



Consolidated Financial Results for the Year Ended December 31, 2016 (Japan GAAP) (The fiscal year ended December 31, 2016)

Company Name: DIC Corporation

Listing Code Number: 4631

URL: <http://www.dic-global.com/en/>

Representative: Yoshiyuki Nakanishi, Representative Director, President and CEO

Contact Person: Hiroshi Nagai, Corporate Controller, Accounting Department

Preparation of Supplemental Explanatory Materials: Yes

Holding of Quarterly Financial Results Meeting: Yes (for security analysts and institutional investors, etc.)

Annual Meeting of Shareholders : March 29, 2017

Dividend Payment : March 30, 2017

Scheduled Filing Date of Securities Report : March 30, 2017

February 14, 2017
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(Yen amounts are rounded to the nearest million, except for per share information)

1. Consolidated Financial Results for Fiscal Year 2016 (January 1, 2016 – December 31, 2016)

(1) Consolidated operating results

(The percentages indicate the changes from the same period in the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%
FY2016	751,438	-8.4	54,182	6.1	55,797	13.9	34,767	-7.0
FY2015	819,999	-1.2	51,068	24.3	48,995	22.7	37,394	48.4

Note: Comprehensive income (JPY million): FY2016 26,183 (-7.3%), FY2015 28,256 (-44.8%)

	Earnings per share basic	Earnings per share diluted	ROE (Return on equity)	Ordinary income ratio to total assets	Operating income ratio to net sales
	JPY	JPY	%	%	%
FY2016	366.72	—	12.9	7.3	7.2
FY2015	389.40	—	14.6	6.2	6.2

Note: Equity in earnings of affiliates (JPY million): FY2016 3,266, FY2015 2,735

The Company implemented a consolidation of shares of common stock by a factor of 10 to 1 with July 1, 2016, as the effective date. Earnings per share basic and shareholders' equity per share filled in "(2) Consolidated financial position" section are calculated respectively based on the assumption that the consolidation had been implemented at the beginning of the fiscal year ended December 31, 2015.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio to total assets	Shareholders' equity per share
	JPY (million)	JPY (million)	%	JPY
FY2016	764,828	307,017	36.4	2,938.12
FY2015	778,857	289,857	33.7	2,768.41

Note: Shareholders' equity (JPY million): FY2016 278,535, FY2015 262,467

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the period
	JPY (million)	JPY (million)	JPY (million)	JPY (million)
FY2016	62,504	-32,202	-26,852	16,671
FY2015	29,113	-9,973	-24,801	15,113

2. Cash Dividends

(Record date)	Cash dividends per share					Dividends in total (Annual)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual			
	JPY	JPY	JPY	JPY	JPY	JPY (million)	%	%
FY2015	—	4.00	—	4.00	8.00	7,640	20.5	3.0
FY2016	—	4.00	—	60.00	—	9,480	27.3	3.5
FY2017 (Plan)	—	60.00	—	60.00	120.00	—	30.3	—

The year-end cash dividend per share for fiscal year 2016 reflects the impact of the consolidation of shares, while the annual cash dividend per share for fiscal year 2016 has been omitted. If the consolidation of shares had been taken into consideration, the annual cash dividends per share for fiscal years 2015 and 2016 would be 80 yen and 100 yen, respectively.

3. Forecasts for Consolidated Operating Results for the Fiscal Year Ending December 31, 2017 (January 1, 2017 – December 31, 2017)

(The percentages indicate the changes from the same period in the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share basic	
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%		JPY
FY2017 First half	385,000	1.9	28,000	7.4	28,000	4.9	18,500	9.0		195.15
FY2017	770,000	2.5	58,000	7.0	58,000	3.9	37,500	7.9		395.57

Notes

(1) Changes in the scope of consolidation for significant subsidiaries during the fiscal year ended December 31, 2016: No

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

- | | |
|--|-----|
| 1) Changes in accounting policies arising from revision of accounting standards: | Yes |
| 2) Changes in accounting policies other than 1): | No |
| 3) Changes in accounting estimates: | No |
| 4) Restatements: | No |

(3) Number of shares issued (common stock)

- | | | | |
|---|--------------------|--------|-------------------|
| 1) Number of shares issued at the end of the period, including treasury shares | | | |
| FY2016 | 95,156,904 shares, | FY2015 | 96,537,204 shares |
| 2) Number of treasury shares at the end of the period | | | |
| FY2016 | 356,552 shares, | FY2015 | 1,729,475 shares |
| 3) Average number of shares issued during the period, excluding treasury shares | | | |
| FY2016 | 94,804,861 shares, | FY2015 | 96,030,422 shares |

Each of the number of shares listed above is calculated based on the assumption that the consolidation of shares had been implemented at the beginning of the fiscal year ended December 31, 2015.

