Non-consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2016 <under Japanese GAAP>

October 29, 2015

Company name: PALTAC CORPORATION
(URL: http://www.paltac.co.jp/)
Listing: Tokyo Stock Exchange (Code number: 8283)
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Scheduled date to submit the Quarterly Securities Report: November 12, 2015
Scheduled date to commence dividend payments: December 1, 2015
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: Yes (for institutional investors, analysts, etc.)

(Figures are rounded down to the nearest million yen)

1. Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2016 (From April 1, 2015 to September 30, 2015)

(1) Operating Results (cumulative) (% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Profit	
Six months ended	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
September 30, 2015	425,492	6.0	8,431	17.7	9,403	18.0	6,223	25.3
September 30, 2014	401,341	–	7,161	–	7,968	–	4,964	–

	Earnings per share	Diluted earnings per share
Six months ended	(¥)	(¥)
September 30, 2015	97.93	–
September 30, 2014	78.13	–

Effective from the first quarter of the fiscal year ending March 31, 2016, the Company has partially changed its accounting policies and retrospectively applied the change to all financial data for the six months ended September 30, 2014. Therefore, year-on-year changes for the said period are not presented. For more information, please refer to the section “2. Summary Information (Notes) (1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements” on pages 6 and 7 of the attached material to this quarterly financial results report.

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	(¥ million)	(¥ million)	%	(¥)
September 30, 2015	349,186	149,669	42.9	2,355.23
March 31, 2015	318,186	143,535	45.1	2,258.71

Reference: Equity As of September 30, 2015: ¥149, 669 million As of March 31, 2015: ¥143,535 million

Effective from the first quarter of the fiscal year ending March 31, 2016, the Company has partially changed its accounting policies and retrospectively applied the change to all financial data as of March 31, 2015. For more information, please refer to the section “2. Summary Information (Notes) (1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements” on pages 6 and 7 of the attached material to this quarterly financial results report.

2. Dividends

	Annual dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended March 31, 2015	–	22.00	–	23.00	45.00
Fiscal year ending March 31, 2016	–	24.00			
Fiscal year ending March 31, 2016 (Forecast)			–	24.00	48.00

Note: Revision to the forecasts most recently announced: Yes

3. Forecasts of Financial Results for the Fiscal Year Ending March 31, 2016 (From April 1, 2015 to March 31, 2016)

(% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Profit		Earnings per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Fiscal year	850,000	7.0	15,000	5.8	17,500	7.2	11,000	7.1	173.10

Note: Revision to the forecasts most recently announced: Yes

Effective from the first quarter of the fiscal year ending March 31, 2016, the Company has partially changed its accounting policies, and retrospectively applied the change to all financial data for the fiscal year ended March 31, 2015. For more information, please refer to the section "2. Summary Information (Notes) (1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements" on pages 6 and 7 of the attached material to this quarterly financial results report.

* Notes

(1) Adoption of Accounting Treatments Specific to Preparation of Quarterly Financial Statements: No

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements

1) Changes in accounting policies due to revisions to accounting standards, and other regulations: No
2) Changes in accounting policies due to other reasons: Yes
3) Changes in accounting estimates: No
4) Restatements: No

Note: For more information, please refer to the section "2. Summary Information (Notes) (1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements" on pages 6 and 7 of the attached material to this quarterly financial results report.

(3) Number of Issued Shares (common stock)

1) Number of issued shares at the end of the period (including treasury stock)

As of September 30, 2015	63,553,485 shares
As of March 31, 2015	63,553,485 shares

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

As of September 30, 2015	5,858 shares
As of March 31, 2015	5,758 shares

3) Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

For the six months ended September 30, 2015	63,547,670 shares
For the six months ended September 30, 2014	63,549,030 shares

* Explanation regarding execution of quarterly review procedures

This quarterly financial results report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act of Japan. At the time of disclosure of this quarterly financial results report, the review procedures for the quarterly financial statements in accordance with the Financial Instruments and Exchange Act of Japan have not been completed.

* Information regarding proper use of the forecasts of financial results, and other special instructions

(Cautionary notes to the forward-looking statements)

The forward-looking statements contained in this report, including forecasts of financial results, are based on information currently available and assumptions that management believes to be reasonable. Actual financial and other results may differ substantially due to various factors. Please refer to the section of "(3) Forecasts and Other Projections" on pages 4 and 5 of the attached material to the quarterly financial results report for the suppositions that form the assumptions for the forecasts and cautions concerning the use thereof.

