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May 13, 2020

CONSOLIDATED EARNINGS REPORT FOR FISCAL 2019

[Japanese GAAP]

Company Name: BML, Inc.
Stock Listing: Tokyo Stock Exchange
Stock Code: 4694
URL: <http://www.bml.co.jp/>
Representative: Kensuke Kondo, President and Representative Director
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Scheduled Date for the General Meeting of Shareholders: June 26, 2020
Scheduled Date for Filing of Annual Securities Report: June 26, 2020
Scheduled Date for Payment of Dividends: June 29, 2020
Creation of Supplementary Explanatory Materials: Yes
Holding of Explanatory Meeting: Yes

(Rounded down to nearest million yen)

1. Results for Fiscal 2019 (April 1, 2019–March 31, 2020)

(1) Consolidated business results

(% indicates year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2019	120,732	3.1	9,763	(6.6)	10,211	(6.1)	6,375	(4.1)
FY2018	117,129	3.2	10,450	11.9	10,880	10.9	6,646	11.0

(Note) Comprehensive income: FY2019 ¥6,639 million / 1.2% FY2018 ¥6,563 million / (8.3)%

	Profit attributable to owners of parent per share Yen	Profit attributable to owners of parent per share (diluted) Yen	Return on equity %	Ordinary income to total assets %	Operating income to sales ratio %
FY2019	151.27	151.07	8.3	8.8	8.1
FY2018	156.07	155.83	8.9	9.7	8.9

(Reference) Equity in earnings (losses) of affiliates: FY2019 ¥— million FY2018 ¥— million

(2) Consolidated financial position

	Total assets ¥ million	Net assets ¥ million	Equity ratio %	Net assets per share Yen
As of March 31, 2020	116,273	80,422	65.4	1,873.36
As of March 31, 2019	115,972	81,127	66.5	1,809.34

(Reference) Equity capital: As of March 31, 2020 ¥76,099 million As of March 31, 2019 ¥77,073 million

(3) Consolidated cash flow position

	Operating activities ¥ million	Investing activities ¥ million	Financial activities ¥ million	End-of-year cash and cash equivalents ¥ million
FY2019	12,771	(5,213)	(8,784)	48,246
FY2018	12,507	(3,940)	(3,041)	49,204

2. Dividends

	Dividends per share					Total amount (Full year) ¥ million	Dividend payout ratio (Consolidated) %	Dividend on net asset (Consolidated) %
	First quarter-end Yen	Second quarter-end Yen	Third quarter-end Yen	Year-end Yen	Full year Yen			
FY2018	–	19.00	–	19.00	38.00	1,618	24.3	2.2
FY2019	–	20.00	–	25.00	45.00	1,867	29.7	2.4
FY2020 (forecast)	–	–	–	–	–		–	

(Note) 1. The year-end dividend for FY2019 includes ¥20.00 in ordinary dividends and ¥5.00 in commemorative dividends.

2. The Company's Articles of Incorporation stipulate that the reference date for dividends is the last day of the first half of the fiscal year and the last day of the fiscal year, but at this point the dividend forecasts on these reference dates are undecided.

3. Consolidated Cumulative Earnings Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020–March 31, 2021)

Given the many unknown factors that could affect earnings at this point, it is difficult to provide quantitative earnings forecasts. The Company will release its forecasts as soon as rational projections can be made.