Note: **Implementation status of annual audit procedures**

Presented consolidated financial results are not subject to annual audit procedures based on the Financial Instruments and Exchange Law.
The consolidated financial statements annual audit procedures have not been completed at the time of disclosure of these financial results.

Note: **Explanation of the appropriate use of performance forecasts, and other special items**

The above forecasts of future performance are based on information available to the Company at the present time and are subject to potential risks and uncertainty. Accordingly, the users should be aware that actual results may differ from any expressed future performance herein due to various factors.

Analysis of Results of Operations

(1) Overview of Operating Results

In fiscal year 2016, ended December 31, 2016, the economies of North America and Europe continued to see moderate recovery. In Asia, a revival was seen in the People's Republic of China (PRC) and Southeast Asia. Conditions in India remained on a gentle upswing. Japan's economy, while still fragile, showed signs of a gradual rally.

In this environment, consolidated net sales declined 8.4%, to ¥751.4 billion, notwithstanding firm shipments, owing to the appreciation of the yen against other major currencies, among others.

Operating income advanced 6.1%, to ¥54.2 billion. Factors behind this result included increased sales of high-value-added products and cost reductions.

Ordinary income rose 13.9%, to ¥55.8 billion, bolstered by an improved financial position and other factors. Both operating income and ordinary income results represented record highs.

Net income attributable to owners of the parent decreased 7.0%, to ¥34.8 billion, with contributing factors including a decline in gain on sales of noncurrent assets.

(Billions of yen)				
	FY2015	FY2016	Change (%)	Change (%) excluding the impact of foreign currency fluctuations
Net sales	820.0	751.4	-8.4%	-0.3%
Operating income	51.1	54.2	6.1%	14.7%
Ordinary income	49.0	55.8	13.9%	—
Net income attributable to owners of the parent	37.4	34.8	-7.0%	—

Note: The exchange rates used to translate the results of overseas DIC Group companies for fiscal years 2016 and 2015, respectively, are as follows:

Fiscal year 2016: ¥109.96/US\$1.00 (average for the year ended December 31, 2016)

Fiscal year 2015: ¥120.85/US\$1.00 (average for the year ended December 31, 2015)

(2) Segment Results

(Billions of yen)

	Net sales				Operating income (loss)			
	FY2015	FY2016	Change (%)	Change (%) excluding the impact of foreign currency fluctuations	FY2015	FY2016	Change (%)	Change (%) excluding the impact of foreign currency fluctuations
Printing Inks	412.6	365.2	-11.5%	-0.7%	19.0	18.4	-3.3%	8.8%
Fine Chemicals	135.5	128.2	-5.4%	2.2%	13.1	14.4	10.0%	16.8%
Polymers	194.6	180.9	-7.0%	-3.0%	16.0	19.6	23.0%	29.6%
Compounds	63.6	61.1	-3.9%	3.5%	5.7	5.0	-13.3%	-6.1%
Application Materials	57.5	55.7	-3.2%	-0.5%	2.1	1.9	-11.1%	-9.4%
Others, Corporate and eliminations	(43.8)	(39.7)	—	—	(4.8)	(5.1)	—	—
Total	820.0	751.4	-8.4%	-0.3%	51.1	54.2	6.1%	14.7%

Note: Effective from January 1, 2016, the Company revised its segmentation to coincide with the launch of its new medium-term management plan, DIC108. Accordingly, certain figures for fiscal year 2015 have been restated.

Segment results in key markets are as follows. Year-on-year percentage changes in squared parentheses represent increases or decreases excluding the impact of foreign currency fluctuations. Interregional transactions within the Printing Inks segment are included. Accordingly, the aggregates of regional net sales and operating income figures for the Printing Inks segment differ from the figures presented above.

Printing Inks

Japan

Net sales	¥79.8 billion	Change	-1.2%
Operating income	¥5.1 billion	Change	62.5%

Sales of packaging inks benefited from healthy shipments. However, overall sales in Japan slipped, reflecting decreased demand for publishing inks and news inks and the erosion of sales prices across the board.

Operating income soared, underpinned by the aforementioned shipments, as well as by the positive impact of cost reductions and an improved product mix, among others.

