

2. Dividends

	Dividends per share					Total Dividend Amount	Payout Ratio	per Net Assets
	1-Qtr.	2-Qtr.	3-Qtr.	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million¥	%	%
Year ended Sept. 2017	—	7.50	—	50.00	—	722	20.4	2.3
Year ended Sept. 2018	—	50.00	—	60.00	110.00	901	21.4	2.5
Year ended Sept. 2019 (forecast)	—	55.00	—	55.00	110.00		22.5	

Note : The Company carried out a one-for-five common share consolidation with an effective date of April 1, 2017. In accordance with it, the 2nd Quarter dividends per share for Year ending September 30, 2017 are calculated without taking into account the common share consolidation and annual dividends are shown as "—". The 2nd Quarter dividends per share for Year ending September 30, 2017 after taking into account the common share consolidation are 37.50 yen, and annual dividends per share are 87.50 yen.

3. Consolidated Forecasts for the Fiscal Year Ending September 30, 2019 (October 1, 2018 - September 30, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
1st Half	26,500	(2.4)	2,200	(29.9)	2,200	(29.4)	1,600	(17.2)	195.38
Full Year	56,000	(1.5)	5,600	(14.4)	5,600	(15.9)	4,000	(4.9)	488.44

4. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

(2) Changes in accounting treatment for consolidated financial statement:

1) Changes caused by revision of accounting standards: None

2) Other changes: None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period (incl. treasury stock)

Sept. 2018: 8,615,269 shares Sept. 2017: 8,615,269 shares

2) Number of treasury stock at the end of the period

Sept. 2018: 423,532 shares Sept. 2017: 436,651 shares

3) Average number of shares in the fiscal year

Sept. 2018: 8,189,294 shares Sept. 2017: 8,326,902 shares

Note : The Company carried out a one-for-five common share consolidation with an effective date of April 1, 2017. In accordance with it, 1), 2) and 3) are calculated based on the assumption that the common share consolidation had been carried out at the beginning of the previous fiscal year.

* Cautionary statement

-This Yearly Financial Results Report ("TANSHIN") is out of scope of annual audit under Financial Instruments and Exchange Act of Japan.

-The forecasts above are based on currently available information at the time of announcement. Actual results may differ from these forecasts for a number of factors.

(Reference)

1. Non-consolidated Financial Results (October 1, 2017 to September 30, 2018)

(1) Non-consolidated Results of Operation

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal Year ended Sept. 2018	14,940	13.6	2,121	51.6	2,759	33.6	1,998	39.8
Fiscal Year ended Sept. 2017	13,150	5.1	1,399	10.3	2,066	32.7	1,429	33.5

	Earnings per share (basic)	Diluted earnings per share
	Yen	Yen
Fiscal Year ended Sept. 2018	243.98	243.18
Fiscal Year ended Sept. 2017	171.70	170.97

Note : The Company carried out a one-for-five common share consolidation with an effective date of April 1, 2017. In accordance with it, earnings per share and diluted earnings per share are calculated based on the assumption that the common share consolidation had been carried out at the beginning of the previous final year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sept. 30, 2017	34,785	25,240	72.3	3,070.88
As of Sept. 30, 2016	33,114	23,938	72.0	2,914.06

(Reference) Shareholders' Equity (million Yen) Sept. 2018: 25,155 Sept. 2017: 23,832

Note : The Company carried out a one-for-five common share consolidation with an effective date of April 1, 2017. In accordance with it, net assets per share is calculated based on the assumption that the common share consolidation had been carried out at the beginning of the previous final year.

