

USHIO INC. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows

	Years ended March 31		
	2016	2015	2016
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 2)</i>
Operating activities			
Profit before income taxes	¥ 15,187	¥ 15,545	\$ 134,788
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation	6,495	5,919	57,648
Impairment loss	244	1,521	2,168
Increase (decrease) in net defined benefit liability	227	(1,070)	2,016
Amortization of goodwill	1,003	680	8,908
Gain on bargain purchase	(579)	(277)	(5,142)
Increase in provision for environmental measures	236	–	2,094
Interest and dividends income	(1,899)	(1,819)	(16,853)
Interest expenses	250	193	2,221
Loss (gain) on trading securities	341	(445)	3,030
Share of loss of entities accounted for using equity method	12	43	115
Gain on sales of investment securities	(253)	(3,296)	(2,250)
Loss on valuation of investment securities	–	86	–
Decrease in notes and accounts receivable – trade	501	3,412	4,451
Increase in inventories	(8,108)	(6,574)	(71,959)
Decrease in notes and accounts payable – trade	(34)	(69)	(305)
Other	1,021	(374)	9,069
Subtotal	14,648	13,475	130,000
Interest and dividends received	1,982	1,866	17,597
Interest paid	(250)	(193)	(2,219)
Income taxes paid	(4,349)	(5,271)	(38,600)
Net cash provided by operating activities	12,031	9,876	106,778
Investing activities			
Payments into time deposits	(13,766)	(12,975)	(122,177)
Proceeds from withdrawal of time deposits	15,432	13,005	136,962
Payments of short-term loans receivable	(322)	(142)	(2,862)
Collection of short-term loans receivable	212	129	1,882
Purchase of securities	(3,940)	(1,240)	(34,969)
Proceeds from sales and redemption of securities	7,248	4,063	64,327
Purchase of property, plant and equipment	(7,903)	(4,092)	(70,139)
Proceeds from sales of property, plant and equipment	1,953	336	17,335
Purchase of intangible assets	(189)	(405)	(1,681)
Purchase of investment securities	(6,134)	(2,619)	(54,438)
Proceeds from sales and redemption of investment securities	671	4,931	5,955
Payments from purchases of shares in subsidiaries resulting in a change in scope of consolidation	(3,883)	(1,815)	(34,461)
Payments of long-term loans receivable	(13)	(28)	(119)
Collection of long-term loans receivable	221	0	1,967
Payments for transfer of business	–	(2,588)	–
Other	46	(269)	413
Net cash used in investing activities	(10,367)	(3,710)	(92,004)

USHIO INC. and Consolidated Subsidiaries

Consolidated Statement of Cash Flows (continued)

	Years ended March 31		
	2016	2015	2016
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 2)</i>
Financing activities			
Net increase in short-term loans payable	66	2,600	587
Proceeds from long-term loans payable	1,212	5,941	10,759
Repayment of long-term loans payable	(1,373)	(3,482)	(12,192)
Purchase of treasury shares	(3,177)	(432)	(28,196)
Cash dividends paid	(3,133)	(3,388)	(27,808)
Cash dividends paid to non-controlling shareholders	(28)	(28)	(249)
Payments from purchases of shares in subsidiaries not resulting in a change in scope of consolidation	(1,415)	–	(12,564)
Net cash (used in) provided by financing activities	(7,849)	1,210	(69,662)
Effect of exchange rate changes on cash and cash equivalents	(2,991)	4,270	(26,548)
Net (decrease) increase in cash and cash equivalents	(9,176)	11,646	(81,437)
Cash and cash equivalents at beginning of year	56,989	45,342	505,762
Cash and cash equivalents at end of year <i>(Note 16)</i>	¥ 47,813	¥ 56,989	\$ 424,326

See notes to consolidated financial statements.