The Americas and Europe

Net sales	¥232.7 billion	Change	-14.8%	[-1.1%]
Operating income	¥8.4 billion	Change	-19.7%	[-0.0%]

Although sales of packaging inks rose, sales in Europe and North America were down, owing to waning demand for publishing inks and news inks. Sales in Central and South America advanced, buoyed by brisk shipments of packaging inks and publishing inks. As a consequence of various factors, including these results, and of the impact of foreign currency fluctuations, overall sales in the Americas and Europe declined.

Foreign currency fluctuations also hindered operating income, which decreased despite being level in local currency terms.

Asia and Oceania

Net sales	¥61.6 billion	Change	-12.6%	[-0.3%]
Operating income	¥4.8 billion	Change	-8.9%	[3.5%]

While shipments of packaging inks were solid, flagging sales prices in all product categories pushed down sales in the PRC. A sharp increase in sales of publishing inks and packaging inks underpinned higher sales in Southeast Asia. In Oceania, sales rose, bolstered by robust shipments of publishing inks and packaging inks. Sales in India slipped, with contributing factors including falling sales of news inks. For these and other reasons, overall sales in Asia and Oceania decreased, hampered by foreign currency fluctuations.

Operating income was up in local currency terms, bolstered by higher sales of high-value-added products, cost reductions and other factors, but down after translation, reflecting foreign currency fluctuations.

Fine Chemicals

Net sales	¥128.2 billion	Change	-5.4%	[2.2%]
Operating income	¥14.4 billion	Change	10.0%	[16.8%]

In pigments, sales in Japan were lifted by brisk shipments of functional pigments, including those for color filters, while sales in the Americas and Europe decreased, notwithstanding a substantial increase in sales of pigments for cosmetics, as a consequence of foreign currency fluctuations. Sales of TFT LCs rose substantially, reflecting higher shipments from a new production facility in the PRC and the start of full-scale shipments from Japan, which had been delayed. While these factors boosted results in local currency terms, segment sales were down after translation, owing to foreign currency fluctuations.

Segment operating income advanced substantially, underpinned by an improved product mix, among others.

Polymers

Net sales	¥180.9 billion	Change	-7.0%	[-3.0%]
Operating income	¥19.6 billion	Change	23.0%	[29.6%]

Despite generally firm shipments, sales in Japan declined as a result of falling sales prices. Sales overseas were also down, hindered by the deterioration of sales prices and by foreign currency fluctuations, although sales to customers in the electrical and electronics industries were solid. For these and other reasons, segment sales decreased.

Cost reductions and other factors sparked a sharp increase in segment operating income.

Compounds

Net sales	¥61.1 billion	Change	-3.9%	[3.5%]
Operating income	¥5.0 billion	Change	-13.3%	[-6.1%]

Sales of polyphenylene sulfide (PPS) compounds advanced, as shipments were healthy both in Japan and overseas. Thanks to robust shipments overseas, sales of jet inks were up overall, despite the negative impact of foreign currency fluctuations on exports, which hurt domestic sales. Although these factors led to an increase in local currency terms, segment sales decreased after translation, owing to foreign currency fluctuations.

Segment operating income declined, reflecting segment sales results, among others.

Application Materials

Net sales	¥55.7 billion	Change	-3.2%	[-0.5%]
Operating income	¥1.9 billion	Change	-11.1%	[-9.4%]

Persistently robust shipments sustained an increase in sales of hollow-fiber membrane modules. Nonetheless, segment sales declined, despite being level in local currency terms. Reasons for this result included dwindling sales of industrial adhesive tapes, which were hindered by sluggish demand for products used in smartphones.

Segment operating income fell, with contributing factors including the aforementioned sales results.

(3) Operating Results Forecasts for Fiscal Year 2017

While global economic uncertainty, fluctuations in the financial and capital markets and the direction of oil prices warrant caution, conditions in Japan and overseas are expected to continue recovering gradually in fiscal year 2017. In this environment, the DIC Group will proceed with efforts to expand businesses expected to drive growth and further rationalize operations in mature markets in line with its medium-term management plan, DIC108. As indicated in the table below, the Group forecasts increases in consolidated net sales, as well as in consolidated operating income, ordinary income and net income attributable to owners of the parent.