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1. Analysis about results of operation and financial status

(1) Analysis about Results of Operation

(Unit: 1 million Yen)

	Net Sales	Ordinary Profit	Profit attributable to owners of parent	Net Income per share
Previous term	49,519	5,219	3,572	429.06 Yen
Current term	56,852	6,656	4,205	513.52 Yen

(Note) US dollar exchange rate→ current term @ 110.45

Yen Previous term @ 111.26 Yen

EURO exchange rate→ current term @ 131.48

Yen Previous term @ 122.85 Yen

(2) Business Results

The global economy in the current consolidated fiscal year achieved steady growth, but it was faced with some risk factors. The US continued to grow in consumer spending and export volume which was supported by improvement in employment and the general economic environment, and the income tax reduction initiatives implemented by the Trump administration. On the other hand, his implementation of Pro-Americanism caused serious U.S.-China trade friction and which resulted in a decline of both share price and currency values in emerging countries due to rising interest rates.

In Europe, the UK economy slowed down in consumer spending and investment due to uncertainty for BREXIT, but other European countries showed steadily growth of their consumer spending supported by improvements in employment and a robust economic environment.

In China, exports showed a slowdown in growth due to rising interest rates and trade friction with the US, There were signs of production slowdowns and reductions in capital investment in the manufacturing industries.

In Japan, we experienced a decrease of inbound needs suffered by several natural disasters and had concerns for future economic prospects in abroad, but the Japanese economy expanded steadily by investment supported by strong corporate earnings and needs of rationalization and laboursaving due to a labour shortage.

Under such a positive global economic environment, our powder processing segment reached a high level of bookings, while orders in the blown film segment remained steady.

The business results for the current year are as follows: consolidated bookings were 56.4 billion yen (an increase of 1.0% compared to the previous fiscal year), consolidated sales were 56.9 billion yen (an increase of 14.8% compared to the previous year), and order backlog reached 26.4 billion yen (a decrease of 1.3% compared to the previous year end).

Our Gross profit increased as a result of an increase in the total sales volume with a product mix that included a higher number of larger value-added products and systems. We achieved the highest operating income in our history at 6.54 billion yen (an increase of 29.6% over the previous year). Ordinary income was 6.66 billion yen (an increase of 27.5% compared to the previous year). Profit attributable to owners of parent was 4.25 billion yen (an increase of 17.7% compared to the previous year).

The results of each business segment are as follows.

< Powder Processing >

Powder Processing is the core business segment of the Hosokawa Micron Group. The Group develops, designs, manufactures, and sells equipment and systems for milling, classification, mixing and drying. Air pollution control equipment, bag filters for product collection and containment booth are also manufactured and sold in the Japanese market. The Group also participates in a Materials business which creates new materials, such as nanocomposite particles, and commercializes it. The Group's services include toll processing and contract manufacturing.

Bookings, Sales and Operating income increased with contributions from steady bookings in Magnetic Materials and Ceramics for electric materials, Chemical, and After-sales service.

The Consolidated bookings in the Powder Processing Segment were 43.2 billion yen (an increase of 6.3% compared to the previous year). The fiscal year ending Backlog was 17.8 billion yen (an increase of 1.8% compared to the previous year end). Consolidated Sales were 43.0 billion yen (an increase of 16.3% compared to the previous year). Operating income reached 6.0 billion yen (an increase of 34.6% compared to the previous year).

< Blown Film >

The Blown Film Business segment develops, manufactures and sells blown film equipment and systems for all types of plastic films which include both monolayers and multi-layer films. In addition to the continuous increased growth and demand in the US, bookings for China, India and Middle East increased. In other Asian countries and Europe including Eastern Europe bookings declined from the previous fiscal year. Consolidated Bookings were 13.2 billion yen (a decrease of 13.1% compared to the previous year), the Backlog was 8.6 billion yen (a decrease of 7.2% compared to the last fiscal year end). Consolidated Sales were 13.9 billion yen (an increase of 10.5% compared to the previous year). Operating income was 1.7 billion yen (an increase of 0.8% compared to the previous year).

(3) Analysis about Financial Status

The assets of our consolidated fiscal year were 62.3 billion yen, an increase of 5.4 billion yen compared to the previous consolidated fiscal year. This is mainly because the notes and accounts receivable increased by 2.6 billion yen and the tangible fixed assets increased by 0.9 billion yen.

