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November 7, 2018

CMIC HOLDINGS Co., Ltd. Consolidated Financial Results
For the Year Ended September 30, 2018

(The Fiscal Year Ended September 30, 2018, Japan Accounting Standards)

Highlights:

・ **Sales grew 7.0% year on year to ¥69.869 billion on a consolidated basis**

・ **Operating income increased 10.9% to ¥4.321 billion**

・ **Earnings per share ¥79.71**

・ **Order backlog of contract services grew 2.5% year on year to ¥72.534 billion**

Tokyo, November 7, 2018 – CMIC HOLDINGS Co., Ltd. （TSE Code: 2309） today reported financial results for the year ended September 30, 2018

CMIC group is rolling out a PVC (Pharmaceutical Value Creator) model, which is our unique business model contributing to increase additional values of pharmaceutical companies. We provide extensive support for development, manufacturing, sales and marketing value chains of pharmaceutical companies with our CRO (Contract Research Organization) business, CDMO (Contract Development Manufacturing Organization) business, CSO (Contract Sales Organization) business, and Healthcare business. In addition, our IPM (Innovative Pharma Model) business is providing new business solutions to pharmaceutical companies that combine marketing authorization licensing（intellectual properties） and value chains.

In the pharmaceutical industry, toward provision of "precision medicine", technological innovation and creation of innovative drugs through close industry-government-university collaboration is anticipated. On the other hand, 2018 National Health Insurance (NHI) drug price revision included the key points such as drastic review of premium for new drug development (PMP, the price maintenance premium), price revision of long-listed products, and introduction of cost-effectiveness evaluations on a trial basis. MHLW revised the "Comprehensive Strategy to Strengthen the Pharmaceutical Industry" in December 2017, and the following seven focus items were set out promoting the pharmaceutical industry to transition from the model that depends on the long-term listed drugs to the industrial structure with strong drug discovery capabilities: 1) Improvement of R&D environment to develop discovery seeds originating in Japan, 2) Cost reduction and efficiency improvement through regulatory reform, 3) Improvement of productivity and manufacturing infrastructure building for medicinal products,4) Environment and infrastructure improvement for appropriate evaluation, 5) International expansion of Japan-origin pharmaceuticals, 6) Creation of global venture companies to promote renewal of the drug discovery industry, and 7) Improvement of prescription drug distribution. Pharmaceutical companies will likely accelerate efforts to bolster new drug development capacity towards promotion of innovation and discovery of innovative drugs that can contribute to improve the quality of medical care while considering possible business model changes. This will lead to continued increases in outsourcing with the aim of further improving productivity and efficiency.

To achieve sustainable growth in the healthcare and pharmaceutical industry at this time of change, CMIC Group is pushing forward "Project Phoenix". "Project Phoenix 1.0" started in the fiscal year started in September 2015, paved the way for positive turnaround of unprofitable businesses and cost structure reform, and established "CMIC'S CREED" —our corporate philosophy that expresses the founding spirit and the starting point of CMIC Group. "Project Phoenix 2.0" started in the 2nd half of 2016 to address changes in the pharmaceutical and healthcare industry in a timely manner. While establishing the agile management style, we are promoting the provision of new business solution that combines the system to support all value chains and manufacturing authorization and other licenses (intellectual properties) held by CMIC Group. In April 2018, organizational and functional changes were implemented for the top management in the group to further promote globalization, and "Project Phoenix 3.0" has started to proceed with new initiatives including digitalization in the healthcare arena.

Sales and Operating Income

CMIC HOLDINGS Co., Ltd. concluded the fiscal year 2018 with the following results:
During the consolidated fiscal year, due to the growth of CRO businesses with strong order intake, sales during this consolidated cumulative period were ¥69.869 billion (up 7.0% YoY) and operating income was ¥4.321 billion (up 10.9% YoY).