*** Notes**

(1) Changes in major subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): None

Increases: – Decreases: –

(2) Changes in accounting policies, accounting estimates, and restatements

- 1) Changes in accounting policies in conjunction with revisions to accounting standards: None
- 2) Other changes: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(3) Number of outstanding stocks (common stock)

a. Number of outstanding stocks at the end of the fiscal year (treasury stocks included)

As of March 31, 2020	44,014,726	As of March 31, 2019	44,014,726
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b. Number of treasury stocks at the end of period

As of March 31, 2020	3,393,015	As of March 31, 2019	1,417,463
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c. Average number of shares during the period

FY2019	42,147,235	FY2018	42,589,621
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Reference: Non-Consolidated Results of Operations**1. Non-Consolidated Business Results for Fiscal 2019 (April 1, 2019 – March 31, 2020)****(1) Non-consolidated management performance**

(% indicates year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2019	95,002	2.9	5,561	(9.7)	6,921	(7.4)	4,955	(6.6)
FY2018	92,309	3.6	6,156	13.7	7,471	11.9	5,303	12.3

	Profit attributable to owners of parent per share Yen	Profit attributable to owners of parent per share (diluted) Yen
FY2019	117.57	117.41
FY2018	124.53	124.34

(2) Non-consolidated financial position

	Total assets ¥ million	Net assets ¥ million	Equity ratio %	Net assets per share Yen
As of March 31, 2020	91,790	59,792	65.1	1,470.46
As of March 31, 2019	93,084	61,933	66.5	1,452.27

(Reference) Equity capital: As of March 31, 2020 ¥59,732 million As of March 31, 2019 ¥61,862 million

Notes:

* The earnings report is exempted from auditing by a certified public accountant or an audit firm.

* Disclaimer regarding appropriate use of forecasts and related points of note

Earnings forecasts contained in these materials are based on certain assumptions judged to be reasonable and on the information available when the forecasts were made. However, the Company makes no guarantee that these forecasts will be achieved. Actual results may differ significantly from the forecasts due to a variety of factors. Please refer to “(4) Forecasts” under “1. Overview of Operating Results” (page 8) of this earnings report concerning financial forecasts such as the assumptions used for financial forecasts and factors that could cause these assumptions to change, as well as cautionary notes.

1. Overview of Operating Results

(1) Overview of operating results in the fiscal period under review

In the current consolidated fiscal year, the Japanese economy experienced a moderate recovery on the back of improvements in corporate revenue and the employment and income environment. However, the spread of the novel coronavirus has currently depressed the economy significantly, creating difficult conditions.

Under these conditions, even in the contract clinical testing business, the effect of the novel coronavirus is expected to have reduced the number of patients receiving medical care, and the number of contract tests from medical institutions declined. Moreover, the business environment remained harsh due to continuing competition among companies.

In this business environment, net sales for the consolidated fiscal year under review were ¥120,732 million, an increase of 3.1% year on year, and operating income was ¥9,763 million, a decrease of 6.6% year on year. Ordinary income decreased 6.1% year on year to ¥10,211 million, and profit attributable to owners of parent decreased 4.1% year on year to ¥6,375 million. In the fourth quarter, the Company failed to meet its net sales and income forecasts as a result of the impact of the novel coronavirus.

Conditions by business segment are described below.

In the clinical testing business, the BML Group strengthened efforts for new user acquisition. In addition, we sought to enhance performance, carrying out marketing to stimulate increased sales for new testing items, unique testing items, priority testing items, and other strategies. Moreover, the Company acquired shares of The Tohkai Cytopathology Institute as part of the BML Group strategy, and made it a consolidated subsidiary of the Company from the current fiscal year. As a result, net sales in the clinical testing business increased 3.3% year on year.

In the food hygiene business, JFS standard certification operations and store inspections increased with the mandatory implementation of HACCP at BML Food Science Solutions, Inc. In addition, the Company made steady progress in attracting new users for intestinal bacteria testing, resulting in a 4.8% increase in net sales over the previous year.

As a consequence of the above, net sales in the testing business overall were ¥115,022 million, an increase of 3.3% year on year.

In the medical informatics business, competition among companies is becoming harsh in tandem with the widespread use of electronic cloud-based patient chart systems. As a result, net sales in the medical informatics business decreased by 3.4% year on year. Meanwhile, the launch of a complete in-house operation of a support center in October has helped improve the support structure and profitability. Also, with sights set on launching commercial sales, the Company is continuously preparing for an electronic cloud-based patient chart system.