The liabilities of our consolidated fiscal year were 25.0 billion yen, an increase of 2.1 billion yen compared to the previous consolidated fiscal year. This is mainly because the notes and accounts payable increased by 1.1 billion yen.

The net assets of our consolidated fiscal year were 37.3 billion yen, an increase of 3.3 billion yen compared to the previous consolidated fiscal year. This is mainly because the retained earnings increased by 3.4 billion yen.

(4) Status of Cash Flow

The cash and cash equivalents of our consolidated fiscal year were 19.8 billion yen, an increase of 2.9 billion yen. The summary of each cash flow are as follows.

(Cash flows from Operating Activities)

The cash flow resulting from operating activities increased to 5.4 billion yen (a decrease of 2.0 billion yen compared to the previous consolidated fiscal year), mainly due to the increase of net income before income taxes.

(Cash flows from Investing Activities)

The cash flow resulting from investing activities decreased to 1.3 billion yen (an increase of 0.1 billion yen compared to the previous consolidated fiscal year), mainly due to acquisition of property and equipment for operations.

(Cash flows from Financing Activities)

The cash flow resulting from financing activities decreased 1.1 billion yen (an increase of 1.6 billion yen compared to the previous consolidated fiscal year), mainly due to payment of dividend.

(Reference) Trend in cash flow indices

	Sept. 2014	Sept. 2015	Sept. 2016	Sept. 2017	Sept. 2018
Equity Ratio (%)	54.7	59.7	59.7	59.6	59.8
Equity ratio on market value (%)	52.3	47.2	49.6	93.4	81.6
Debt repayment period (year)	1.1	1.4	0.6	0.3	0.3
Interest coverage ratio (times)	83.3	61.2	147.3	349.5	276.2

(Note) 1

Equity ratio: Total equity divided by total assets

Equity ratio on market value: market capitalization divided by total assets

Debt repayment period: Interest bearing debt divided by operating cash flow

Interest coverage ratio: Operating cash flow divided by interest expense

2 Each indicator is calculated based on consolidated figures.

3 Market capitalization is calculated by the year-end share price at the end of the term multiplied by the number of shares issued excluding treasury stocks at year-end.

4 The operating cash flow represents the cash flow from operating activities in the consolidated statement of cash flows. Interest bearing debt represents liabilities with interest payments are the corresponding figure on the consolidated balance sheets. Interest expense is the corresponding figure on the consolidated income statement.

(5) Forecast for the Coming Fiscal Year

(Unit: 1 million Yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent	Net Income per share
1 st Half	26,500	2,200	2,200	1,600	195.38 Yen
Full Year	56,000	5,600	5,600	4,000	488.44 Yen

Hosokawa Micron Group will continue to work to maintain its position as the world's leading company in the field of "powder technologies". Our focuses are: to provide new technologies and state of the art engineering expertise to solve the processing challenges facing our customers: expand our materials business including the further development of our cosmetics and hair tonic products which are created with our original nanoparticle compound technology, and to further strengthen our brand recognition in the blown film segment of our business. Our business strategies will continue to focus on marketing high value added products and technologies and increasing the Group's profitability.

Exchange Rate assumptions for this forecast: US\$1=Yen110, Euro1=Yen130

* Cautionary statement

The forecasts above are based on currently available information at the time of announcement. Actual results might be significantly different from the forecasts depending on various factors.

(6) Dividend Policy

We will continue our stable profit distribution plan based upon our consolidated business results and intend to pay out dividends of 30% or more of the current consolidated net profit, taking into consideration performance and financial requirements. While emphasizing free cash flow and prioritizing development of new products and technologies to enhance corporate value in the future, we will allocate profits taking into consideration our long-term goals

The yearend dividend for the current year will be 60 yen per share. Combined with the interim dividend of 50 yen per share, the total dividend for the current year will be 110 yen per share.

For the next fiscal year, we plan to pay a total dividend of 110 yen per share, including an interim dividend of 55 yen per share and a year-end dividend of 55 yen per share.

