

## Translation

Notice: This English version is a translation of the original disclosure in Japanese released on February 3, 2017 at 15:00 (GMT+9) and is only for reference purposes. In the case where any differences occur between the English version and the original Japanese version, the Japanese version will prevail.

Member of the Financial Accounting Standards Foundation



February 3, 2017

# CONSOLIDATED FINANCIAL RESULTS for the Year Ended December 31, 2016 (Unaudited) <under Japanese GAAP>

Company name: **Nippon Electric Glass Co., Ltd.**  
 Listing: First Section of the Tokyo Stock Exchange  
 Securities identification code: 5214  
 URL: <http://www.neg.co.jp/>  
 Representative: Motoharu Matsumoto, President and Representative Director  
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Scheduled date of ordinary general meeting of shareholders: March 30, 2017  
 Scheduled date to commence dividend payments: March 31, 2017  
 Scheduled date to file securities report: March 31, 2017  
 Supplementary material on financial results: Yes  
 Financial results presentation meeting: Yes (for institutional investors and analysts)

(in millions of yen with fractional amounts discarded, unless otherwise noted)

## 1. Consolidated performance for the year ended December 31, 2016 (From January 1, 2016 to December 31, 2016)

### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
For the year ended								
December 31, 2016	239,411	(4.7)	19,571	(11.2)	13,967	(2.1)	4,968	(48.4)
December 31, 2015	251,177	-	22,034	-	14,272	-	9,636	-

Note: Comprehensive income:

For the year ended December 31, 2016: (253) million yen [ -%]  
 For the year ended December 31, 2015: 6,295 million yen [ -%]

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
For the year ended	Yen	yen	%	%	%
December 31, 2016	9.99	-	1.0	2.0	8.2
December 31, 2015	19.38	-	1.9	2.0	8.8

Reference: Equity in earnings of affiliates:

For the year ended December 31, 2016: None  
 For the year ended December 31, 2015: None

Note: The Company has changed its fiscal year-end (last date of its business year) from March 31 to December 31, effective from the year ended December 31, 2014. Accordingly, the year-on-year changes are not noted since the corresponding period for comparison differs between the year ended December 31, 2015 (January 1 to December 31, 2015) and the year ended December 31, 2014 (April 1 to December 31, 2014), an irregular period during which the fiscal year was changed.

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of			%	yen
December 31, 2016	693,917	509,564	72.7	1,013.92
December 31, 2015	726,937	519,801	70.6	1,031.86

Reference: Equity:

As of December 31, 2016: 504,287 million yen

As of December 31, 2015: 513,218 million yen

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Period-end cash and cash equivalents
For the year ended				
December 31, 2016	48,261	(36,138)	(17,624)	126,167
December 31, 2015	46,797	(32,638)	(7,892)	133,856

## 2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
For the year ended	yen	yen	yen	yen	yen		%	%
December 31, 2015	-	8.00	-	8.00	16.00	7,958	82.6	1.5
December 31, 2016	-	8.00	-	8.00	16.00	7,957	160.2	1.6
For the year ending December 31, 2017 (Forecasts)	-	8.00	-	8.00	16.00	—	46.8	—

Note: As announced on February 3, 2017, the Company plans to carry out a share consolidation at a ratio of one for every five common shares, effective on July 1, 2017. However, the annual dividend per share for the year ending December 31, 2017 (forecast) does not take this share consolidation into account. Annual dividends per common share will be 80 yen, on the assumption that this share consolidation is carried out at the start of the fiscal year. The dividend payout ratio (consolidated) has not changed from 46.8%.