Segment Information

The business results by segment are listed as below:

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

（Millions of yen）

	FY2018	FY2017	YoY Change Amount	YoY Change %
Sales	37,296	34,176	＋3,119	＋9.1
Operating income	6,650	5,844	＋805	＋13.8

In this business, we provide services primarily to pharmaceutical companies to support drug development.
In the current consolidated fiscal year, we are proactively taking on development support in advanced therapeutic areas such as biologics and regenerative medicine, and bolstering human resource development with the aim of further improving our expertise and quality to meet diverse client needs.
While striving to secure human resources to meet robust demand in clinical services, we have integrated CMIC Co., Ltd. and CMIC-PMS Co., Ltd. on October 1, 2018 to further enhance the post-marketing and clinical research support business using our database. Preparation is underway to establish an organization to provide end-to-end support that covers from clinical trial to PMS(Post Marketing Surveillance).
For non-clinical services, our laboratories in Japan and the United States are collaborating to provide drug discovery support for next-generation drugs including nucleic acid drugs and regenerative medicine to enhance seamless services for pharmaceutical development needs in Japan and the United States.
Sales and operating income exceeded those from the previous year thanks to robust growth in new and existing contracts.

- **CDMO (Contract Development Manufacturing Organization) Business**

（Millions of yen）

	FY2018	FY2017	YoY Change Amount	YoY Change %
Sales	15,386	14,459	＋927	＋6.4
Operating income	4	462	(457)	(99.1)

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

In the current consolidated fiscal year, we are moving forward with establishing a low-cost production structure in the pursuit of productivity and efficiency through total service provision for drug manufacturing that includes formulation design, investigational new drug manufacturing, and commercial production. In addition, the Ashikaga Plant is focusing on starting up a new injection building capable of safely processing highly potent compounds and preparation for commercial production. In July 2018, to further expand CDMO business, CMIC HOLDINGS Co., Ltd. implemented third-party allocation of shares to Development Bank of Japan Inc. (DBJ) and CMIC CMO Co., Ltd. became the joint venture. We will promote broader strategies and expand our business as a global manufacturing platform through utilization of DBJ funding, personnel, and network in Japan and overseas, in addition to our growth based on existing business.

Sales exceeded that of the previous year thanks to robust progress of new contract manufacturing projects. Operating loss was recorded due to temporary production volume decrease of existing orders in the United States and the commercial production start-up expenses for the new injection building in Ashikaga.

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

（Millions of yen）

	FY2018	FY2017	YoY Change Amount	YoY Change %
Sales	7,318	6,885	＋432	＋6.3
Operating income	335	415	(79)	(19.1)

In this business, we provide sales- and marketing-support services, primarily to pharmaceutical companies.

In the current consolidated fiscal year, CMIC Ashfield Co., Ltd. has worked steadily to strengthen its capacity to meet demand for medical representative (MR) dispatch services and move through existing projects. In addition, they are providing comprehensive solution that combines various services including dispatch and training service in the Medical Affairs arena.

Sales exceeded that of the previous year thanks to robust progress of new contract projects including large projects utilizing our PVC model, but operating income was less than that of the previous year due to the costs generated to take on large-scale projects.

- **Healthcare Business**

(Millions of yen)

	FY2018	FY2017	YoY Change Amount	YoY Change %
Sales	7,212	7,706	(494)	(6.4)
Operating income	822	988	(166)	(16.9)

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 the current consolidated fiscal year, while Site Support Institute Co., Ltd. has acquired new orders and provided new services such as Medical Concierge Services, they launched the 24/7 primary response call center to promote efficiency and quality of SMO operations. Further, CMIC Healthcare Co., Ltd. that provides patients' support services established the healthcare portal site "HelC+" to enhance services for patients by providing information of the hospitals specialized in oncology and clinical trials.

Sales and operating income are below that of the previous year due to losing some large-scale SMO projects we had in the previous year and discontinuation of contract studies.

- **IPM (Innovative Pharma Model) Business**

(Millions of yen)

	FY2018	FY2017	YoY Change Amount	YoY Change %
Sales	3,149	2,380	＋768	＋32.3
Operating income	(360)	(627)	＋267	-

IPM business provides new business solutions to pharmaceutical companies that combine value chains and marketing authorization licenses (intellectual properties) possessed by our group. We are mainly delivering development and marketing services for orphan drugs and diagnostics.

In our orphan drug business, OrphanPacific, Inc., is selling orphan drugs, including products developed in-house. Further, we are strengthening business foundation through provision of IPM platform such as supporting foreign companies entering the Japanese market and launch of hypertension drug Rasilez (aliskiren) in March 2018 after Japanese marketing authorization (MA) transfer from Novartis Pharma.

In the diagnostics business, we are working to expand the market and strengthen promotions of the kidney disease biomarker "human L-type fatty acid-binding protein (L-FABP) kit", developed for the purpose of diagnosing renal disease.