2. Accounting Method

We currently prepare consolidated financial statements based on Japanese standards due to the terms of the consolidated financial statements and comparability among companies. We will take appropriate measures for the applying International Financial Reporting Standards (IFRS), considering situations in Japan and overseas.

3. Status of Industrial Group

The business contents of our group mainly offers a machine and device to handle the fine powder to the field of every industry and its system engineering.

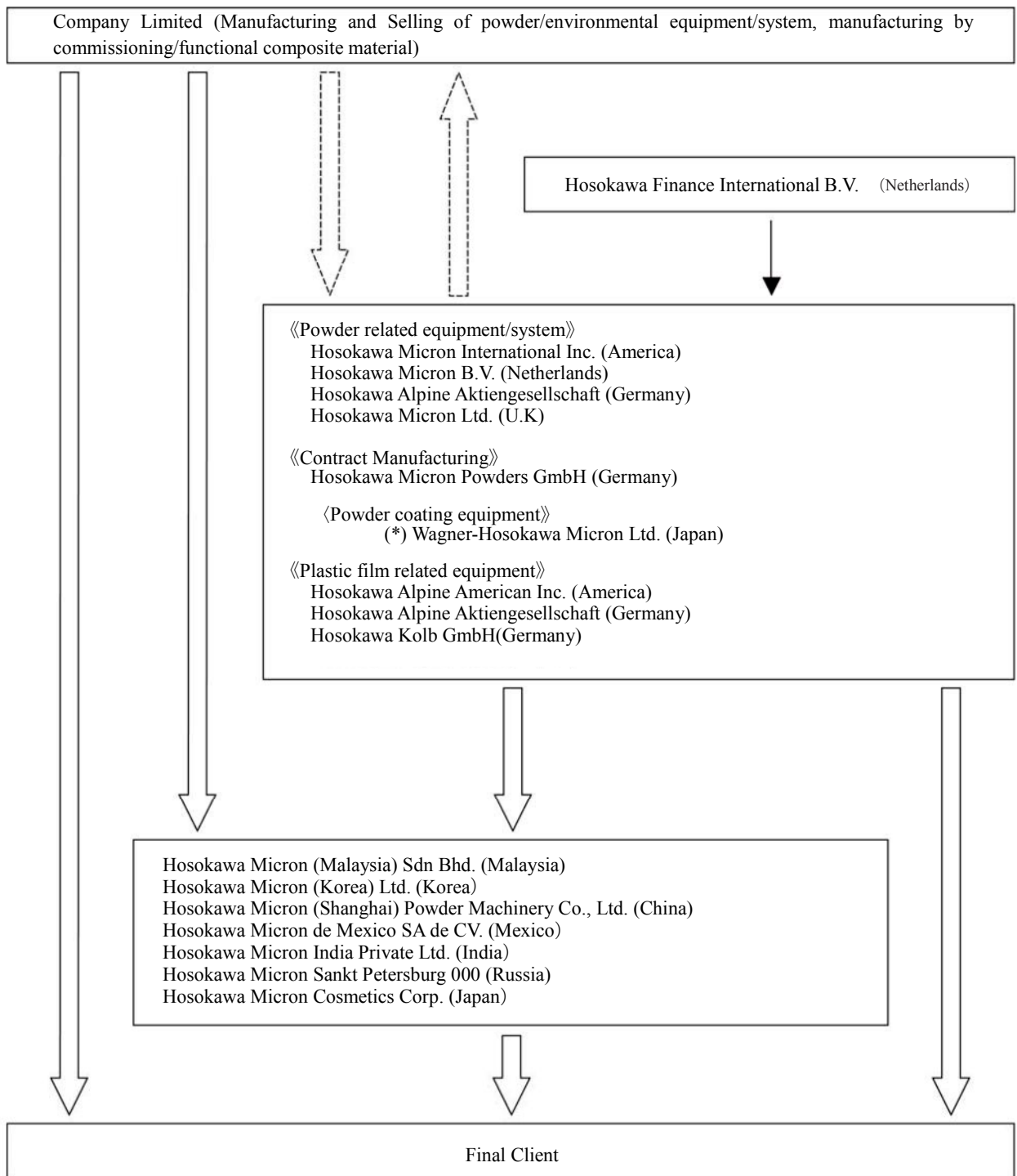
The consolidated financial statements presentation company (hereinafter referred to as "our company") is the core, and in our country, it is constituted with 2 companies including our company, 16 consolidated subsidiaries abroad, and 1 affiliated company in Japan.