* Information regarding this report (including the attached material)

None of the information in this report constitutes solicitation to purchase or sell the stock of PALTAC CORPORATION. It was not prepared with the intention of providing investment advice about the stock of PALTAC CORPORATION.

Furthermore, this report is an English translation of the original, which was prepared in Japanese.

In the event of any discrepancies between the Japanese original and the English translation, the Japanese original shall prevail.

Attached Material

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1. Qualitative Information for the Six Months Ended September 30, 2015

(1) Operating Results

In the six months ended September 30, 2015, the Japanese economy continued to follow a moderate recovery track, mainly on the back of improvements in corporate earnings and the employment environment, reflecting such positive developments as the effects of various measures taken by the government and the Bank of Japan. Nevertheless, the outlook remained uncertain, partly because of concerns that economic underperformances overseas, including emerging countries in Asia, such as China, could have a detrimental effect on the Japanese economy.

In the market of cosmetics and daily necessities and the market of over-the-counter (OTC) pharmaceuticals, the market environment followed a trend of improvement, albeit moderately, due to such factors as improved consumption sentiment mainly reflecting an upturn in the income environment and growth in inbound consumption by tourists visiting Japan.

Under these circumstances, PALTAC CORPORATION (the "Company") undertook a variety of efforts, aiming to optimize and streamline the entire supply chain, in accordance with its position as an intermediate distributor providing a full lineup of health and beauty products essential for daily life under the corporate identity, "maximizing customer satisfaction and minimizing distribution costs." The Company is working to strengthen its sales systems to support effective product lines and sales activities for retailers, and to strengthen its safe-and-secure, high-quality, low-cost distribution system. Aiming for more than just a system that provides stable supply under normal conditions, the Company is making efforts to ensure a low-cost and stable supply of products to retailers, and by extension to our customers, even in an emergency through the "non-stop logistics" system.

For the fiscal year ending March 31, 2016, having achieved its targets under its medium-term management plan a year ahead of schedule in the previous fiscal year, the Company formulated a new three-year medium-term management plan for fiscal 2016 to fiscal 2018 with the vision of "Initiative to be an intermediate distributor essential to society." Under this medium-term management plan, the Company will focus efforts on enhancing its information system in addition to nurturing and training human resources to handle operations, improve distribution capabilities, and strengthen the effective initiatives it implements through cooperation with retailers and manufacturers. By doing so, the Company will strive to increase corporate value through sustained growth.

The establishment of one of the Company's largest distribution centers, "RDC Kanto," located in Shiraoka-shi, Saitama, which had been ongoing since the previous fiscal year, proceeded as planned with dispatches from the center starting in August. Furthermore, as part of the efforts it had been undertaking to optimize its distribution in the Tohoku area, the Company completed the expansion of the facilities of "RDC Tohoku," which is located in Hanamaki-shi, Iwate, and the construction of "FDC Aomori" in Aomori-shi, Aomori, and "FDC Hachinohe" in Hachinohe-shi, Aomori, and dispatches from these centers started in October.

Moreover, at the Board of Directors meeting held on August 11, 2015, the Company resolved to carry out an absorption-type merger with Itohide Shoji Co., Ltd., a consolidated subsidiary of Matsumotokiyoshi Holdings Co., Ltd. and the merger was carried out on October 1, 2015. The Company will strive to further boost productivity by increasing transaction volume and concentrating both companies' business assets and know-how.

As a result of the above, net sales for the six months ended September 30, 2015 were ¥425,492 million (up 6.0% year on year), operating income was ¥8,431 million (up 17.7%), ordinary income was ¥9,403 million (up 18.0%), and profit was ¥6,223 million (up 25.3%).

The Company's reportable segments were previously classified as the "wholesale business" and the "supply chain logistics business." Effective from the first quarter of the fiscal year ending March 31, 2016, this has been changed to the single segment of the "wholesale business," and segment information has been omitted.

This change was made as a result of a review the Company conducted regarding its operating segments as part of restructuring of its business management method to strengthen its wholesale capabilities. Following the review, the Company judged that it is more appropriate to unify the "wholesale business" and the "supply chain logistics business" as a single business and carry out allocations of business resources and business evaluations accordingly.

