

Consolidated Statements of Cash Flows

| | 2014.3 | 2015.3 |
|--|--------------------|--------------------|
| I.Cash flow from operating activities | | |
| Income before income taxes | 1,718,431 | 1,131,762 |
| Depreciation and amortization | 329,281 | 266,953 |
| Amortization of goodwill | 1,064 | 22,312 |
| Stock based compensation expense | 54,770 | 54,397 |
| Increase/decrease in provision for bonuses | △ 49,000 | △ 4,334 |
| Increase/decrease in reserve for retirement allowance | △ 163,577 | - |
| Increase/decrease in net defined benefit liability | 170,777 | 10,231 |
| Increase/Decrease in Reserve for directors' retirement benefits | 1,500 | 1,500 |
| Increase/Decrease in long-term debt | △ 45,165 | - |
| Increase/Decrease in allowance for doubtful accounts | 224 | △ 1,173 |
| Interest and dividends income | △ 33,394 | △ 38,990 |
| Interest expenses | - | 1,280 |
| Foreign exchange losses /gains | △ 7 | - |
| Equity in loss (earnings) of affiliates | △ 872 | 2,009 |
| Loss on evaluation of investment securities | - | 2,711 |
| Loss on disposal of fixed assets | 2,314 | 12,921 |
| Loss on valuation of membership | 9,526 | - |
| Gain on reversal of subscription rights to shares | △ 20,495 | △ 31,633 |
| Increase/decrease in notes and accounts receivable | △ 565,997 | 457,275 |
| Increase/decrease in inventories | △ 169,912 | △ 112,646 |
| Increase/decrease in notes and accounts payable | 337,662 | 220,559 |
| Other | 182,891 | 116,929 |
| Interest and dividends income received | 33,487 | 38,977 |
| Interest expenses paid | - | △ 1,280 |
| Income tax paid | △ 675,406 | △ 934,085 |
| Net cash provided by operating activities | 1,118,105 | 1,215,679 |
| II.Cash flow from investing activities | | |
| Increase in time deposits | △ 13,361 | △ 220,000 |
| Decrease in time deposits | 400,000 | 163,361 |
| Net decrease /increase in short-term investment securities | △ 1,699,475 | △ 99,955 |
| Purchase of fixed assets | △ 208,025 | △ 859,708 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | - | △ 151,164 |
| Purchase of memberships | - | △ 15,546 |
| Other | △ 13,847 | △ 56,566 |
| Net cash used in investing activities | △ 1,534,710 | △ 1,239,578 |
| III.Cash flow from financing activities | | |
| Net increase (decrease) in short-term loans payable | - | △ 263,596 |
| Repayments of long-term loans payable | - | △ 39,675 |
| Purchase of treasury shares of subsidiaries | △ 18 | △ 12 |
| Sales of treasury stock | 183,119 | 156,692 |
| Cash dividends paid | △ 408,690 | △ 416,143 |
| Net cash used in financing activities | △ 225,589 | △ 562,734 |
| IV.Effect of exchange rate changes on cash and cash equivalents | 7 | - |
| V.Increase/decrease in cash and cash equivalents | △ 642,187 | △ 586,634 |
| VI.Cash and cash equivalents at beginning of year | 5,687,669 | 5,045,481 |
| VII.Cash and cash equivalents at end of year | 5,045,481 | 4,458,846 |