Our group managed by a flat organization letting the related companies abroad connects directly with the head office. In addition, co-ownership of research development result, sharing of product development, and structure of complementary supply of product and parts is maintained to make use of the strength of the group companies and show maximum synergy effect.

The main product and main company in each business are as follows. In addition, this business segment is the same as the division in segment information.

Business division	Classification	Major product	Major Company
Powder related	Grinding and classification equipment	Grinder (ACM Pulverizer, GRACIS), Ultra-Fine Grinder (Super Micron Mill, Counter Jet Mill AFG, Micron Jet), Classifier (Micron Separator, TTSP Classifier)	<u>Manufacturing and Sales company</u> Hosokawa Micron International Inc. (America) Hosokawa Micron B.V. (Netherlands) Hosokawa Micron Powders GmbH (Germany) Hosokawa Alpine Aktiengesellschaft (Germany) Hosokawa Micron Ltd. (U.K)
	Mixing and drying equipment	Mixer (Nauta Mixer, Vitomix), Dryer (Dreimeister, Active Freeze Dryer)	
	Particle design and granulation equipment, others	Particle Design (Nobilta, Faculty), Granulator (Aggromaster, Flexomix), Nano Composit Particle Design (NanoCreator)	<u>Selling company</u> Hosokawa Micron (Korea) Ltd. (Korea) Hosokawa Micron (Malaysia) Sdn Bhd. (Malaysia) Hosokawa Micron (Shanghai) Powder Machinery Co., Ltd. (China) Hosokawa Micron de Mexico SA de CV. (Mexico)
	Measuring machine and device for laboratories	Measuring machine (Powder Characteristics Tester, Air Jet Sieve, Peneto Analyzer, Optisizer), Laboratory Technology (Picoline)	Hosokawa Micron India Private Ltd. (India) Hosokawa Micron Sankt Petersburg OOO (Russia) Hosokawa Micron Cosmetics Corp. (Japan)
	Manufacture by commissioning	Toll Processing	
	Material (functional composite material)	Cosmetics (NanoCryosphere), hair restorer (NanoImpact plus), DDS consignment study	
	Dust collecting equipment	Dust collector (Pulse Jet Collector)	
	Containment equipment	Safety Booth, Isolator	
Plastic film related	Plastic film production equipment	Blown film lines	<u>Manufacturing and selling company</u> Hosokawa Alpine Aktiengesellschaft (Germany) Hosokawa Kolb GmbH (Germany) <u>Selling Company</u> Hosokawa Alpine American Inc. (America) Hosokawa Micron India Private Ltd. (India)

Schematic diagram of the above matters is as follows.



(Note) (*) The affiliated company of the seal is the affiliated company accounted for by the equity-method and others are consolidated subsidiaries

- Indicates selling of product.
- Indicates providing of product and parts.
- Indicates offering services.

4. Management Policy, Business Environment and Challenges to be Addressed

The forward-looking statements concerning the future performance of the Group contained or referred to herein are based on judgments and beliefs of the management at this fiscal year end.

(1) Basic Management Policy

Our group strives to continue to be the world's leading company in the field of "powder technology", covering the mountain range of Powder Technologies. In addition to our core powder processing business, we will further develop cutting-edge "powder technology" through our materials business including the creation of high value new materials. In our blown film business, our focus continues to be to provide sophisticated technologies and products while capitalizing on our strong brand recognition and outstanding capacity for technological development.

(2) Target Business Indicators

Our group consistently works to achieve higher profitability and optimal asset size by optimizing our resources to increase our corporate value. Our major target business indicator is consolidated ROE (return on equity).