## 3. Consolidated earnings forecasts for the year ending December 31, 2017 (From January 1, 2017 to December 31, 2017)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
		%		%		%		%	yen
For the six months ending June 30, 2017	125,000	5.7	11,000	26.3	8,000	-	7,000	-	14.07
For the year ending December 31, 2017	260,000	8.6	24,000	22.6	20,000	43.2	17,000	242.1	34.18

Note: As announced on February 3, 2017, the Company plans to carry out a share consolidation at a ratio of one for every five common shares, effective on July 1, 2017. However, net income per share for the year ending December 31, 2017 (forecast) does not take this share consolidation into account. Net income per share will be as follows, on the assumption that this share consolidation is carried out at the start of the fiscal year.  
 For the six months ending June 30, 2017: ¥70.37; For the year ending December 31, 2017: ¥170.90

**\* Notes**

- (1) **Changes in significant subsidiaries during the period** (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes  
 Newly consolidated: Electric Glass Fiber UK, Ltd.
- (2) **Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections**
- A. Changes in accounting policies due to revisions to accounting standards: Yes
  - B. Changes in accounting policies due to other reasons: None
  - C. Changes in accounting estimates: Yes
  - D. Restatement of prior period financial statements after error corrections: None

(3) **Number of issued shares (common stock)**

- A. Total number of issued shares at the end of the period (including treasury stock)

As of December 31, 2016	497,616,234 shares
As of December 31, 2015	497,616,234 shares

- B. Number of treasury shares at the end of the period

As of December 31, 2016	251,848 shares
As of December 31, 2015	243,750 shares

- C. Average number of shares during the period

For the year ended December 31, 2016	497,369,508 shares
For the year ended December 31, 2015	497,381,650 shares

## SUMMARY OF NON-CONSOLIDATED FINANCIAL RESULTS (Reference)

### Non-consolidated performance for the year ended December 31, 2016 (From January 1, 2016 to December 31, 2016)

#### (1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
For the year ended								
December 31, 2016	143,576	(10.2)	(914)	-	9,145	(41.2)	3,137	(76.8)
December 31, 2015	159,848	-	1,020	-	15,551	-	13,551	-

	Net income per share	Diluted net income per share
For the year ended	yen	yen
December 31, 2016	6.31	-
December 31, 2015	27.25	-

Note: As the corresponding period for comparison differs between the year ended December 31, 2015 and the year ended December 31, 2014, an irregular period during which the fiscal year was changed, the year-on-year changes are not noted.

#### (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of			%	yen
December 31, 2016	619,527	453,239	73.2	911.28
December 31, 2015	652,528	459,020	70.3	922.89

Reference: Equity:

As of December 31, 2016: 453,239 million yen

As of December 31, 2015: 459,020 million yen

#### \* Indication regarding execution of audit procedures

At the time of disclosure of this financial results report, the audit procedures for the consolidated financial statements and non-consolidated financial statements in accordance with the Financial Instruments and Exchange Act were incomplete.

#### \* Proper use of earnings forecasts, and other special directions

The forward-looking statements, including earnings forecasts, contained in these materials are based on certain assumptions deemed to be reasonable by the Company and its subsidiaries (“the Company Group”) and include risks and contingencies. Actual business results may differ substantially due to a number of factors. For more details, please refer to the section of “(iii) Outlook for the year ending December 31, 2017 of (1) Analysis regarding operating results in Operating results: analysis regarding financial position” on page 6.

## Operating results: analysis regarding financial position

### (1) Analysis regarding operating results

#### (i) Overview of the fiscal year under review (from January 1, 2016 to December 31, 2016)

In the global economy, the economy continued to gradually recover in Europe. The US economy also enjoyed a recovery on the back of solid employment conditions and personal consumption. A modest economic slowdown continued in China, but there were signs of a recovery due to the effect of various policies. With solid personal consumption, the Japanese economy continued to make modest recovery, due in part to improved employment conditions.

In this environment, in the year ended December 31, 2016 (January 1 to December 31, 2016), sales of glass fiber increased due to a solid market and contributions from PPG's European business, acquired in October 2016. However, while shipments increased for the substrate glass for liquid crystal displays (LCDs), prices fell gradually, and as a result sales came in below levels compared to the previous fiscal year. On the profit/loss side, sales fell, the value of sales declined due to the strong yen, and foreign exchange losses were posted, but improved productivity, lower raw material and fuel costs and other factors supported operating income and ordinary income. Profit attributable to owners of parent fell short of the previous year due to impairment loss on production facilities and the reversal of deferred tax assets, despite upside factors such as the reversal of provisions for special repair costs.