In other businesses, the Okayama Medical Laboratory Company's dispensing pharmacy business was affected by the revisions to medical service fees (drug prices), but results were solid overall due to contributions to sales following the opening of new stores, the recovery from the impact of the torrential rains in western Japan in the previous fiscal year, and an increase in prescriptions for a high-cost hepatitis C drug that contributed to higher sales. As a result, sales in other businesses increased 3.0% year on year.

In terms of profits, operating income decreased by 6.6% year on year. The primary factors behind this decrease were a reduction in the number of contracted tests due to the spread of the novel coronavirus in the fourth quarter and the hiring of more new employees than projected because of greater progress with working style reforms than initially planned. The Company also upgraded remuneration and benefits for younger employees, further improved the workplace, and strengthened disaster countermeasures.

(2) Overview of financial position in the fiscal period under review

Regarding the financial position at the end of the consolidated fiscal year under review, total assets amounted to ¥ 116,273 million, a ¥301 million increase over the end of the previous fiscal year, net assets totaled ¥80,422 million, down ¥704 million over the end of the previous fiscal year, and the equity ratio decreased 1.1% over the end of the previous fiscal year to 65.4%.

As for the main items contributing to an increase or decrease, in the assets section under current assets, cash and deposits decreased by ¥678 million and notes and accounts receivable–trade decreased by ¥419 million, but under property, plant and equipment, land increased by ¥494 million, and total intangible assets rose by ¥471 million. In the liabilities section, notes and accounts payable–trade increased ¥739 million and income taxes payable decreased ¥525 million. In net assets, retained earnings increased ¥4,713 million, but treasury stock decreased ¥5,552 million.

(3) Overview of cash flows in the fiscal period under review

The balance of cash and cash equivalents at the end of the fiscal year under review was ¥48,246 million, down ¥957 million year on year. By type of activity, the cash flow situation and the main factors contributing to an increase or decrease are as follows.

Cash flows from operating activities resulted in a cash inflow of ¥12,771 million, an increase of ¥263 million from the previous fiscal year. This was due primarily to lower cash outflows, with a decrease of ¥668 million in income before income taxes and minority interests combined with a ¥478 million decrease (increase) in notes and accounts receivable–trade (compared to a ¥1,052 million outflow in the previous fiscal year).

Cash flows from investing activities resulted in a cash outflow of ¥5,213 million, an increase of ¥1,272 million from the previous fiscal year. This was chiefly the result of a ¥430 million increase in payments into time deposits and a ¥336 million increase in purchases of property, plant and equipment.

Cash flows from financing activities resulted in a cash outflow of ¥8,784 million, an increase of ¥5,742 million from the previous fiscal year. The main reason for this was a ¥5,577 million increase in the purchase of treasury shares.

Reference: Trend of cash flow index

	FY2015	FY2016	FY2017	FY2018	FY2019
Equity ratio (%)	62.5	64.5	66.3	66.5	65.4
Equity ratio on market value (%)	93.2	99.9	105.7	117.9	101.5
Interest-bearing debt to cash flow ratio (%)	34.5	37.5	34.2	34.8	34.6
Interest coverage ratio (times)	246.9	274.4	307.5	331.0	334.7

- Equity ratio: $\text{Equity capital} \div \text{total assets}$
- Equity ratio on market value: $\text{Current capital stock} \div \text{gross assets}$
- Interest-bearing debt to cash flow ratio: $\text{Interest-bearing debt} \div \text{cash flow}$
- Interest coverage ratio: $\text{Cash flow} \div \text{interest expense}$

Note 1: The calculation of each index is on a consolidated basis.

Note 2: The total market value of listed shares is calculated by the number of outstanding shares excluding treasury stocks.

Note 3: Cash flows are calculated using operating cash flow.

Note 4: In liabilities recorded on the consolidated balance sheet, interest-bearing debt means all liabilities with paid interest.