(Notes) 1. RDC (Regional Distribution Center) is a large-scale logistics center.
2. FDC (Front Distribution Center) is a sorting center that supports the RDC.

(2) Financial Position

1) Assets, liabilities and net assets

(Assets)

Total assets as of the end of the second quarter were ¥349,186 million, an increase of ¥31,000 million from the end of the previous fiscal year. This was primarily the result of increases in cash and deposits of ¥1,553 million, in notes and accounts receivable-trade of ¥12,131 million, in merchandise and finished goods of ¥4,951 million and in buildings of ¥7,404 million.

(Liabilities)

Total liabilities as of the end of the second quarter were ¥199,517 million, an increase of ¥24,866 million from the end of the previous fiscal year. This was primarily the result of increases in notes and accounts payable-trade of ¥6,730 million, in short-term loans payable of ¥8,000 million, and in long-term loans payable of ¥9,572 million.

(Net assets)

Net assets as of the end of the second quarter were ¥149,669 million, an increase of ¥6,133 million from the end of the previous fiscal year. This was primarily the result of an increase in retained earnings of ¥4,761 million.

2) Cash flows

Cash and cash equivalents (“cash”) as of the end of the second quarter were ¥23,061 million, an increase of ¥1,553 million from the end of the previous fiscal year.

Status of each cash flow during the six months under review and main factors thereof are as follows:

(Cash flow from operating activities)

Net cash used in operating activities was ¥6,368 million (compared with net cash of ¥11,595 million provided by the same period of the previous fiscal year). Main factors were ¥9,393 million of income before income taxes, ¥2,294 million of depreciation and amortization, ¥12,131 million of increase in notes and accounts receivable-trade, ¥4,951 million of increase in inventories, ¥7,197 million of increase in notes and accounts payable-trade and ¥2,674 million of decrease in accrued consumption taxes.

(Cash flow from investing activities)

Net cash used in investing activities was ¥9,346 million (compared with net cash of ¥1,142 million provided by the same period of the previous fiscal year). Main factor was ¥9,513 million of purchase of property, plant and equipment.

(Cash flow from financing activities)

Net cash provided by financing activities was ¥17,268 million (compared with net cash of ¥9,495 million used in the same period of the previous fiscal year). Main factors were ¥8,000 million of net increase in short-term loans payable, ¥14,500 million of proceeds from long-term loans payable, ¥3,726 million of repayments of long term loans payable and ¥1,462 million of cash dividends paid.

(3) Forecasts and Other Projections

The Company announced "Notice of Difference between Financial Result Forecasts and Actual Financial Results for the First Six Months, Revision of the Financial Result Forecasts for the Fiscal Year, and Revision of Second Quarter (interim) Dividend and Year-End Dividend Forecasts for the Fiscal Year Ending March 31, 2016" on October 29, 2015.

The summary of the notice is as follows.

1) Difference between financial result forecasts and actual financial results for the first six months of the fiscal year ending March 31, 2016

	Net sales	Operating income	Ordinary income	Profit	Earnings per share
	(¥ million)	(¥ million)	(¥ million)	(¥ million)	(¥)
Previous forecasts (A)	414,100	6,100	7,000	4,600	72.39
Actual results (B)	425,492	8,431	9,403	6,223	97.93
Variance (B-A)	11,392	2,331	2,403	1,623	
Change (%)	2.8	38.2	34.3	35.3	
Reference: Results for the first six months of the fiscal year ended March 31, 2015	401,341	7,161	7,968	4,964	78.13

2) Revision of the financial result forecasts for the fiscal year ending March 31, 2016

	Net sales	Operating income	Ordinary income	Profit	Earnings per share
	(¥ million)	(¥ million)	(¥ million)	(¥ million)	(¥)
Previous forecasts (A)	822,300	13,000	15,400	10,100	158.94
Revised forecasts (B)	850,000	15,000	17,500	11,000	173.10
Variance (B-A)	27,700	2,000	2,100	900	
Change (%)	3.4	15.4	13.6	8.9	
Reference: Results for the fiscal year ended March 31, 2015	794,221	14,177	16,322	10,267	161.58

(Reason)

In the six months ended September 30, 2015, in an environment of generally improved consumer sentiment and growth in inbound consumption by tourists visiting Japan, the Company performed strongly, mainly due to efforts to support sales promotion activities for retailers and to boost productivity. Consequently, net sales, operating income, ordinary income and profit have surpassed those announced previously. For the next three months and beyond, the Company expects this robustness to continue. Based on the above, in addition to an expected contribution to the financial results from the merger of Itohide Shoji on October 1, 2015, the Company has upwardly revised its full-year financial result forecasts as stated above.