(3) Business Environment and Challenges to be addressed

Please refer 5. Analysis about results of operation and financial status, (1) Business Results.

The overall economic outlook is for continuous expansion at a modest rate, but the economic situation remains volatile due to the increase of global unrest and tensions in the North Korea and the Middle East.

Due to this uncertain conditions, with the beginning of the new fiscal year on October 1st 2017, our Group initiated the 16th mid-term business plan (implemented from fiscal FY2018 to FY2020) that is the foundation of our strategies and plans to "capitalize on our strong brand recognition and increase profitability through the implementation of more unified global marketing of the entire Group's products".

All of our efforts are directed to maintaining our position as a global leader in our industry, and providing cutting-edge technology of powder and nanoparticle. Our group is focused on new product development and creating new technology to meet customer's demands. We will continue to position our Group to enter new markets and further expand our materials business with the development, manufacture and sales of advanced materials for innovative use.

We will implement the following measures and strive to improve our business performance.

① Expand business into emerging markets and new growth sectors by integrating our global marketing efforts

The Group's international resources will develop cohesive strategies to provide new products, technologies and application while capitalizing on our strong brand recognition and increase profitability. Additional focus will be directed to the development of resources in emerging countries, enhancement of technical capabilities and commercial skills of the local subsidiaries.

② Expand aftermarket and Toll processing businesses to better serve customer need

Our efforts will be concentrated on the expansion of aftermarket services and toll processing. We will develop "preventive maintenance service" utilizing IoT (Internet of Things) technology, and seek strategic investment and expansion of toll processing business. Creating a comprehensive service structure, including lease and rental equipment and financing, will meet various demand and increase profitability.

③ Develop and execute Group strategies for sales, engineering, production, R&D and Finance

We will maximize our strengths through effective use of business resources and execute strategies.

④ Implement cost reduction and high-value-added product & technology development

With promoting design and development concept of standardization and modularization, we will create new generation products and technology and enhance existing products to meet industry's need for high value added processing and manufacturing with lower cost and streamlined manufacturing process.

⑤ Optimize group business operations for the continuous improvement of operational efficiencies in our work process and manufacturing process

We constantly review our work processes in both administrative and manufacturing areas to eliminate waste, improve productivity and increase profitability.

4. Basic way of thinking about the choice of accounting standards

Our group is going to make consolidated financial statements in a Japanese standard in consideration of the comparability between the period of consolidated financial statements and companies for the time being.

In addition, we are going to cope with the application of international accounting standards (IFRS) considering domestic and foreign situation appropriately.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of September 30, 2017	As of September 30, 2018
Assets		
Current Assets		
Cash and deposits	17,446	20,087
Notes and accounts receivable-trade	11,761	12,329
Finished goods	2,637	2,984
Work in process	2,100	2,861
Raw materials and supplies	1,637	2,026
Deferred tax assets	630	570
Others	1,083	940
Allowance for doubtful accounts	(175)	(154)
Total Current Assets	37,122	41,645
Non-Current Assets		
Property, plant and equipment		
Buildings and structures	16,904	17,067
Machinery, equipment and vehicles	10,728	11,113
Land	4,476	5,019
Construction in progress	25	193
Other	2,013	2,111
Accumulated depreciation & Impairment Loss	(17,062)	(17,493)
Total property, plant and equipment	17,086	18,012
Intangible assets		
Goodwill	114	71
Other	226	229
Total intangible assets	341	301
Investments and other assets		
Investment securities	1,661	1,874
Deferred tax assets	396	227
Other	238	218
Allowance for doubtful accounts	(7)	(7)
Total investments and other assets	2,289	2,312
Total Non-Current Assets	19,717	20,625
TOTAL ASSETS	56,840	62,271

(Millions of Yen)