(4) Forecasts

The spread of infections from the novel coronavirus has had a major impact on the medical sector, and this makes it difficult to assess conditions in the future.

In this operating environment, the Group is working to reduce operating costs by improving the efficiency of its collection and delivery operations and is reviewing its capital investments, among other steps.

We have not yet formulated our consolidated earnings forecasts for the fiscal year ending in March 2021 as the extent of the novel coronavirus's effect is uncertain. We will quickly release these forecasts once we are able to make rational estimates.

3. Management Policy

(1) Basic policies

Since its foundation, BML has maintained a firm commitment to providing speedy, precise testing services across a broad range from general to highly specialized tests. Today, we support and carry out more than 4,000 different tests. True to our corporate mission of contributing to health and welfare through medical services, we have always been quick to respond to market needs, introduce the latest technologies, and positively promote quality control practice.

While expanding clinical testing services as a main business and remaining committed to its motto: “Tireless in Working toward Quality and Productivity Enhancement,” the BML Group strives to seek continuous growth and improvement of company value.

These days, under progress of medical structural reform, since the requirements for medical efficiency and quality improvement are growing stronger, the business environment surrounding BML is showing drastic change. Against this backdrop, BML will respond flexibly and rapidly to these environmental changes. We will also provide systems and services based on an accurate understanding of these trends. Our overall aim is to become a company that contributes to the application of IT to medical care.

In addition, we will improve our service quality and customer satisfaction by means of obtaining ISO 9001 and ISO 15189, which is specialized management system for clinical testing laboratories. Furthermore, from the viewpoint of social responsibility of our business enterprise, we will make active efforts to protect the environment by means of expanding the acquisition of ISO 14001 to the whole Group.

(2) Financial targets

Ordinary income to net sales ratio (consolidated basis): 10%

Return on equity (consolidated basis): 8%

Focus on free cash flow

(3) Medium- to long-term business strategy

FY2020 is the last year of our Seventh Medium-Term Management Plan (covering FY2018 through FY2020). In the Seventh Medium-Term Management Plan, which has been positioned as the growth phase for the BML Group's vision of “becoming the most trusted choice in the medical world,” we will drive further evolution of the measures implemented during the Sixth Medium-Term Management Plan, while also grappling with new challenges. The concept is to enrich, in a way that matches each market, sales and testing systems by leveraging to the maximum extent possible the “self-contained regional laboratories,” broadening the number of items for the test service line, responding to new testing technologies, further improving test quality control (control of accuracy/process) as the top company in the industry, including the enhancement of our corporate presence, so as to invigorate those activities of ours that contribute to the healthcare industry, while at the same time seeking to further improve our quality and service. In addition, we are taking steps to reinforce the management and administration that supports all of this.

(4) Tasks ahead

1) Strengthening business structure

The contract clinical testing industry is vulnerable to price competition. This is because the industry is subject to medical system reforms and changes in government medical policies. Another factor is that the market is mature, with many competitors. Competition among these companies is expected to escalate further. We therefore expect contract testing prices to weaken.

It is thus vital to establish a solid business structure and revenue base that can withstand such challenging operating conditions. With regard to contract testing systems, at our main laboratory, the BML General Laboratory, we are moving ahead to consider the bacteriological testing field as part of the challenge to further automatization and development of new testing methods by utilizing next-generation sequencers and mass spectrometers. We will also expand the test items and work to expedite the reporting of results at our self-contained regional laboratories in order to improve user services. In addition, in the IT field, we are introducing cloud-based electronic patient charts and improving and upgrading the functionality of our clinical testing systems for users, as well as striving to enhance service. In collection and delivery operations in particular, we are working to reduce fixed costs by digitizing reports and raising the efficiency of the process for accepting and processing clinical tests. Through these efforts, we will further improve productivity and user services to become more competitive in the clinical testing business.