3) Payment of second quarter (interim) dividend and revision of year-end dividend forecast for the fiscal year ending March 31, 2016

a) Detail of second quarter (interim) dividend

	Details of resolution	Previous forecast (Announced on May 12, 2015)	Result for the fiscal year ended March 31, 2015
Record date	September 30, 2015	September 30, 2015	September 30, 2014
Dividend per share	¥24.00	¥23.00	¥22.00
Total dividend amount	¥1,525 million	–	¥1,398 million
Effective date	December 1, 2015	–	December 1, 2014
Source of dividend	Retained earnings	–	Retained earnings

b) Revision of dividend forecasts

	Dividend per share		
	Second quarter	Year-end	Total
Previous forecasts	¥23.00	¥23.00	¥46.00
Revised forecasts		¥24.00	¥48.00
Results for the fiscal year ending March 31, 2016	¥24.00		
Results for the fiscal year ended March 31, 2015	¥22.00	¥23.00	¥45.00

(Reason)

Following the favorable financial results in the six months ended September 30, 2015 and the financial result forecasts for the fiscal year ending March 31, 2016 announced today, the Company has decided to upwardly revise the interim dividend to ¥24 per share, up ¥1 from the previous forecast. The Company also decided on a revision of the year-end dividend forecast to ¥24 per share in fiscal year ending March 31, 2016. Therefore, a total full-year dividend payout for the fiscal year ending March 31, 2016 is forecasted to be ¥48 per share.

* The above financial result and dividend forecasts are based on information currently available to the Company. Due to various factors, actual results may differ from these forecasts.

2. Summary Information (Notes)

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements

Changes in accounting policies

Change in accounting policy regarding distribution expenses

On delivering products to customer companies' logistic centers, the Company previously recognized amounts it bore on behalf of customer companies from among expenses such as costs of running the said logistics centers and charges for distribution to various stores as distribution expenses in selling, general and administrative expenses. Effective from the first quarter of the fiscal year ending March 31, 2016, however, the Company changed to a method in which these amounts are deducted from net sales.

This change was made in light of the fact that in recent years the said charges for distribution and the like are increasingly being treated as important elements in the determination of transaction terms and conditions. This is the result of an overall examination of transaction details carried out in a restructuring of the Company's business management method in order to strengthen its wholesale capabilities and provide high-value-added services in view of the dramatically changing business environment surrounding the Company. Specifically, the Company judged that deeming the said charges for distribution and the like as net sales deductions appropriately reflects actual conditions of transactions. In addition, as a modification of a profit management system in the IT system was completed and started operating in April 2015, this will contribute to more appropriate presentation of operating results.

This change in accounting policy has been applied retrospectively, and the quarterly financial statements for the six months ended September 30, 2014, are those after retrospective application.

As a result of the above, in comparison to before the said retrospective application, gross profit for the six months ended September 30, 2014, decreased by ¥13,474 million. There were no impacts on operating income, ordinary income and income before income taxes, however.

Change in accounting policy regarding purchase discounts

The Company previously recognized discounts on purchase prices received in accordance with product purchases and settlement terms as purchase discounts in non-operating income. Effective from the first quarter of the fiscal year ending March 31, 2016, however, the Company changed to a method in which these amounts are included in cost of sales as items deducted from purchases.

This change was made in light of the fact that in recent years the said purchase discounts are increasingly being treated as important elements in the determination of transaction terms and conditions regardless of market interest rate trends. This is the result of an overall examination of transaction details carried out in a restructuring of the Company's business management method in order to strengthen its wholesale capabilities and provide high-value-added services in view of the dramatically changing business environment surrounding the Company. Specifically, the Company judged that deeming the said purchase discounts as cost of sales deductions appropriately reflects actual conditions of transactions. In addition, as a modification of a profit management system in the IT system was completed and started operating in April 2015, this will contribute to more appropriate presentation of operating results.