#### (ii) Operating results for the fiscal year under review

(Billions of yen)

	Year ended December 31, 2015	Year ended December 31, 2016	Change (%)
Net sales	251.1	239.4	(5)
Operating income	22.0	19.5	(11)
Ordinary income	14.2	13.9	(2)
Profit attributable to owners of parent	9.6	4.9	(48)

Note: Amounts less than 100 million yen are omitted.

#### (Sales by products)

Reporting segment	Category	Year ended December 31, 2015		Year ended December 31, 2016		Change	
		billions of yen	(%)	billions of yen	(%)	billions of yen	(%)
Glass Business	Electronics and Information Technology	167.0	67	147.1	61	(19.9)	(12)
	Performance Materials and Others	84.1	33	92.2	39	8.1	10
Total		251.1	100	239.4	100	(11.7)	(5)

Note: 1. Amounts less than 100 million yen are omitted.

2. Beginning in the year ended December 31, 2016, the categories of the reporting segments for sales by product were changed from "Glass for Electronic and Information Devices" to "Electronics and Information Technology" and from "Glass for Others" to "Performance Materials and Others".

(Net sales)

Electronics and Information Technology:

Shipments of substrate glass for LCDs gradually increased as demand for LCD panels recovered, but prices continued to fall slightly. Sales of cover glass for mobile devices (specialty glass for chemical strengthening) were affected by sluggish demand for smartphones. In glass for electronic devices, higher sales of new products contributed, but sales of glass for optical devices declined due to a slowdown in part of the communications infrastructure market. Sales of substrate glass for solar cells were generally firm.

Performance Materials and Others:

Sales of glass fiber exceeded levels in the previous fiscal year. Although the value of sales declined for applications in high-function plastics for auto parts due to the strong yen, the market was solid in the fiscal year as a whole, shipments increased, and PPG's European glass fiber business, acquired in October 2016, contributed on the sales side. Sales of glass for building materials, glass tubing for pharmaceutical and medical use, and heat-resistant glass fell short of forecasts overall, although there were some variations in respective market conditions.

(Profit/loss)

Despite a decline in sales, a drop in the value of sales due to the strong yen, and the posting of foreign exchange losses, operating income and ordinary income were supported by improved productivity, lower raw material and fuel costs, and initiatives to reduce costs.

In terms of extraordinary profit/loss, the Company posted impairment losses on production facilities that are not expected to be used in the future. However, gains on reversals resulting from the reversal of provisions for special repairs were also posted due to the cancellation of plans to repair some glass melting furnaces and changes in accounting estimates of provisions for special repairs. Moreover, as a result of the consideration of the recoverability of deferred tax assets in light of non-consolidated performance in this fiscal year, the Company decided to reverse some deferred tax assets and posted this under deferred income taxes. As a result, profit attributable to owners of parent undercut levels in the previous year.

**(iii) Outlook for the year ending December 31, 2017**

(Billions of yen)

	Six months ending June 30, 2017	Year ending December 31, 2017
Net sales	125.0	260.0
Operating income	11.0	24.0
Ordinary income	8.0	20.0
Profit attributable to owners of parent	7.0	17.0

Notes: Amounts less than 100 million yen are omitted.

Although we need to be cautious about policies under the new US administration and the impact of the UK's decision to leave the EU, the modest recovery in the global economy is expected to continue, and we also expect the effect of various government policies in China to sustain a modest recovery. The Japanese economy is expected to continue to recover as employment conditions improve.

Given this environment, in Electronics and Information Technology segment, shipments of substrate glass for LCDs is expected to grow gradually in line with market growth. Utilizing the joint venture with Dongxu Optoelectronic Technology and its subsidiary on processing of glass substrates (Fuzhou City, China; agreement concluded this fiscal year and operations to begin in second quarter 2017), we will expand the Company's access to new customers and develop our business in China, a market with great potential for growth. In glass for optical devices, we will meet demand for communications infrastructure in emerging markets. In glass for electronic devices, we expect sales of new products such as Glass for Supporting Semiconductor Wafers and IR absorbing Filters to increase, and we will also take advantage of growth in a wide range of markets, such as home

appliances and automotive sector.

