

# Consolidated Statement of Cash Flows

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries  
For the year ended March 31, 2018

	Millions of yen		Thousands of U.S. dollars (note 2)
	2018	2017	2018
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥ 73,421	¥ 61,099	\$ 691,086
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization	27,027	25,631	254,396
Loss on sale/disposal of property, plant and equipment	1,094	538	10,297
Impairment loss	11	1,124	104
Loss on reduction of non-current assets	—	987	—
Loss on business withdrawal	236	870	2,221
Loss on liquidation of subsidiaries and affiliates	162	667	1,525
Equity in earnings of affiliates	(18,277)	(21,125)	(172,035)
Increase in allowance for doubtful receivables	4	246	38
Increase (decrease) in net defined benefit liability	43	(1,158)	405
Increase (decrease) in provision for directors' retirement benefits	33	(141)	311
Increase in provision for loss on guarantees	1,088	—	10,241
Interest and dividend income	(2,581)	(2,213)	(24,294)
Interest expenses	1,069	1,346	10,062
Gain on sale of short-term investments and investments in securities	(2,146)	(690)	(20,200)
Loss on devaluation of short-term investments and investments in securities	8,327	240	78,379
Increase in trade notes and accounts receivable	(28,607)	(3,930)	(269,268)
Increase (decrease) in inventories	(9,759)	3,948	(91,858)
Increase in trade notes and accounts payable	21,357	8,416	201,026
Other, net	2,443	(2,301)	22,995
Sub total	74,948	73,555	705,459
Interest and dividend received	2,545	2,409	23,955
Dividend received from affiliates accounted for by the equity method	20,008	12,288	188,328
Interest paid	(974)	(1,391)	(9,168)
Income taxes paid	(5,838)	(5,226)	(54,951)
Proceeds from subsidy income	—	1,015	—
Other, net	29	59	273
Net cash provided by operating activities	90,720	82,711	853,916
<b>Cash flows from investing activities:</b>			
Capital expenditures	(36,546)	(32,291)	(343,995)
Proceeds from sale of property, plant and equipment	2,141	875	20,152
Purchase of investments in securities and subsidiaries	(1,548)	(2,308)	(14,571)
Proceeds from sale of investments in securities	4,949	2,482	46,583
(Increase) decrease in long-term loans receivable	(642)	177	(6,043)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	804	—	7,568
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(313)	—
Other, net	(2,773)	260	(26,101)
Net cash used in investing activities	(33,614)	(31,119)	(316,397)
<b>Cash flows from financing activities:</b>			
Decrease in short-term debt	(7,300)	(4,063)	(68,712)
Proceeds from long-term debt	10,359	1,741	97,506
Payments on long-term debt	(14,143)	(27,828)	(133,123)
Redemption of bonds	—	(15,000)	—
Purchase of treasury stock	(7,010)	(6,266)	(65,983)
Dividends paid to stockholders	(9,927)	(6,986)	(93,439)
Dividends paid to non-controlling stockholders of subsidiaries	(2,024)	(1,654)	(19,051)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,883)	—	(27,137)
Other, net	(108)	(158)	(1,017)
Net cash used in financing activities	(33,038)	(60,217)	(310,975)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(939)	(48)	(8,838)
<b>Increase (decrease) in cash and cash equivalents</b>	23,127	(8,673)	217,686
<b>Cash and cash equivalents at beginning of year</b>	67,177	75,828	632,314
<b>Increase in cash and cash equivalents resulting from change of scope of consolidation</b>	—	22	—
<b>Cash and cash equivalents at end of year (note 3)</b>	¥ 90,304	¥ 67,177	\$ 850,000

See accompanying notes to consolidated financial statements.