This change in accounting policy has been applied retrospectively, and the quarterly financial statements for the six months ended September 30, 2014, and the financial statements for the previous fiscal year are those after retrospective application.

As a result of the above, in comparison to before the said retrospective application, gross profit and operating income for the six months ended September 30, 2014, each increased by ¥1,940 million, while ordinary income and income before income taxes for the same period each decreased by ¥37 million. In addition, the balance of retained earnings at the beginning of the previous fiscal year increased by ¥141 million because the cumulative effects on net assets at the beginning of the previous fiscal year was reflected.

Changes in presentation

Changes in presentation of rent income of real estate and cost of real estate rent

Rent income of real estate was previously included and presented in net sales but effective from the first quarter of the fiscal year ending March 31, 2016, this has been changed to a method in which it is presented as real estate rent in non-operating income. Furthermore, in accordance with this change, cost of real estate rent, which was previously included and presented in cost of sales, has been changed to a method in which it is presented as rent cost of real estate in non-operating expenses.

This change was made as a result of a review the Company conducted regarding its operating segments as part of restructuring of its business management method to strengthen its wholesale capabilities. Accordingly, rent income of real estate that is not expected to increase in the future has been separated from the wholesale business, which is the Company's principle business, and the above-mentioned income and cost thereof are now presented in non-operating income and non-operating expenses, respectively. This will contribute to more appropriate presentation of operating results.

The quarterly financial statements of the six months ended September 30, 2014 have been reclassified to reflect this change in presentation.

Consequently, ¥106 million listed as "net sales" in the statement of income for the six months ended September 30, 2014 has been reclassified as "real estate rent" under "non-operating income," and ¥67 million listed as "cost of sales" is reclassified as "rent cost of real estate" under "non-operating expenses."

3. Quarterly Financial Statements

(1) Quarterly Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	21,507	23,061
Notes and accounts receivable-trade	151,706	163,838
Merchandise and finished goods	32,339	37,290
Other	15,478	17,353
Allowance for doubtful accounts	(20)	(22)
Total current assets	221,011	241,521
Non-current assets		
Property, plant and equipment		
Buildings	29,272	36,676
Land	37,599	37,717
Other	11,634	12,791
Total property, plant and equipment	78,506	87,185
Intangible assets	536	488
Investments and other assets		
Investments and other assets	18,382	20,239
Allowance for doubtful accounts	(251)	(248)
Total investments and other assets	18,130	19,991
Total non-current assets	97,174	107,664
Total assets	318,186	349,186
Liabilities		
Current liabilities		
Notes and accounts payable-trade	119,186	125,916
Short-term loans payable	17,400	25,400
Current portion of long-term loans payable	4,854	6,056
Income taxes payable	3,342	3,274
Provision for bonuses	1,972	1,542
Provision for sales returns	195	186
Other	16,345	15,505
Total current liabilities	163,296	177,882
Non-current liabilities		
Long-term loans payable	4,928	14,500
Provision for retirement benefits	1,857	1,956
Other	4,567	5,178
Total non-current liabilities	11,353	21,634
Total liabilities	174,650	199,517

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Net assets		
Shareholders' equity		
Capital stock	15,869	15,869
Capital surplus	27,827	27,827
Retained earnings	94,411	99,173
Treasury shares	(7)	(7)
Total shareholders' equity	138,100	142,862
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,420	6,814
Deferred gains or losses on hedges	14	(7)
Total valuation and translation adjustments	5,434	6,806
Total net assets	143,535	149,669
Total liabilities and net assets	318,186	349,186

(2) Quarterly Statements of Income

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	401,341	425,492
Cost of sales	370,469	392,391
Gross profit	30,872	33,100
Selling, general and administrative expenses	23,711	24,669
Operating income	7,161	8,431
Non-operating income		
Dividend income	118	142
Research fee income	634	685
Real estate rent	106	122
Other	186	187
Total non-operating income	1,045	1,137
Non-operating expenses		
Interest expenses	120	94
Rent cost of real estate	67	68
Depreciation of inactive non-current assets	38	–
Other	12	1
Total non-operating expenses	238	165
Ordinary income	7,968	9,403
Extraordinary income		
Gain on sales of non-current assets	71	0
Gain on sales of investment securities	350	32
Total extraordinary income	421	33
Extraordinary losses		
Loss on sales of non-current assets	14	–
Loss on retirement of non-current assets	42	40
Impairment loss	264	–
Loss on valuation of investment securities	331	–
Other	6	2
Total extraordinary losses	659	43
Income before income taxes	7,730	9,393
Income taxes-current	2,804	3,062
Income taxes-deferred	(38)	108
Total income taxes	2,765	3,170
Profit	4,964	6,223

