-387-Payments for asset retirement obligations-45,609-40,99Purchase of investment securities-8,48Other30050,300Net cash provided by (used in) investing activities-317,460-409,59Proceeds from long-term loans payable400,000-Repayment of lease obligations-3,143-3,14Cash dividends paid-134,297-201,47Other-67,50Net cash provided by (used in) financing activitiesProceeds from long-term loans payable-30,000-Repayment of lease obligations-3,143-3,14Cash dividends paid-134,297-201,47Other-67,50Net cash provided by (used in) financing activities-36,729Effect of exchange rate change on cash and cash equivalents503,299Net cash and cash equivalents503,299995,111Cash and cash equivalents503,299 <td< td=""><td>Interest and dividends income received</td><td>4,340</td><td>1,752</td></td<>	Interest and dividends income received	4,340	1,752
Net cash provided by (used in) operating activities842,1561,802,13Net cash provided by (used in) investing activities-242,135-133,11Proceeds from sales of property, plant and equipment-242,135-133,11Proceeds from sales of property, plant and equipment78046Purchase of intangible assets-57,424-289,58Payments for lease and guarantee deposits-34,233-43,27Proceeds from collection of lease and guarantee61,24738,12deposits-45,609-40,99Purchase of investment securities-8,48Other30050,30Net cash provided by (used in) investing activities-317,460-409,59Net cash provided by (used in) investing activities-317,460-409,59Proceeds from long-term loans payable400,000-Repayment of long-term loans payable-299,289-255,81Repayment of long-term loans payable-299,289-255,81Repayment of lease obligations-3,143-3,14Cash dividends paid-134,297-201,47Other-67,50Net cash provided by (used in) financing activities-36,729-392,92Effect of exchange rate change on cash and cash15,334-4,50Net increase (decrease) in cash and cash equivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34		-1,295	-8,971
Net cash provided by (used in) investing activitiesPurchase of property, plant and equipment-242,135-133,11Proceeds from sales of property, plant and equipment78046Purchase of intangible assets-57,424-289,58Payments for lease and guarantee deposits-34,233-43,27Proceeds from collection of lease and guarantee61,24738,12deposits-45,609-40,99Purchase of investment securities-387-Proceeds from sales of investment securities-8,48Other30050,30Net cash provided by (used in) investing activities-317,460-409,59Proceeds from long-term loans payable400,000-Repayment of lease obligations-3,143-3,143Cash dividends paid-134,297-201,47Other-67,50Net cash provided by (used in) financing activitiesProceeds from long-term loans payable-3,143-3,143Cash dividends paid-134,297-201,47Other-67,50Net cash provided by (used in) financing activities-36,729-392,92Effect of exchange rate change on cash and cash15,334-4,50cequivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34	-	-232,845	-159,508
Purchase of property, plant and equipment-242,135-133,11Proceeds from sales of property, plant and equipment78046Purchase of intangible assets-57,424-289,58Payments for lease and guarantee deposits-34,233-43,27Proceeds from collection of lease and guarantee61,24738,12deposits-34,609-40,99Payments for asset retirement obligations-45,609-40,99Purchase of investment securities-8,48Other30050,30Net cash provided by (used in) investing activities-317,460-409,59Net cash provided by (used in) financing activities-317,460-409,59Proceeds from long-term loans payable400,000-Repayment of lease obligations-3,143-3,14Cash dividends paid-134,297-201,47Other67,50Net cash provided by (used in) financing activitiesProceeds from long-term loans payable-31,43-3,14Cash dividends paid-134,297-201,47-Other67,50Net cash provided by (used in) financing activities-36,729-392,92Effect of exchange rate change on cash and cash equivalents15,334-4,50Net increase (decrease) in cash and cash equivalents503,299995,11Cash and cash equivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34	Net cash provided by (used in) operating activities	842,156	1,802,138
Proceeds from sales of property, plant and equipment78046Purchase of intangible assets-57,424-289,58Payments for lease and guarantee deposits-34,233-43,27Proceeds from collection of lease and guarantee deposits61,24738,12Payments for asset retirement obligations-45,609-40,99Purchase of investment securities-387-Proceeds from sales of investment securities-8,48Other-30050,30Net cash provided by (used in) investing activities-317,460-409,59Net cash provided by (used in) financing activitiesProceeds from long-term loans payable-299,289-255,81Repayment of lease obligations-3,143-3,143Cash dividends paid-134,297-201,47Other-67,50Net cash provided by (used in) financing activities-Proceeds from long-term loans payable-36,729-392,92-255,81Repayment of lease obligations-3,143-3,143-3,143Cash dividends paid-134,297Other-67,50-Net cash provided by (used in) financing activities-36,729-387,29-392,92Effect of exchange rate change on cash and cash equivalents15,334Cash and cash equivalents503,299State and cash equivalents at beginning of period6,075,3156,591,34-	Net cash provided by (used in) investing activities		