(Billions of yen)

	FY2016	FY2017 (Forecasts)	Change (%)	Change (%) excluding the impact of foreign currency fluctuations
Net sales	751.4	770.0	2.5%	4.8%
Operating income	54.2	58.0	7.0%	9.1%
Ordinary income	55.8	58.0	3.9%	—
Net income attributable to owners of the parent	34.8	37.5	7.9%	—

Note: The exchange rates used to translate the results of overseas DIC Group companies for fiscal years 2017 and 2016, respectively, are as follows:

Fiscal year 2017: ¥105.00/US\$1.00 (average for the year ending December 31, 2017) (estimate)

Fiscal year 2016: ¥109.96/US\$1.00 (average for the year ended December 31, 2016) (actual)

(4) Segment Results Forecasts

(Billions of yen)

	Net sales				Operating income (loss)			
	FY2016	FY2017	Change (%)	Change (%) excluding the impact of foreign currency fluctuations	FY2016	FY2017	Change (%)	Change (%) excluding the impact of foreign currency fluctuations
Printing Inks	365.2	371.6	1.8%	4.7%	18.4	21.0	14.4%	12.2%
Fine Chemicals	128.2	133.1	3.9%	7.2%	14.4	15.7	8.7%	14.9%
Polymers	180.9	181.8	0.5%	1.7%	19.6	20.5	4.2%	5.7%
Compounds	61.1	62.8	2.8%	5.2%	5.0	4.7	-5.7%	-0.3%
Application Materials	55.7	57.3	2.9%	3.6%	1.9	2.9	56.8%	61.5%
Others, Corporate and eliminations	(39.7)	(36.6)	—	—	(5.1)	(6.8)	—	—
Total	751.4	770.0	2.5%	4.8%	54.2	58.0	7.0%	9.1%

Disclaimer Regarding Forward-Looking Statements

Statements herein, other than those of historical fact, are forward-looking statements that reflect management's projections based on information available as of the publication date. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ from such statements. These risks and uncertainties include, but are not limited to, economic conditions in Japan and overseas, market trends, raw materials prices, interest rate trends, currency exchange rates, conflicts, litigations, disasters and accidents, as well as the possibility the Company will incur special losses related to the restructuring of its operations.

Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2015	As of December 31, 2016
(Assets)		
Current assets		
Cash and deposits	15,363	17,241
Notes and accounts receivable-trade	221,006	215,369
Merchandise and finished goods	87,947	82,611
Work in process	9,369	9,461
Raw materials and supplies	52,245	53,605
Deferred tax assets	11,435	9,915
Other	21,947	21,374
Allowance for doubtful accounts	(10,654)	(10,839)
Total current assets	408,658	398,737
Non-current assets		
Property, plant and equipment		
Buildings and structures	258,731	256,603
Accumulated depreciation	(162,852)	(164,511)
Buildings and structures, net	95,879	92,092
Machinery, equipment and vehicles	410,713	397,740
Accumulated depreciation	(340,487)	(331,398)
Machinery, equipment and vehicles, net	70,226	66,342
Tools, furniture and fixtures	60,387	59,652
Accumulated depreciation	(50,782)	(49,510)
Tools, furniture and fixtures, net	9,605	10,142
Land	50,775	50,169
Construction in progress	6,660	7,915
Total property, plant and equipment	233,145	226,660
Intangible assets		
Goodwill	906	501
Software	6,470	4,878
Other	3,880	3,563
Total intangible assets	11,256	8,942
Investments and other assets		
Investment securities	37,075	41,007
Deferred tax assets	38,939	36,996
Net defined benefit asset	24,885	28,074
Other	25,296	25,899
Allowance for doubtful accounts	(397)	(1,487)
Total investments and other assets	125,798	130,489
Total non-current assets	370,199	366,091
Total assets	778,857	764,828

Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2015	As of December 31, 2016
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	95,569	94,392
Short-term loans payable	20,632	52,744
Current portion of long-term loans payable	61,630	43,647
Commercial papers	4,000	—
Current portion of bonds	8,000	—
Lease obligations	572	584
Income taxes payable	8,347	4,153
Deferred tax liabilities	295	322
Provision for bonuses	6,914	7,050
Other	65,321	62,447
Total current liabilities	271,280	265,339
Non-current liabilities		
Bonds payable	20,000	30,000
Long-term loans payable	139,900	109,918
Lease obligations	4,718	4,394
Deferred tax liabilities	8,555	9,598
Net defined benefit liability	32,833	28,072
Asset retirement obligations	1,213	1,334
Other	10,501	9,156
Total non-current liabilities	217,720	192,472
Total liabilities	489,000	457,811
(Net assets)		
Shareholders' equity		
Capital stock	96,557	96,557
Capital surplus	94,161	94,094
Retained earnings	137,071	159,541
Treasury shares	(5,911)	(1,213)
Total shareholders' equity	321,878	348,979
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,688	5,248
Deferred gains or losses on hedges	(73)	(187)
Foreign currency translation adjustment	(29,925)	(48,626)
Remeasurements of defined benefit plans	(33,101)	(26,879)
Total accumulated other comprehensive income	(59,411)	(70,444)
Non-controlling interests	27,390	28,482
Total net assets	289,857	307,017
Total liabilities and net assets	778,857	764,828