In Performance Materials and Others segment, Electric Glass Fiber NL and Electric Glass Fiber UK (both the former European bases of PPG), which were both made consolidated subsidiaries in the fiscal year under review, are expected to contribute to glass fiber sales in the fiscal year as a whole. We will boost shipments on the back of solid demand for high-function plastics for automotive parts, and pursue synergies with the bases above. We will seek to expand the sales channels for glass for building materials, heat-resistant glass and glass for medical and pharmaceutical use, particularly in overseas markets.

While the market environment going forward, as well as trends in product prices and fluctuations in exchange rates, could affect profit/loss, we will pursue initiatives to improve productivity and reduce costs and strive to improve profitability.

In light of the above outlook, the Company Group's forecasts for the fiscal year ending December 31, 2017 are as shown in the table above.

The forward-looking statements, including earnings forecasts, contained in these materials are based on certain assumptions deemed to be reasonable by the Company Group and include risks and contingencies. Actual business results may differ substantially due to a number of factors. Factors that may impact actual business results include the economic conditions of global markets, various rules and regulations such as those concerning trade, significant fluctuation of supply and demand of products in principal markets as well as the financial situation showing extensive changes in prices on capital markets, exchange rates, and interest rates, in addition to rapid technological advancement. Factors not mentioned here also could have a significant impact on business results.

## (2) Analysis regarding financial position

### (i) Overview of consolidated financial position for the fiscal year under review

(Billions of yen)

	As of December 31, 2015	As of December 31, 2016	Change
Total assets	726.9	693.9	(33.0)
Liabilities	207.1	184.3	(22.7)
Net assets	519.8	509.5	(10.2)

Note: Amounts less than 100 million yen are omitted.

#### (Total assets)

In current assets, cash and deposits decreased mainly due to payment of facility charges for overseas subsidiaries and dividends, in addition to the acquisition of the assets of and shares in PPG's glass fiber business in Europe. In non-current assets, property, plant and equipment decreased, despite the aforementioned acquisition of facilities and assets, because of a decrease in the value of foreign currency-denominated assets due to a stronger yen against some currencies, depreciation, and impairment losses on some production facilities not expected to be used in the future. Moreover, given the non-consolidated performance and other factors during the year ended December 31, 2016, deferred tax assets were partly reversed.

#### (Liabilities)

In current liabilities, accounts payable included in "Other" decreased as a result of payments related to the facilities of overseas subsidiaries, and current portion of long-term loans payable was repaid. In addition, bonds which mature within one year of the end of the fiscal year were transferred to current liabilities from non-current liabilities, and bonds that had reached maturity were redeemed. In non-current liabilities, the aforementioned long-term loans were refinanced following full-term repayment, and provisions for special repairs were reversed due to the cancellation of plans to repair some glass melting furnaces and changes in accounting estimates of provisions for special repairs.

#### (Net assets)

Retained earnings decreased due to dividends and other factors, and foreign currency translation

adjustments decreased due to the yen's appreciation against some currencies.

**(ii) Overview of consolidated cash flows for the fiscal year under review**

(Billions of yen)

	Year ended December 31, 2015	Year ended December 31, 2016	Change
Cash flows from operating activities	46.7	48.2	1.4
Cash flows from investing activities	(32.6)	(36.1)	(3.5)
Cash flows from financing activities	(7.8)	(17.6)	(9.7)
Period-end cash and cash equivalents	133.8	126.1	(7.6)

Note: Amounts less than 100 million yen are omitted.

(Cash flows from operating activities)

Profit before income taxes decreased. Depreciation was high, but fell over the previous year. Impairment losses on production facilities increased. Inventories decreased. At the same time, as previously mentioned (Liabilities), provisions for special repairs were reversed.

(Cash flows from investing activities)

The purchase of non-current assets related to Electric Glass (Xiamen) Co., Ltd. and the acquisition of PPG's glass fiber business in Europe resulted in expenditures.