Purchase of intangible assets-57,424-289,58Payments for lease and guarantee deposits-34,233-43,27Proceeds from collection of lease and guarantee deposits61,24738,12Payments for asset retirement obligations-45,609-40,99Purchase of investment securities-387-Proceeds from sales of investment securities-8,48Other-8,48Other30050,30Net cash provided by (used in) investing activities-317,460-409,59Proceeds from long-term loans payable400,000-Repayment of long-term loans payable-299,289-255,81Repayment of lease obligations-3,143-3,143Cash dividends paid-134,297-201,47Other-67,50Net cash provided by (used in) financing activities-36,729-392,92Effect of exchange rate change on cash and cash equivalents15,334-4,50Net increase (decrease) in cash and cash equivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34		-242,135	-133,113
Payments for lease and guarantee deposits-34,233-43,27Proceeds from collection of lease and guarantee deposits61,24738,12Payments for asset retirement obligations-45,609-40,99Purchase of investment securities-387-Proceeds from sales of investment securities-8,48Other30050,30Net cash provided by (used in) investing activities-317,460-409,59Net cash provided by (used in) financing activities-317,460-409,59Proceeds from long-term loans payable400,000-Repayment of long-term loans payable-299,289-255,81Repayment of lease obligations-3,143-3,14Cash dividends paid-134,297-201,47Other-67,50Net cash provided by (used in) financing activities-Repayment of lease obligations-36,729-392,92Effect of exchange rate change on cash and cash equivalents15,334-4,50Net increase (decrease) in cash and cash equivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34	Proceeds from sales of property, plant and equipment	780	465
Proceeds from collection of lease and guarantee deposits61,24738,12Payments for asset retirement obligations-45,609-40,99Purchase of investment securities-387-Proceeds from sales of investment securities-8,48Other30050,30Net cash provided by (used in) investing activities-317,460-409,59Proceeds from long-term loans payable400,000-Repayment of long-term loans payable-299,289-255,81Repayment of lease obligations-3,143-3,14Cash dividends paid-134,297-201,47Other-67,50Net cash provided by (used in) financing activities-67,50Repayment of lease obligations-3,143-3,14Cash dividends paid-134,297-201,47Other-67,50Net cash provided by (used in) financing activitiesEffect of exchange rate change on cash and cash equivalents15,334-4,50Net increase (decrease) in cash and cash equivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34	Purchase of intangible assets	-57,424	-289,586
depositsPayments for asset retirement obligations-45,609-40,99Purchase of investment securities-387-Proceeds from sales of investment securities-8,48Other30050,30Net cash provided by (used in) investing activities-317,460-409,59Net cash provided by (used in) financing activitiesProceeds from long-term loans payable400,000-Repayment of long-term loans payable-299,289-255,81Repayment of lease obligations-3,143-3,14Cash dividends paid-134,297-201,47Other-67,50Net cash provided by (used in) financing activities-36,729-392,92Effect of exchange rate change on cash and cash equivalents15,334-4,50Net increase (decrease) in cash and cash equivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34	Payments for lease and guarantee deposits	-34,233	-43,277
Purchase of investment securities-387Proceeds from sales of investment securities-Other300Net cash provided by (used in) investing activitiesProceeds from long-term loans payable400,000Repayment of long-term loans payable-299,289Repayment of lease obligations-31,43Cash dividends paid-134,297Other-Net cash provided by (used in) financing activitiesProceeds from long-term loans payable-2099,289Repayment of lease obligations-3,143Cash dividends paid-134,297Other-Other-Net cash provided by (used in) financing activitiesEffect of exchange rate change on cash and cash15,334equivalents503,299Set increase (decrease) in cash and cash equivalents503,299Cash and cash equivalents at beginning of period6,075,3156,591,34	-	61,247	38,127
Proceeds from sales of investment securities–8,48Other30050,30Net cash provided by (used in) investing activities-317,460-409,59Net cash provided by (used in) financing activitiesProceeds from long-term loans payable400,000-Repayment of long-term loans payable-299,289-255,81Repayment of lease obligations-3,143-3,14Cash dividends paid-134,297-201,47Other–67,50Net cash provided by (used in) financing activities-36,729-392,92Effect of exchange rate change on cash and cash15,334-4,50equivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34	•	-45,609	-40,992
Other30050,30Net cash provided by (used in) investing activities-317,460-409,59Net cash provided by (used in) financing activities400,000-Proceeds from long-term loans payable400,000-Repayment of long-term loans payable-299,289-255,810Repayment of lease obligations-3,143-3,143Cash dividends paid-134,297-201,477Other-67,500Net cash provided by (used in) financing activities-36,729-392,922Effect of exchange rate change on cash and cash equivalents15,334-4,500Net increase (decrease) in cash and cash equivalents503,299995,111Cash and cash equivalents at beginning of period6,075,3156,591,34	Purchase of investment securities	-387	