Sales exceeded that of the same period previous year due to sales increase of orphan drugs. Operating loss was recorded because of sales promotion expenses for "Zanmira Nail" (toe nail repair solution). We are continuing to expand our business scale through provision of new solutions aiming for positive turnaround.

Ordinary Income

Ordinary income for this consolidated fiscal year was ¥4.061 billion (up 8.8% YoY).
For non-operating income, we recorded ¥98 million in foreign exchange gain and rent income, and for non-operating expenses we recorded ¥357 million of interest expense and investment loss by equity method.

Profit attributable to owners of parent

Current profit attributable to owners of parent for this consolidated fiscal year was ¥1.487 billion (down 4.1% YoY).
For extraordinary income, we recorded ¥233 million as gain on abolishment of retirement benefit plan, and as for extraordinary loss, we recorded ¥346 million as loss on revision of pay regulations. In addition, we recorded ¥2.187 billion in total income taxes due to increase of "income taxes deferred" impacted by "reversal of deferred tax assets" because CMIC CMO Co., Ltd., a fully owned subsidiary of CMIC HOLDINGS Co., Ltd., became a joint venture and withdrew from the CMIC Group consolidated tax return filing system.

Overview of the financial condition and Cash Flow

Assets, liabilities, and net assets
Total assets at the end of this consolidated fiscal year increased by ¥12.428 billion YoY to ¥78.034 billion. This is mainly due to an increase in cash and deposits and tangible fixed assets.
Total liabilities increased by ¥2.500 billion YoY to ¥44.498 billion. This is mainly due to an increase in short-term loans payable, advances received, and long-term debt (including a portion to be repaid within one year) and increase in liabilities related to retirement benefits.
Total net assets increased by ¥9.927 billion YoY to ¥33.536 billion. This is mainly due to treasury stock purchase, increase of non-controlling shareholders' equity following the changes in equity as a result of the third-party allotment of CMIC CMO Co., Ltd., and reduction of capital surplus.

Cash Flows
Cash and cash equivalents at end of year increased by ¥9.048 billion YoY to ¥13.976 billion.

Status of each cash flow and key factors are as follows:
(Cash flow from operating activities)
Cash flow from operating activities was ¥7.488 billion in revenue (¥4.937 billion in revenue in the previous fiscal year). This was mainly due to proceeds from profit before income taxes and depreciation, and a decline in cash flows from income taxes paid.

(Cash flow from investing activities)
Cash flow from investing activities was ¥6.023 billion in expenditure (¥7.541 billion in expenditure in the previous fiscal year). This was mainly due to purchase of property, plant and equipment.

(Cash flow from financing activities)
Cash flow from financing activities was ¥7.770 billion in revenue (¥2.458 billion in expenditure in the previous fiscal

year). This was mainly due to proceeds from share issuance to non-controlling shareholders following the CMIC CMO third party allotment, proceeds from long-term loans payable, and expenditure due to the decrease of the net change of the commercial paper and repayment of long-term loans.

Future Outlook

In the pharmaceutical industry, while creation of innovative drugs is anticipated through technological innovation and industry-government-academia collaboration towards providing personalized medicine or “precision medicine”, introduction of cost-effective assessments on the drug pricing system and special or specified medical care coverage is considered due to impact on the health insurance budget. Further improvement of productivity and efficiency is expected for the pharmaceutical industry for transformation to the industrial structure with more global competitiveness. New technologies called the Fourth Industrial Revolution such as artificial intelligence (AI) or IoT are bringing significant changes to the society, and as way of medicine and people's ideas of health change in the healthcare arena, industry, government, academia and civil society are collaborating to achieve innovation to address the decreasing birthrate and aging population.

The CMIC Group has been engaged in “Project Phoenix” to adapt ourselves to the rapidly changing external environment in a timely and flexible manner. Starting in April 2018, we have started “Project Phoenix 3.0" to expand the application of our unique business model "PVC" (that provides end-to-end support for pharmaceutical companies) to the healthcare arena and promote new business creation. In addition, to achieve the mid-to-long-term corporate value improvement of our group, we have developed the mid-term plan (FY2019-2021) that includes focus activity items such as acceleration of PVC model, expansion of globalization, and creation of healthcare business. The next fiscal year will be the first year of the mid-term plan, and both sales and profits are expected to increase compared with the current consolidated fiscal year.