(Cash flows from financing activities)

Long-term loans repaid at maturity were refinanced. Moreover, bonds were redeemed, dividends paid to shareholders, and dividends of subsidiaries paid to shareholders with non-controlling interests.

**(iii) Trends of cash-flow related indices**

Year ended	March 31, 2013	March 31, 2014	December 31, 2014	December 31, 2015	December 31, 2016
Equity ratio (%)	70.1	71.2	70.2	70.6	72.7
Market value-based equity ratio (%)	34.1	37.4	37.1	41.9	45.3
Interest-bearing debt to cash flows ratio (years)	1.9	2.1	2.8	2.3	2.1
Interest coverage ratio (times)	74.6	77.1	68.1	44.1	45.0

Equity ratio: Shareholders' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest paid

Notes: 1. All calculations are based on consolidated financial figures.

2. Market capitalization was calculated based on the number of issued shares excluding treasury stock.

3. For operating cash flows and interest paid, calculations use "cash flows from operating activities" and "interest expenses paid," respectively, in the consolidated statement of cash flows. Moreover, interest-bearing debt corresponds to long- and short-term loans payable, bonds payable and commercial papers(Current liabilities Other) included in liabilities presented in the consolidated balance sheet.

4. As the year ended December 31, 2014, an irregular period during which the fiscal year was changed, was a nine-month fiscal period, figures are calculated using cash flows from operating activities and interest expenses paid for the nine-month period.



**(3) Basic policy on allocation of profits and cash dividends for this fiscal year and next fiscal year**  
(Basic policy)

The Company views returning profits to shareholders as an important issue for management. Based on a basic policy of maintaining a long-term and stable return of profits to shareholders that is not significantly affected by fluctuations in earnings, the Company decides on dividend payments while taking into account its financial situation. The Company also considers flexible profit-sharing as an opportunity presents itself. At the same time, the Company aims to fulfill the expectations of shareholders by boosting its corporate value through the effective use of funds for forward-thinking research and development, investment in growth, and reinforcement of the Company's financial base.

(Year-end dividend)

The Company shall present the year-end dividend payment of 8 yen per share (which combined with the 8 yen per share interim dividend makes an annual dividend of 16 yen per share, unchanged from the previous fiscal year) for approval at the Ordinary General Meeting of Shareholders scheduled to be held on March 30, 2017.

(Dividend forecast for the next fiscal year)

Both the interim dividend and the year-end dividend are expected to be 8 yen per share, for an annual dividend of 16 yen per share.

As announced on February 3, 2017, the Company plans to carry out a share consolidation at a ratio of one for every five common shares, effective on July 1, 2017. However, the annual dividend per share for the year ending December 31, 2017 (estimate) does not take this share consolidation into account. Both the interim dividend and the year-end dividend per common share will be 40 yen (total annual dividend per share: 80 yen), on the assumption that this share consolidation is carried out at the start of the fiscal year.

## Consolidated financial statements

### (1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2015	As of December 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	144,345	132,001
Notes and accounts receivable - trade	47,391	49,133
Merchandise and finished goods	40,084	38,977
Work in process	1,631	1,456
Raw materials and supplies	22,459	19,979
Deferred tax assets	5,029	4,066
Other	6,562	9,351
Allowance for doubtful accounts	(75)	(96)
<b>Total current assets</b>	<b>267,429</b>	<b>254,870</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	154,609	156,325
Accumulated depreciation	(71,921)	(77,669)
Buildings and structures, net	82,687	78,656
Machinery, equipment and vehicles	682,347	694,105
Accumulated depreciation	(414,415)	(426,244)
Machinery, equipment and vehicles, net	267,932	267,860
Land	12,656	13,638
Construction in progress	21,216	5,857
Other	20,374	20,592
Accumulated depreciation	(18,855)	(19,205)
Other, net	1,519	1,386
<b>Total property, plant and equipment</b>	<b>386,012</b>	<b>367,399</b>
Intangible assets	4,185	7,179
Investments and other assets		
Investment securities	55,314	55,161
Deferred tax assets	12,560	7,094
Other	1,502	2,242
Allowance for doubtful accounts	(67)	(29)
<b>Total investments and other assets</b>	<b>69,309</b>	<b>64,468</b>
<b>Total non-current assets</b>	<b>459,507</b>	<b>439,047</b>
<b>Total assets</b>	<b>726,937</b>	<b>693,917</b>