2) Initiatives to enhance corporate value

In terms of initiatives to enhance corporate value, we are working on constructing and operating a personnel system that confers job satisfaction by developing human resources and invigorating the organization through such measures as the clarification of career plans, and the revitalization of personnel rotation and exchanges of personnel. Also, we will continue to promote the preservation and improvement of health for our employees and their families, while moving forward with the construction of a healthy and pleasant working environment. Moreover, in order to encourage diversity, we will further promote the implementation of various measures aimed at career formation for women.

3) Initiatives to address the novel coronavirus

We expect the outlook to remain uncertain due to the impact of the spread of the novel coronavirus. While continuing to work to prevent the coronavirus's spread, in order to fulfill its role as a rearguard support company for Japan's medical professionals, the Group is augmenting its capacity so that it can provide large numbers of coronavirus tests and is reinforcing its testing system.

4. Basic Policy on the Selection of Accounting Standards

With regard to adopting the International Financial Reporting Standards (IFRS) in the future, BML Group will respond appropriately based on due consideration of circumstances.

5. Consolidated Financial Statements

(1) Consolidated balance sheets

(millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	51,892	51,213
Notes and accounts receivable–trade	21,595	21,175
Merchandise and finished goods	315	262
Work in process	545	545
Raw materials and supplies	2,230	2,324
Other current assets	1,170	1,194
Allowance for doubtful accounts	(69)	(105)
Total current assets	77,679	76,610
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,811	8,896
Land	13,062	13,556
Leased assets, net	3,096	3,068
Others, net	3,963	4,234
Total property, plant and equipment	28,934	29,755
Intangible assets		
Other intangible assets	3,567	4,039
Total intangible assets	3,567	4,039
Investments and other assets		
Investment securities	2,148	2,315
Deferred tax assets	2,312	2,192
Other	1,421	1,454
Allowance for doubtful accounts	(91)	(93)
Total investments and other assets	5,790	5,868
Total non-current assets	38,292	39,663
Total assets	115,972	116,273

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable–trade	15,023	15,762
Lease obligations	1,182	1,224
Income taxes payable	1,978	1,453
Provision for bonuses	3,194	3,198
Other current liabilities	6,745	7,397
Total current liabilities	28,125	29,036
Noncurrent liabilities		
Lease obligations	2,257	2,200
Provision for directors' retirement benefits	215	236
Net defined benefit liability	3,917	3,952
Other noncurrent liabilities	328	425
Total noncurrent liabilities	6,719	6,813
Total liabilities	34,844	35,850
Net assets		
Shareholders' equity		
Capital stock	6,045	6,045
Capital surplus	6,685	6,705
Retained earnings	64,623	69,337
Treasury stock	(1,149)	(6,701)
Total shareholders' equity	76,205	75,387
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	488	671
Remeasurements of defined benefit plans	378	40
Total accumulated other comprehensive income	867	712
Subscription rights to shares	70	59
Non-controlling interests	3,983	4,263
Total net assets	81,127	80,422
Total liabilities and net assets	115,972	116,273

(2) Consolidated statements of income and consolidated statements of comprehensive income**Consolidated statements of income**

(millions of yen)

	Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Net sales	117,129	120,732
Cost of sales	74,901	78,481
Gross profit	42,227	42,250
Selling, general and administrative expenses	31,777	32,487
Operating income	10,450	9,763
Non-operating income		
Real estate rent	58	61
Royalty income	56	94
Subsidy income	117	123
Gain on investment of securities	66	-
Other	199	260
Total non-operating income	499	538
Non-operating expenses		
Interest expense	37	38
Rent cost of real estate	24	23
Commission for purchase of treasury shares	-	19
Other	7	10
Total non-operating expenses	69	90
Ordinary income	10,880	10,211
Extraordinary income		
Gain on sales of non-current assets	4	2
Gain on sales of investment securities	-	1
Other	-	0
Total extraordinary income	4	4
Extraordinary losses		
Loss on retirement of noncurrent assets	15	32
Other	24	7
Total extraordinary losses	40	39
Income before income taxes	10,844	10,175
Income taxes—current	3,544	3,156
Income taxes—deferred	159	219
Total income taxes	3,703	3,376
Profit	7,141	6,799
Profit attributable to non-controlling interests	494	423
Profit attributable to owners of parent	6,646	6,375