Net cash provided by (used in) investing activities-317,460-409,59Net cash provided by (used in) financing activities400,000-Proceeds from long-term loans payable400,000-Repayment of long-term loans payable-299,289-255,81Repayment of lease obligations-3,143-3,14Cash dividends paid-134,297-201,47Other-67,50Net cash provided by (used in) financing activities-36,729-392,92Effect of exchange rate change on cash and cash equivalents15,334-4,50Net increase (decrease) in cash and cash equivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34	Proceeds from sales of investment securities	—	8,484
Net cash provided by (used in) financing activitiesProceeds from long-term loans payable400,000Repayment of long-term loans payable-299,289Repayment of lease obligations-3,143Cash dividends paid-134,297Other-Other-Other-Ret cash provided by (used in) financing activitiesEffect of exchange rate change on cash and cash15,334equivalents503,299Net increase (decrease) in cash and cash equivalents503,299Cash and cash equivalents at beginning of period6,075,315Of period-		300	50,300
Proceeds from long-term loans payable400,000Repayment of long-term loans payable-299,289Repayment of lease obligations-3,143Cash dividends paid-134,297Other-Other-Net cash provided by (used in) financing activities-36,729Effect of exchange rate change on cash and cash equivalents15,334Net increase (decrease) in cash and cash equivalents503,299Offer-Stand cash equivalents at beginning of period6,075,315Other-6,075,3156,591,34	Net cash provided by (used in) investing activities	-317,460	-409,592
Repayment of long-term loans payable-299,289-255,81Repayment of lease obligations-3,143-3,14Cash dividends paid-134,297-201,47Other-67,50Net cash provided by (used in) financing activities-36,729-392,92Effect of exchange rate change on cash and cash equivalents15,334-4,50Net increase (decrease) in cash and cash equivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34	Net cash provided by (used in) financing activities		
Repayment of lease obligations-3,143-3,144Cash dividends paid-134,297-201,47Other-67,50Net cash provided by (used in) financing activities-36,729-392,92Effect of exchange rate change on cash and cash equivalents15,334-4,50Net increase (decrease) in cash and cash equivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34	Proceeds from long-term loans payable	400,000	<u> </u>
Cash dividends paid-134,297-201,47Other-67,50Net cash provided by (used in) financing activities-36,729-392,92Effect of exchange rate change on cash and cash equivalents15,334-4,50Net increase (decrease) in cash and cash equivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34		-299,289	-255,810
Other-67,50Net cash provided by (used in) financing activities-36,729-392,92Effect of exchange rate change on cash and cash equivalents15,334-4,50Net increase (decrease) in cash and cash equivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34	Repayment of lease obligations	-3,143	-3,143
Net cash provided by (used in) financing activities-36,729-392,92Effect of exchange rate change on cash and cash equivalents15,334-4,50Net increase (decrease) in cash and cash equivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34	Cash dividends paid	-134,297	-201,472
Effect of exchange rate change on cash and cash equivalents15,334-4,50Net increase (decrease) in cash and cash equivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34			67,500
Effect of exchange rate change on cash and cash equivalents15,334-4,50Net increase (decrease) in cash and cash equivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34	Net cash provided by (used in) financing activities	-36,729	-392,926
Net increase (decrease) in cash and cash equivalents503,299995,11Cash and cash equivalents at beginning of period6,075,3156,591,34	Effect of exchange rate change on cash and cash equivalents	15,334	-4,503
Cash and cash equivalents at beginning of period 6,075,315 6,591,34	Net increase (decrease) in cash and cash equivalents	503,299	995,116
	Cash and cash equivalents at beginning of period		6,591,348
	Cash and cash equivalents at end of period		7,586,464

(4) Notes to consolidated financial statements

(Notes on going concern assumption) None

(Notes if there is a significant change in the amount of shareholders' equity) None

(Change in accounting estimate)

(Changes in estimates of asset retirement obligations)

During the second quarter of the current fiscal year, the Company changed its estimates for asset retirement obligations that had been recorded as restoration obligations associated with real estate lease agreements, based on new information such as the most recent actual restoration costs. The increase of 220,100 thousand yen due to this change has been added to the balance of asset retirement obligations before the change.

Some of the property, plant and equipment recorded due to this change are accounted for as impairment losses. As a result of this change in estimate, income before income taxes and minority interests for the first half of the current fiscal year decreased by 68,100 thousand yen.