(Millions of yen)

	As of December 31, 2015	As of December 31, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	29,587	31,611
Short-term loans payable	29,230	19,197
Current portion of bonds	10,000	10,000
Income taxes payable	3,428	1,338
Provision for loss on closing plants	1,035	437
Other provision	78	89
Other	32,039	23,350
<b>Total current liabilities</b>	<b>105,399</b>	<b>86,024</b>
<b>Non-current liabilities</b>		
Bonds payable	40,000	30,000
Long-term loans payable	27,500	40,800
Provision for special repairs	31,650	23,127
Other provision	27	31
Net defined benefit liability	1,202	1,561
Other	1,357	2,808
<b>Total non-current liabilities</b>	<b>101,736</b>	<b>98,328</b>
<b>Total liabilities</b>	<b>207,136</b>	<b>184,353</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	32,155	32,155
Capital surplus	34,350	34,320
Retained earnings	427,431	424,441
Treasury shares	(289)	(293)
<b>Total shareholders' equity</b>	<b>493,648</b>	<b>490,624</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	23,290	22,558
Deferred gains or losses on hedges	(205)	(418)
Foreign currency translation adjustment	(3,515)	(8,744)
Remeasurements of defined benefit plans	—	266
<b>Total accumulated other comprehensive income</b>	<b>19,570</b>	<b>13,663</b>
<b>Non-controlling interests</b>	<b>6,582</b>	<b>5,276</b>
<b>Total net assets</b>	<b>519,801</b>	<b>509,564</b>
<b>Total liabilities and net assets</b>	<b>726,937</b>	<b>693,917</b>

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

(Millions of yen)

	Year ended December 31, 2015	Year ended December 31, 2016
Net sales	251,177	239,411
Cost of sales	198,171	187,903
Gross profit	53,005	51,508
Selling, general and administrative expenses	30,971	31,937
Operating income	22,034	19,571
Non-operating income		
Interest income	357	170
Dividend income	1,226	1,071
Gain on sales of goods	261	209
Other	922	498
Total non-operating income	2,767	1,950
Non-operating expenses		
Interest expenses	1,118	1,097
Depreciation of inactive non-current assets	2,149	1,299
Foreign exchange losses	5,742	3,848
Other	1,520	1,308
Total non-operating expenses	10,529	7,553
Ordinary income	14,272	13,967
Extraordinary income		
Reversal of provision for special repairs	3,868	8,911
Gain on sales of investment securities	2,131	—
Other	28	537
Total extraordinary income	6,029	9,449
Extraordinary losses		
Impairment loss	1,485	6,488
Loss on closing of plants	1,255	—
Loss on disaster	—	944
Other	761	782
Total extraordinary losses	3,502	8,215
Profit before income taxes	16,799	15,202
Income taxes - current	5,672	2,270
Income taxes - deferred	780	7,255
Total income taxes	6,453	9,526
Profit	10,345	5,676
Profit attributable to non-controlling interests	708	707
Profit attributable to owners of parent	9,636	4,968

## Consolidated statement of comprehensive income

(Millions of yen)

	Year ended December 31, 2015	Year ended December 31, 2016
Profit	10,345	5,676
Other comprehensive income		
Valuation difference on available-for-sale securities	5,408	(731)
Deferred gains or losses on hedges	558	(212)
Foreign currency translation adjustment	(10,017)	(5,251)
Remeasurements of defined benefit plans, net of tax	—	266
Total other comprehensive income	(4,050)	(5,929)
Comprehensive income	6,295	(253)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,562	(938)
Comprehensive income attributable to non-controlling interests	732	684