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Net sales	819,999	751,438
Cost of sales	635,106	571,895
Gross profit	184,893	179,543
Selling, general and administrative expenses		
Freightage and packing expenses	12,236	12,050
Employees' salaries and allowances	44,396	40,461
Provision of allowance for doubtful accounts	1,850	2,016
Provision for bonuses	2,620	2,781
Retirement benefit expenses	1,819	2,117
Research and development costs	12,163	11,206
Other	58,741	54,730
Total selling, general and administrative expenses	133,825	125,361
Operating income	51,068	54,182
Non-operating income		
Interest income	1,198	575
Dividends income	365	401
Equity in earnings of affiliates	2,735	3,266
Foreign exchange gains	—	607
Other	2,383	2,182
Total non-operating income	6,681	7,031
Non-operating expenses		
Interest expenses	5,485	3,227
Foreign exchange losses	567	—
Other	2,702	2,189
Total non-operating expenses	8,754	5,416
Ordinary income	48,995	55,797
Extraordinary income		
State subsidy	255	842
Gain on bargain purchase	—	78
Gain on sales of non-current assets	14,229	—
Gain on sales of subsidiaries and affiliates securities	2,723	—
Compensation income	704	—
Gain on sales of investment securities	555	—
Total extraordinary income	18,466	920
Extraordinary loss		
Loss on disposal of non-current assets	3,550	4,412
Severance costs	3,787	1,416
Provision of allowance for doubtful accounts	—	553
Loss on disaster	—	440
Loss on valuation of investments in capital	716	—
Impairment loss	674	—
Loss on reduction of non-current assets	168	—
Total extraordinary loss	8,895	6,821
Income before income taxes and non-controlling interests	58,566	49,896
Income taxes-current	14,351	11,565
Income taxes-deferred	4,634	767
Total income taxes	18,985	12,332
Net income	39,581	37,564
Net income attributable to non-controlling interests	2,187	2,797
Net income attributable to owners of the parent	37,394	34,767

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Net Income	39,581	37,564
Other comprehensive income		
Valuation difference on available-for-sale securities	845	1,609
Deferred gains or losses on hedges	102	(112)
Foreign currency translation adjustment	(14,523)	(18,179)
Remeasurements of defined benefit plans, net of tax	3,560	6,266
Share of other comprehensive income of associates accounted for using equity method	(1,309)	(965)
Total other comprehensive income	(11,325)	(11,381)
Comprehensive income	28,256	26,183
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	26,782	23,734
Comprehensive income attributable to non-controlling interests	1,474	2,449

Consolidated Statement of Changes in Net Assets

Fiscal year ended December 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital Surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2015	96,557	94,161	108,726	(896)	298,548
Cumulative effects of changes in accounting policies			(2,316)		(2,316)
Restated balance	96,557	94,161	106,410	(896)	296,232
Change in FY2015					
Dividends from surplus			(6,733)		(6,733)
Net income attributable to owners of the parent			37,394		37,394
Purchase of treasury shares				(5,015)	(5,015)
Net changes of items other than shareholders' equity					
Total change in FY2015	—	—	30,661	(5,015)	25,646
Balance at December 31, 2015	96,557	94,161	137,071	(5,911)	321,878

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at January 1, 2015	2,914	(178)	(14,817)	(36,718)	(48,799)	26,974	276,723
Cumulative effects of changes in accounting policies						(99)	(2,415)
Restated balance	2,914	(178)	(14,817)	(36,718)	(48,799)	26,875	274,308
Change in FY2015							
Dividends from surplus							(6,733)
Net income attributable to owners of the parent							37,394
Purchase of treasury shares							(5,015)
Net changes of items other than shareholders' equity	774	105	(15,108)	3,617	(10,612)	515	(10,097)
Total change in FY2015	774	105	(15,108)	3,617	(10,612)	515	15,549
Balance at December 31, 2015	3,688	(73)	(29,925)	(33,101)	(59,411)	27,390	289,857