The business outlooks by segment are listed as below:

CRO business, our core business, will continue to support as a leading domestic company those foreign companies and companies from other industries entering the Japanese market. We will expand our global business activities in the United States and other part of the world, further enhance PMS and clinical research operation support by utilizing our database, and meet the increasingly sophisticated development needs. Sales and profit growth is expected for CRO business due to strong order intake continuing for clinical operations and other areas.
CDMO business, as a globally pharmaceutical drug manufacturing platform, promotes broad strategies through collaboration with DBJ, and is establishing a structure for total service provision for drug manufacturing that includes formulation design, investigational new drug manufacturing, and commercial production. We will continue to improve technical capabilities, further promote low-cost production, and strengthen competitiveness through strategic capital investments. Though revenue increase is expected for CDMO business due to production increase of both new and existing projects, operating profit was less than last year due to temporary production volume decrease of existing orders in the United States and the commercial production start-up expenses for the new injection building in Ashikaga.
For CSO business, amid the qualitative change of MR activities by pharmaceutical companies, in addition to MR

dispatching and related new services, we will aim to expand the market share by promoting the sales activities of Medical Affairs-related services. Though sales is expected to be the same level as that of this fiscal year, operating income is expected to increase thanks to the steady progression of existing projects.
For the healthcare business, we will further strengthen the oncology capabilities in the SMO operations, improve the quality of our operations and services, and enhance the services for patients using the healthcare portal site. Sales and profit growth is expected for SMO business due to strong new order intake continuing for SMO business.
While revenue growth is expected for IPM business following the sales increase of the orphan drug business, because of R&D cost for orphan drugs and diagnostics, operating loss is expected. To achieve positive turnaround, we will expand our business scale and aim to provide various services based on new solutions by utilizing the marketing authorization licenses possessed by the CMIC Group.

Consolidated business results forecasts for the fiscal year ending September 30, 2019	Amount (Millions of yen)	YoY change (%)
Net sales	74,400	6.5
Operating income	4,630	7.1
Ordinary income	4,170	2.7
Profit attributable to owners of parent	2,000	34.4

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, 2019	Amount (Millions of yen)	YoY change (%)
CRO Business	39,500	5.9
CDMO Business	16,500	7.2
CSO Business	7,320	0.0
Healthcare Business	8,200	13.7
IPM Business	3,400	8.0
Total	74,920	6.5
Adjustments	(520)	-
Consolidated	74,400	6.5

Cautionary statement:
This material includes forward-looking statements based on assumptions and beliefs in light of the information currently available to management, and is subject to significant risks and uncertainties. Actual financial results may vary materially from the content of this material depending on a number of factors. While this material contains information on pharmaceuticals (including compounds under development), this information is not

intended to make any representations or advertisements regarding the efficacy or effectiveness of their preparations, promote any kind of unapproved uses, nor provide medical advice of any kind.

Summary of Results for Ended September 30, 2018 (October 1, 2017 through September 30, 2018)

(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)

	FY2018		FY2017	
		Change (%)		Change (%)
Net sales	**69,869**	**7.0**	65,282	5.2
Operating income	**4,321**	**10.9**	3,897	15.9
Ordinary income	**4,061**	**8.8**	3,732	24.9
Profit attributable to owners of parent	**1,487**	**(4.1)**	1,550	76.4
Earnings per share (Yen)	**79.71**		82.90	
Diluted net income per share (Yen)	—		—	

Reference: Comprehensive income: FY2018: ¥2,375 million (up 1.3% YoY)
FY2017: ¥2,345 million (up 149.0% YoY)

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

	Year End FY2018	Year End FY2017
Total assets	**78,034**	65,605
Net assets	**33,536**	23,608
Equity ratio (%)	**28.9**	34.9
Book value per share (Yen)	**1,215.95**	1,222.37

Reference: Shareholders' equity: FY2018: ¥22,582 million
FY2017: ¥22,867 million.

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

	FY2018	FY2017
Net cash provided by (used in) operating activities	**7,488**	4,937
Net cash provided by (used in) investing activities	**(6,203)**	(7,541)
Net cash provided by (used in) financing activities	**7,770**	2,458
Cash and cash equivalents at end of period	**13,976**	4,928

Dividend Status

(Yen)

	FY2017	**FY2018**	FY2019 (Estimated)
Dividend per share (Base date)			
End of first quarter	–	–	–
End of second quarter	5.00	**5.00**	5.00
End of third quarter	–	—	—
End of FY	22.50	**22.50**	27.00
Total	27.50	**27.50**	32.00
Total cash dividends (annual) (Million yen)	519	**516**	
Dividend payout ratio (consolidated) (%)	33.2	**34.5**	29.7
Dividend on equity ratio (consolidated) (%)	2.3	**2.3**	