**(3) Consolidated statement of changes in equity**

Year ended December 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	32,155	34,350	423,763	(280)	489,989
Changes of items during period					
Dividends of surplus			(5,968)		(5,968)
Profit attributable to owners of parent			9,636		9,636
Purchase of treasury shares				(9)	(9)
Disposal of treasury shares		(0)		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(0)	3,668	(8)	3,659
Balance at end of current period	32,155	34,350	427,431	(289)	493,648

	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	Total accumulated other comprehensive income		
Balance at beginning of current period	17,882	(763)	6,525	23,644	8,943	522,577
Changes of items during period						
Dividends of surplus						(5,968)
Profit attributable to owners of parent						9,636
Purchase of treasury shares						(9)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	5,408	558	(10,040)	(4,073)	(2,361)	(6,435)
Total changes of items during period	5,408	558	(10,040)	(4,073)	(2,361)	(2,775)
Balance at end of current period	23,290	(205)	(3,515)	19,570	6,582	519,801

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	32,155	34,350	427,431	(289)	493,648
Changes of items during period					
Dividends of surplus			(7,957)		(7,957)
Profit attributable to owners of parent			4,968		4,968
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		(0)		0	0
Purchase of shares of consolidated subsidiaries		(29)			(29)
Other			(0)		(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(29)	(2,989)	(4)	(3,023)
Balance at end of current period	32,155	34,320	424,441	(293)	490,624

	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 beginning of current period	23,290	(205)	(3,515)	—	19,570	6,582	519,801
Changes of items during period							
Dividends of surplus							(7,957)
Profit attributable to owners of parent							4,968
Purchase of treasury shares							(4)
Disposal of treasury shares							0
Purchase of shares of consolidated subsidiaries							(29)
Other							(0)
Net changes of items other than shareholders' equity	(731)	(212)	(5,229)	266	(5,906)	(1,305)	(7,212)
Total changes of items during period	(731)	(212)	(5,229)	266	(5,906)	(1,305)	(10,236)
Balance at end of current period	22,558	(418)	(8,744)	266	13,663	5,276	509,564

**(4) Consolidated statement of cash flows**

(Millions of yen)

	Year ended December 31, 2015	Year ended December 31, 2016
<b>Cash flows from operating activities</b>		
Profit before income taxes	16,799	15,202
Depreciation	37,153	31,255
Impairment loss	1,485	6,488
Loss on closing of plants	1,255	—
Increase (decrease) in provision for special repairs	(1,204)	(8,523)
Interest and dividend income	(1,583)	(1,242)
Interest expenses	1,118	1,097
Foreign exchange losses (gains)	6,081	3,441
Decrease (increase) in notes and accounts receivable - trade	(2,133)	(1,021)
Decrease (increase) in inventories	(9,330)	4,550
Increase (decrease) in notes and accounts payable - trade	(1,541)	680
Other, net	1,027	1,583
Subtotal	49,127	53,512
Interest and dividend income received	1,553	1,272
Interest expenses paid	(1,061)	(1,072)
Income taxes paid	(2,822)	(5,450)
Net cash provided by (used in) operating activities	46,797	48,261
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	9,541	4,646
Purchase of non-current assets	(44,599)	(27,687)
Payments for transfer of business	—	(7,433)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(5,066)
Other, net	2,420	(597)
Net cash provided by (used in) investing activities	(32,638)	(36,138)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	1,214	3,390
Proceeds from long-term loans payable	—	13,300
Repayments of long-term loans payable	(499)	(13,300)
Redemption of bonds	—	(10,000)
Cash dividends paid	(5,969)	(7,957)
Dividends paid to non-controlling interests	(2,565)	(2,019)
Other, net	(72)	(1,036)
Net cash provided by (used in) financing activities	(7,892)	(17,624)
Effect of exchange rate change on cash and cash equivalents	(2,234)	(2,187)
Net increase (decrease) in cash and cash equivalents	4,032	(7,688)
Cash and cash equivalents at beginning of period	129,823	133,856
Cash and cash equivalents at end of period	133,856	126,167