	As of September 30, 2017	As of September 30, 2018
Liabilities		
Current Liabilities		
Notes and accounts payable-trade	5,577	6,718
Current portion of long-term loans payable	294	460
Accrued expenses	2,512	3,017
Income taxes payable	832	858
Deferred tax liabilities	99	45
Advances received	4,919	4,861
Provision for bonuses	427	480
Provision for directors' bonuses	68	71
Provision for product warranties	616	782
Provision for point card certificates	65	61
Provision for loss on factory reconstruction	102	117
Other	1,139	1,760
Total Current Liabilities	16,656	19,236
Non-Current Liabilities		
Long-term loans payable	1,657	1,196
Provision for loss on factory reconstruction	63	86
Net defined benefit liability	4,250	4,177
Deferred tax liabilities	82	182
Other	163	91
Total Non-Current Liabilities	6,217	5,735
Total Liabilities	22,874	24,971
Net Assets		
Shareholders' Equity		
Capital stock	14,496	14,496
Capital surplus	5,146	5,124
Retained earnings	19,514	22,901
Treasury stock	(1,925)	(1,870)
Total Shareholders' Equity	37,232	40,651
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	309	426
Deferred gains or losses on hedges	28	(71)
Foreign currency translation adjustment	(3,185)	(3,257)
Remeasurements of defined benefit plans	(525)	(534)
Total accumulated other comprehensive income	(3,372)	(3,436)
Subscription rights to shares	105	84
Total Net Assets	33,965	37,299
Total Liabilities and Net Assets	56,840	62,271

(2) Consolidated Statements of Income

(Millions of Yen)

	Oct. 1, 2016 - Sept. 30, 2017	Oct. 1, 2017- Sept. 30, 2018
Net sales	49,519	56,852
Cost of sales	31,485	35,886
Gross profit	18,033	20,966
Selling, general and administrative expenses	12,987	14,424
Operating profit	5,045	6,541
Non-operating income		
Interest income	18	34
Dividend income	20	22
Equity in earnings of affiliates	28	49
Foreign exchange gains	137	7
Other	51	74
Total non-operating Income	256	188
Non-operating expenses		
Interest expenses	20	19
Loss on valuation of derivatives	2	10
Others	58	42
Total non-operating Expenses	82	73
Ordinary profit	5,219	6,656
Extraordinary income		
Gain on sales of non-current assets	41	40
Gain on sales of investment securities	—	5
Gain on transfer of business	—	50
Others	—	0
Total extraordinary income	41	97
Extraordinary loss		
Loss on sales and retirement of non-current assets	4	27
Provision for loss on factory reconstruction	166	55
Others	—	4
Total extraordinary loss	170	87
Income before income taxes	5,090	6,667
Income taxes - current	1,584	2,079
Income taxes – deferred	(66)	382
Total income taxes	1,517	2,461
Net income	3,572	4,205
Profit attributable to owners of parent	3,572	4,205

(3) Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Oct. 1, 2016- Sept. 30, 2017	Oct. 1, 2017 - Sept. 30, 2018
Net Income	3,572	4,205
Other comprehensive income		
Valuation difference on available-for-sale securities	407	117
Deferred gains or losses on hedges	19	(99)
Foreign currency translation adjustment	2,947	(71)
Remeasurements of defined benefit plans	51	(9)
Total other comprehensive income	3,425	(63)
Comprehensive income	6,998	4,141
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,998	4,141
Comprehensive income attributable to minority interests	—	—