Consolidated statements of comprehensive income

(millions of yen)

	Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Profit	7,141	6,799
Other comprehensive income		
Valuation difference on available-for-sale securities	(291)	181
Remeasurements of defined benefit plans, net of tax	(286)	(341)
Total other comprehensive income	(577)	(159)
Comprehensive income	6,563	6,639
Breakdown		
Comprehensive income attributable to owners of parent	6,073	6,221
Comprehensive income attributable to non-controlling interests	490	417

(3) Consolidated statements of changes in shareholders' equity

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,045	6,668	59,531	(1,164)	71,080
Changes of items during period					
Dividends from surplus			(1,554)		(1,554)
Profit attributable to owners of parent			6,646		6,646
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		16		15	32
Net changes of items other than shareholders' equity					
Total changes of items during period	-	16	5,092	15	5,124
Balance at end of current period	6,045	6,685	64,623	(1,149)	76,205

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	777	662	1,440	78	3,622	76,222
Changes of items during period						
Dividends from surplus						(1,554)
Profit attributable to owners of parent						6,646
Purchase of treasury shares						(0)
Disposal of treasury shares						32
Net changes of items other than shareholders' equity	(289)	(284)	(573)	(7)	360	(219)
Total changes of items during period	(289)	(284)	(573)	(7)	360	4,904
Balance at end of current period	488	378	867	70	3,983	81,127

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,045	6,685	64,623	(1,149)	76,205
Changes of items during period					
Dividends from surplus			(1,661)		(1,661)
Profit attributable to owners of parent			6,375		6,375
Purchase of treasury shares				(5,578)	(5,578)
Disposal of treasury shares		20		25	45
Net changes of items other than shareholders' equity					
Total changes of items during period	-	20	4,713	(5,552)	(818)
Balance at end of current period	6,045	6,705	69,337	(6,701)	75,387

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income			
Balance at beginning of current period	488	378	867	70	3,983	81,127
Changes of items during period						
Dividends from surplus						(1,661)
Profit attributable to owners of parent						6,375
Purchase of treasury shares						(5,578)
Disposal of treasury shares						45
Net changes of items other than shareholders' equity	182	(338)	(155)	(11)	280	113
Total changes of items during period	182	(338)	(155)	(11)	280	(704)
Balance at end of current period	671	40	712	59	4,263	80,422

(4) Consolidated statements of cash flows

(millions of yen)

	Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Income before income taxes and minority interests	10,844	10,175
Depreciation and amortization	5,020	5,043
Interest expenses	37	38
Decrease (increase) in notes and accounts receivable–trade	(1,052)	478
Decrease (increase) in inventories	(128)	(17)
Increase (decrease) in notes and accounts payable–trade	834	711
Other, net	272	(102)
Sub-total	15,829	16,326
Interest expenses paid	(37)	(38)
Income taxes paid	(3,398)	(3,690)
Other revenue	114	172
Net cash provided by (used in) operating activities	12,507	12,771
Cash flows from investing activities		
Payments into time deposits	(4,296)	(4,727)
Proceeds from withdrawal of time deposits	4,242	4,456
Purchases of property, plant and equipment	(2,603)	(2,939)
Purchases of intangible assets	(1,234)	(1,168)
Other, net	(49)	(834)
Net cash provided by (used in) investing activities	(3,940)	(5,213)
Cash flows from financing activities		
Cash dividends paid	(1,554)	(1,661)
Repayments of lease obligations	(1,357)	(1,355)
Dividends paid to non-controlling interests	(129)	(137)
Purchase of treasury shares	(0)	(5,578)
Other, net	0	(51)
Net cash provided by (used in) financing activities	(3,041)	(8,784)
Net increase (decrease) in cash and cash equivalents	5,525	(1,226)
Cash and cash equivalents at beginning of period	43,679	49,204
Increase in cash and cash equivalents from newly consolidated subsidiary	-	268
Cash and cash equivalents at end of period	49,204	48,246

(5) Notes to consolidated financial statements

(Note on the assumption as a going concern)

Not applicable

(Basis of preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 21

Names of major consolidated subsidiaries: Kyodo Igaku Laboratories, Inc.