Consolidated Financial Statements for the Fiscal Year Ended September 30, 2018

(1) Consolidated Balance Sheets

(Millions of yen)

	Year End FY2018 (September 30, 2018)	Year End FY2017 (September 30, 2017)
Assets		
Current assets		
Cash and deposits	14,009	4,947
Notes and accounts receivable - trade	13,655	12,989
Merchandise and finished goods	514	479
Work in process	3,419	3,360
Raw materials and supplies	1,878	1,603
Deferred tax assets	1,526	1,596
Other	2,773	2,376
Allowance for doubtful accounts	(18)	(12)
Total current assets	**37,759**	**27,341**
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	21,450	19,008
Accumulated depreciation	(8,917)	(8,157)
Buildings and structures, net	12,533	10,850
Machinery, equipment and vehicles	14,190	13,481
Accumulated depreciation	(8,667)	(7,586)
Machinery, equipment and vehicles, net	5,522	5,895
Tools, furniture and fixtures	4,253	3,447
Accumulated depreciation	(2,715)	(2,331)
Tools, furniture and fixtures, net	1,537	1,115
Land	6,167	6,160
Leased assets	1,040	1,294
Accumulated depreciation	(760)	(864)
Leased assets, net	279	430
Construction in progress	4,467	4,136
Total property, plant and equipment	**30,508**	**28,589**
Intangible assets		
Goodwill	419	737
Other	985	1,092
Total intangible assets	**1,405**	**1,830**
Investments and other assets		
Investment securities	3,809	2,878
Lease and guarantee deposits	1,655	1,638
Deferred tax assets	1,941	1,872

Other	1,564	2,057
Allowance for doubtful accounts	(611)	(603)
Total investments and other assets	**8,360**	**7,844**
Total non-current assets	**40,274**	**38,264**
Total assets	**78,034**	**65,605**

(Millions of yen)

	Year End FY2018 (September 30, 2018)	Year End FY2017 (September 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	726	1,034
Short-term borrowings	1,450	1,050
Current portion of long-term debt	3,648	2,918
Commercial papers	2,000	3,000
Accounts payable – other	4,252	4,566
Accrued expenses	1,123	1,019
Income taxes payable	1,076	1,027
Advances received	1,663	1,159
Provision for bonuses	2,655	2,317
Provision for directors' bonuses	63	53
Provision for loss on order received	683	568
Other	3,399	2,158
Total current liabilities	**22,741**	**20,873**
Noncurrent liabilities		
Long-term debt	12,178	11,930
Deferred tax liabilities	312	79
Net defined benefit liability	7,544	7,068
Asset retirement obligations	420	416
Other	1,300	1,629
Total noncurrent liabilities	**21,756**	**21,124**
Total liabilities	**44,498**	**41,997**
Net assets		
Shareholders' equity		
Capital stock	3,087	3,087
Capital surplus	6,102	7,715
Retained earnings	12,814	11,847
Treasury stock	(579)	(261)
Total shareholders' equity	**21,425**	**22,389**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,217	663
Foreign currency translation adjustments	23	15
Remeasurements of defined benefit plans	(83)	(200)
Total accumulated other comprehensive income	**1,157**	**478**
Non-controlling interests	**10,953**	**740**
Total net assets	**33,536**	**23,608**
Total liabilities and net assets	**78,034**	**65,605**

(2) Consolidated Statement of Income

(Millions of yen)

	FY2018 (October 1, 2017– September 30, 2018)	FY2017 (October 1, 2016– September 30, 2017)
Net sales	69,869	65,282
Cost of sales	54,976	51,044
Gross profit	**14,892**	**14,237**
Selling, general and administrative expenses	**10,570**	**10,340**
Operating income	**4,321**	**3,897**
Non-operating income		
Interest income	6	16
Foreign exchange gains	17	96
Rent income	20	8
Subsidy income	14	1
Refunded consumption taxes	14	15
Other	26	29
Total non-operating income	**98**	**168**
Non-operating expenses		
Interest expenses	116	121
Share of loss of entities accounted for using equity method	182	147
Other	58	63
Total non-operating expenses	**357**	**332**
Ordinary income	**4,061**	**3,732**
Extraordinary income		
Gain on abolishment of retirement benefit plan	233	-
Total extraordinary income	233	-
Extraordinary losses		
Loss on sales of non-current assets	0	27
Loss on retirement of non-current assets	59	125
Provision of allowance for doubtful accounts	-	310
Loss on revision of pay regulations	280	-
Loss on valuation of investment securities	4	-
Total extraordinary losses	**346**	**463**
Profit before income taxes	**3,949**	**3,269**
Current	2,260	2,111
Deferred	(72)	(515)
Total income taxes	**2,187**	**1,596**
Profit	**1,761**	**1,672**
Profit attributable to non-controlling interests	**274**	**121**
Profit attributable to owners of parent	**1,487**	**1,550**