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Oct. 1, 2016 - Sept. 30, 2017	Oct. 1, 2017 - Sept. 30, 2018
Cash flows from operating activities;		
Income before income taxes	5,090	6,667
Depreciation and amortization	1,003	1,102
Amortization of goodwill	43	43
Increase (decrease) in allowance for doubtful accounts	(13)	(19)
Increase (decrease) in provision for bonuses	18	52
Increase (decrease) in provision for product warranties	(72)	166
Increase (decrease) in provision for point card certificates	17	(3)
Increase (decrease) in provision for loss on factory reconstruction	166	38
Increase (decrease) in net defined benefit liability	138	(74)
Interest and dividends income	(38)	(56)
Interest expenses	20	19
Equity in (earnings) losses of affiliates	(28)	(49)
Loss (gain) on sales and retirement of non-current assets	(37)	(14)
Loss (gain) on transfer of business	—	(50)
Decrease (increase) in notes and accounts receivable-trade	(103)	(581)
Decrease (increase) in inventories	215	(1,595)
Increase (decrease) in notes and accounts payable-trade	1,057	1,140
Increase (decrease) in advances received	1,208	(46)
Increase (decrease) in accrued expenses	227	512
Other	7	119
Sub total	8,920	7,370
Interests and dividends income received	37	55
Interest expenses paid	(20)	(19)
Income taxes paid	(1,679)	(2,055)
Net cash provided by (used in) operating activities	7,257	5,351
Cash flows from investing activities;		
Payments into time deposits	(1,063)	(301)
Proceeds from withdrawal of time deposits	615	588
Purchase of property, plant and equipment	(1,036)	(1,559)
Proceeds from sales of property, plant and equipment	62	46
Purchase of intangible assets	(109)	(124)
Purchase of securities	—	29
Proceeds from transfer of business	—	50
Proceeds from sales of shares of subsidiaries	119	—
Other	(2)	(7)
Net cash provided by (used in) investing activities	(1,414)	(1,278)
Cash flows from financing activities;		
Repayment of long-term loans payable	(996)	(293)
Purchase of treasury shares	(1,011)	(8)
Cash dividends paid	(732)	(818)
Net cash provided by (used in) financing activities	(2,739)	(1,119)
Effect of exchange rate change on cash and cash equivalents	1,173	(23)
Net increase (decrease) in cash and cash equivalents	4,276	2,929
Cash and cash equivalents at beginning of period	12,560	16,837
Cash and cash equivalents at end of period	16,837	19,766

(5) Segment Information

1. The Group's reportable segments are components of the Company for which separate financial information is available that is evaluated regularly by the Board of Directors to determine allocation of management resources and assess performance. The Group's head office draws up comprehensive domestic strategies for each business, and the Group conducts business activities accordingly.

Consequently, the Group is made up of segments based on business, as determined by the head office, and has two reportable segments: "Powder Processing business" and "Blown Film business".

In the "Powder Processing business" the Group develops, designs, manufactures, and sells equipment and systems for milling, classification, mixing and drying. Air pollution control equipment, bag filters for product collection and containment booth are also manufactured and sold in the Japanese market. The Group also participates in a Materials business which creates new materials, such as nanocomposite particles, and commercializes it. The Group's services include toll processing and contract manufacturing.

In the "Blown Film business" develops, manufactures and sells blown film equipment and systems for all type of plastic films which include monolayer films and multi-layer films.

2. Method for calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

Accounting policies of reported business segments are consistent with those disclosed in Accounting Policies for the Consolidated Financial Statements.

The reported segment profit is calculated on an operating income basis. Intersegment sales are based on actual market prices.

6. Others

(1) Important Subsequent Event

The Company resolved at a Board of Directors meeting on November 9th, 2018 to acquire its treasury stock and method for acquisition under Article 156, as applied pursuant to paragraph 3, Article 165, of the Corporate Law.

1) Reason for acquisition of treasury stock

To enhanced shareholder returns, improve capital efficiency and ensuring a flexible capital strategy.

2) Details of acquisition

(i) Class of Shares: Common Stock

(ii) Number of Shares to acquire: no more than 100,000 shares. 1.22% of outstanding shares

(iii) Total amount of acquisition price: no more than 600 million yen

(iv) Date of acquisition: November 12th, 2018

(v) Method for acquisition: acquisition through the off-hours trading system (ToSTNeT-3) of the Tokyo Stock Exchange.

(2) Notice of changes of Directors of the Board

Followings will be proposed at the annual general shareholders' meeting held on December 18, 2018. (Present post)

1) Change of Representative Directors

Not applicable

2) Other Officers

(i) Candidate for new corporate auditor

Yuji Fukui (Internal Audit Officer)

(ii) Retire from position of corporate auditor

Tadamichi Fukunaga, who is a candidate for the position of Part-time Advisor