PCL Japan, Inc.

Daiichi Kishimoto Clinical Laboratories Inc.

(2) Number of non-consolidated companies: 8, including SPL

Reason for exclusion from the scope of consolidation:

Amounts for all non-consolidated subsidiaries, including total assets, net sales, net income or loss, and retained earnings, are not significant and would not materially change the overall consolidated financial statements. We have therefore excluded these subsidiaries from consolidation.

2. Scope of equity method

Number of non-consolidated subsidiaries and affiliates not accounted for under the equity method: 10, including SPL

We have excluded these subsidiaries and affiliates not accounted for under the equity method because of their minor impacts on current-term net income or loss and retained earnings and on overall performance in the fiscal year under review.

<Segment information, etc.>

(Segment information)

1. Overview of reportable segments

The reportable segments of the Company and its subsidiaries are components for which discrete financial information is available and for which the Board of Directors makes decisions on the allocation of management resources and periodically considers operating results to evaluate business performance.

The Company and its subsidiaries are comprised of segments based on products and services and identify “testing business” as a reportable segment. In the other segment, which is not identified as a reportable segment, “medical informatics business” is included. The “testing business” engages in contracted clinical testing operations and others; additionally, we carry out production and sales of system equipment for medical institutions and provision of medical information service as “medical informatics business.”

2. Calculation of sales, profit or loss, assets, liabilities, and amounts of other items for each reportable segment

Accounting treatment for the reportable business segment is almost identical to that described in “Basis of preparation for consolidated financial statements.”

3. Information about sales, profit or loss, assets, liabilities, and other items by reportable segment

Since information related to the business other than the reportable “testing business” segment is deemed immaterial, separate disclosure of the information is omitted.

(Per share information)

For the fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

	FY2018	FY2019
	Yen	
Net assets per share	1,809.34	1,873.36
Profit attributable to owners of parent per share	156.07	151.27
Profit attributable to owners of parent per share (diluted)	155.83	151.07

(Note) 1. Profit attributable to owners of parent per share and profit attributable to owners of parent per share (diluted) were calculated on the following basis.

		FY2018	FY2019
Profit attributable to owners of parent per share			
Profit attributable to owners of parent	¥ millions	6,646	6,375
Amount not attributable to common shareholders	¥ millions	-	-
Profit attributable to owners of parent that is related to common shares	¥ millions	6,646	6,375
Average number of shares during the period	Shares	42,589,621	42,147,235
Profit attributable to owners of parent per share (diluted)			
Amount for adjustment to profit attributable to owners of parent	¥ millions	-	-
Increase in common shares	Shares	63,638	55,373
(Subscription rights to shares)	Shares	63,638	55,373
Descriptions of potentially dilutive common shares that were not included in the computation of diluted profit attributable to owners of parent per share because of their anti-dilutive effect		-	

2. Net assets per share were calculated on the following basis.

		FY2018	FY2019
Total net assets	¥ millions	81,127	80,422
Amounts deducted from total net assets	¥ millions	4,054	4,323
(Subscription rights to shares)	¥ millions	70	59
(Non-controlling interests)	¥ millions	3,983	4,263
Net assets attributable to common stock at year-end of current period	¥ millions	77,073	76,099
Number of common shares at end of current period used in calculation of net assets per share	Shares	42,597,263	40,621,711

(Important subsequent events)

None