Consolidated Statement of Changes in Net Assets

Fiscal year ended December 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital Surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2016	96,557	94,161	137,071	(5,911)	321,878
Change in FY2016					
Dividends from surplus			(7,585)		(7,585)
Net income attributable to owners of the parent			34,767		34,767
Purchase of treasury shares				(19)	(19)
Retirement of treasury shares		(5)	(4,712)	4,717	—
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(62)			(62)
Net changes of items other than shareholders' equity					
Total change in FY2016	—	(67)	22,470	4,698	27,101
Balance at December 31, 2016	96,557	94,094	159,541	(1,213)	348,979

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at January 1, 2016	3,688	(73)	(29,925)	(33,101)	(59,411)	27,390	289,857
Change in FY2016							
Dividends from surplus							(7,585)
Net income attributable to owners of the parent							34,767
Purchase of treasury shares							(19)
Retirement of treasury shares							—
Change in treasury shares of parent arising from transactions with non-controlling shareholders							(62)
Net changes of items other than shareholders' equity	1,560	(114)	(18,701)	6,222	(11,033)	1,092	(9,941)
Total change in FY2016	1,560	(114)	(18,701)	6,222	(11,033)	1,092	17,160
Balance at December 31, 2016	5,248	(187)	(48,626)	(26,879)	(70,444)	28,482	307,017

Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Net cash provided by (used in) operating activities		
Income before income taxes and non-controlling interests	58,566	49,896
Depreciation and amortization	32,886	32,444
Amortization of goodwill	477	373
Increase (decrease) in allowance for doubtful accounts	583	1,540
Increase (decrease) in provision for bonuses	383	149
Interest and dividends income	(1,563)	(976)
Equity in (earnings) losses of affiliates	(2,735)	(3,266)
Interest expenses	5,485	3,227
Loss (gain) on sales and retirement of non-current assets	(10,679)	4,412
Impairment loss	674	—
Loss (gain) on sales of subsidiaries and affiliates securities	(2,723)	—
Loss (gain) on sales of investment securities	(555)	—
Loss on valuation of investments in capital	716	—
State subsidy	(255)	(842)
Decrease (increase) in notes and accounts receivable-trade	(15,878)	(2,150)
Decrease (increase) in inventories	1,940	(828)
Increase (decrease) in notes and accounts payable-trade	(12,383)	(1,810)
Other, net	(12,844)	(2,775)
Subtotal	42,095	79,394
Interest and dividends income received	2,731	2,130
Interest expenses paid	(5,724)	(3,254)
Income taxes paid	(9,989)	(15,766)
Net cash provided by (used in) operating activities	29,113	62,504
Net cash provided by (used in) investing activities		
Payments into time deposits	(3,297)	(6,505)
Proceeds from withdrawal of time deposits	3,387	6,219
Purchase of property, plant and equipment	(31,247)	(30,310)
Proceeds from sales of property, plant and equipment	14,670	455
Purchase of intangible assets	(841)	(969)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,873)	(114)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	2,100	—
Purchase of subsidiaries and affiliates securities	(49)	—
Proceeds from sales of subsidiaries and affiliates securities	6,356	—
Purchase of investment securities	(48)	(971)
Proceeds from sales and redemption of investment securities	642	376
Payments for transfer of business	—	(275)
Proceeds from subsidy income	209	842
Other, net	18	(950)
Net cash provided by (used in) investing activities	(9,973)	(32,202)

Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(8,847)	30,364
Increase (decrease) in commercial papers	4,000	(4,000)
Proceeds from long-term loans payable	62,440	30,069
Repayment of long-term loans payable	(79,137)	(75,576)
Proceeds from issuance of bonds	20,000	10,000
Redemption of bonds	(10,000)	(8,000)
Cash dividends paid	(6,733)	(7,585)
Cash dividends paid to non-controlling interests	(987)	(1,047)
Net decrease (increase) in treasury shares	(5,015)	(19)
Other, net	(522)	(1,058)
Net cash provided by (used in) financing activities	(24,801)	(26,852)
Effect of exchange rate change on cash and cash equivalents	4,381	(1,892)
Net increase (decrease) in cash and cash equivalents	(1,280)	1,558
Cash and cash equivalents at beginning of the period	16,393	15,113
Cash and cash equivalents at the end of the period	15,113	16,671