(3) Quarterly Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net cash provided by (used in) operating activities		
Income before income taxes	7,730	9,393
Depreciation and amortization	2,441	2,294
Impairment loss	264	–
Increase (decrease) in allowance for doubtful accounts	148	(0)
Increase (decrease) in provision for bonuses	(471)	(429)
Increase (decrease) in provision for sales returns	(29)	(9)
Increase (decrease) in provision for retirement benefits	180	153
Interest and dividend income	(119)	(142)
Interest expenses	120	94
Loss (gain) on sales of investment securities	(350)	(30)
Loss (gain) on valuation of investment securities	331	–
Decrease (increase) in notes and accounts receivable-trade	2,427	(12,131)
Decrease (increase) in inventories	3,074	(4,951)
Increase (decrease) in notes and accounts payable-trade	(1,905)	7,197
Decrease (increase) in consumption taxes refund receivable	–	(799)
Increase (decrease) in accrued consumption taxes	1,497	(2,674)
Other, net	(1,009)	(1,190)
Subtotal	14,332	(3,225)
Interest and dividend income received	119	142
Interest expenses paid	(110)	(84)
Income taxes paid	(2,745)	(3,201)
Net cash provided by (used in) operating activities	11,595	(6,368)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(81)	(9,513)
Proceeds from sales of property, plant and equipment	1,347	194
Purchase of intangible assets	(17)	(42)
Purchase of investment securities	(275)	(77)
Proceeds from sales of investment securities	350	71
Other, net	(181)	20
Net cash provided by (used in) investing activities	1,142	(9,346)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(6,000)	8,000
Proceeds from long-term loans payable	–	14,500
Repayments of long-term loans payable	(2,052)	(3,726)
Repayments of lease obligations	(44)	(42)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,399)	(1,462)
Net cash provided by (used in) financing activities	(9,495)	17,268
Net increase (decrease) in cash and cash equivalents	3,242	1,553
Cash and cash equivalents at beginning of period	13,402	21,507
Cash and cash equivalents at end of period	16,645	23,061

(4) Notes to Quarterly Financial Statements

(Notes on premise of going concern)

No items to report

(Notes on significant changes in the amount of shareholders' equity)

No items to report

4. Supplementary Information

(1) Sales Status

(Sales results)

1) Sales results for the six months ended September 30, 2015 by product category are as follows:

Product classification	Six months ended September 30, 2015	Year-on-year change (%)
	Amount (Millions of yen)	
Cosmetics	105,039	105.1
Daily necessities	183,029	106.3
OTC pharmaceuticals	64,784	105.1
Health and sanitary related products	66,252	109.6
Others	6,386	90.8
Total	425,492	106.0

Notes:

1. Above figures are exclusive of consumption taxes.
2. The Company's reportable segments were previously classified as the "wholesale business" and the "supply chain logistics business." Effective from the first quarter of the fiscal year ending March 31, 2016, this has been changed to the single segment of the "wholesale business."

2) Sales results for the six months ended September 30, 2015 by customer category are as follows:

Customer category		Six months ended September 30, 2015	Year-on-year change (%)
		Amount (Millions of yen)	
Drug	Drugstores (Pharmacies)	255,885	106.3
HC	Home centers (DIY stores)	46,551	106.0
CVS	Convenience stores	30,019	94.5
SM	Supermarkets	28,624	108.9
GMS	General merchandising stores	24,184	102.2
DS	Discount stores	24,311	112.4
Others	Export and others	15,915	119.5
Total		425,492	106.0

Notes:

1. Above figures are exclusive of consumption taxes.
2. The Company's reportable segments were previously classified as the "wholesale business" and the "supply chain logistics business." Effective from the first quarter of the fiscal year ending March 31, 2016, this has been changed to the single segment of the "wholesale business."