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2018 (October 1, 2017– September 30, 2018)	FY2017 (October 1, 2016– September 30, 2017)
Profit	1,761	1,672
Other comprehensive income		
Valuation difference on available-for-sale securities	553	248
Foreign currency translation adjustments	18	178
Remeasurements of defined benefit plans	41	245
Total other comprehensive income	613	672
Comprehensive income	**2,375**	**2,345**
Comprehensive income attributable to		
Owners of parent	2,166	2,169
Non-controlling interests	208	177

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2018 (October 1, 2017– September 30, 2018)	FY2017 (October 1, 2016– September 30, 2017)
Cash flows from operating activities:		
Profit before income taxes	3,949	3,269
Depreciation	3,127	2,822
Amortization of goodwill	318	355
Increase (decrease) in net defined benefit liability	995	1,094
Increase (decrease) in provision for bonuses	337	262
Increase (decrease) in provision for directors' bonuses	10	4
Increase (decrease) in allowance for doubtful accounts	6	311
Increase (decrease) in provision for loss on order received	114	163
Interest and dividend income	(6)	(16)
Interest expenses	116	121
Share of (profit) loss of entities accounted for using equity method	182	147
Foreign exchange losses (gains)	(17)	(152)
Loss (gain) on valuation of investment securities	4	-
Loss (gain) on sales of non-current assets	0	27
Loss on retirement of non-current assets	59	125
Gain on revision of retirement benefit system	(233)	-
Government income	(14)	(1)
Decrease (increase) in notes and accounts receivable - trade	(652)	(2,176)
Decrease (increase) in inventories	(372)	(135)
Increase (decrease) in notes and accounts payable – trade	(315)	61
Increase (decrease) in accrued expenses	116	62
Increase (decrease) in advances received	501	(99)
Increase (decrease) in deposits received	1,338	712
Other, net	227	186
Subtotal	9,797	7,145
Interest and dividend income received	14	9
Interest expenses paid	(118)	(125)
Proceeds from subsidy income	14	1
Income taxes paid	(2,219)	(2,094)
Net cash provided by (used in) operating activities	**7,488**	**4,937**

Cash flows from investing activities		
Payments into time deposits	(30)	(99)
Proceeds from withdrawal of time deposits	16	163
Purchase of property, plant and equipment	(5,609)	(6,343)
Proceeds from sales of property, plant and equipment	1	166
Payments for asset retirement obligations	-	(40)
Purchase of intangible assets	(270)	(205)
Payments for lease and guarantee deposits	(58)	(119)
Proceeds from collection of lease and guarantee deposits	42	83
Purchase of investment securities	(280)	(1,219)
Net decrease (increase) in short-term loans receivable	(15)	72
Other, net	-	0
Net cash provided by (used in) investing activities	**(6,203)**	**(7,541)**
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	400	(1,200)
Proceeds from long-term loans payable	4,000	6,000
Repayments of long-term loans payable	(3,021)	(2,936)
Redemption of bonds	-	(50)
Repayments of lease obligations	(196)	(214)
Net increase (decrease) in commercial papers	(1,000)	1,000
Purchase of treasury stock	(326)	(0)
Cash dividends paid	(519)	(301)
Dividends paid to non-controlling interests	(64)	-
Proceeds from share issuance to non-controlling interests	8,499	161
Net cash provided by (used in) financing activities	**7,770**	**2,458**
Effect of exchange rate change on cash and cash equivalents	**(26)**	**126**
Net increase (decrease) in cash and cash equivalents	**9,028**	**(19)**
Cash and cash equivalents at beginning of period	**4,928**	**4,946**
Increase in cash and cash equivalents from newly consolidated subsidiary	**19**	**1**
Cash and cash equivalents at end of period	**13,976**	**4,928**