

No. 2060

## MHI Announces FY2016 Consolidated Financial Results

Tokyo, May 9, 2017 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for fiscal year (FY) 2016 ended March 31, 2017.

(billions of yen)

	<b>FY2016</b>	<b>FY2015</b>	Changes (%)
Orders Received	<b>4,275.6</b>	4,485.5	(4.7)
Net Sales	<b>3,914.0</b>	4,046.8	(3.3)
Operating Income	<b>150.5</b>	309.5	(51.4)
Ordinary Income	<b>124.2</b>	272.5	(54.4)
Income Before Taxes and Minority Interests	<b>169.7</b>	132.6	27.9
Profit Attributable to Owners of Parent	<b>87.7</b>	63.8	37.4
Operating Cash Flow	<b>95.9</b>	270.0	
Investment Cash Flow	<b>8.7</b>	(262.4)	
Financing Cash Flow	<b>(162.0)</b>	(23.1)	
Profit Attributable to Owners of Parent Per Share	<b>26.12 yen</b>	19.02 yen	37.4

Figures in parentheses are negative.

**Consolidated** financial results (continued)**Sales by Operational Segment**

(billions of yen)

	<b>FY2016</b>	FY2015
Energy & Environment	<b>1,470.4</b>	1,542.7
Commercial Aviation & Transportation Systems	<b>515.3</b>	548.5
Integrated Defense & Space Systems	<b>470.6</b>	485.0
Machinery, Equipment & Infrastructure	<b>1,438.0</b>	1,432.3
Others	<b>175.9</b>	177.3
Eliminations or Corporate	<b>(156.3)</b>	(139.2)
<b>TOTAL</b>	<b>3,914.0</b>	4,046.8

**Operating Income (Loss) by Operational Segment**

(billions of yen)

	<b>FY2016</b>	FY2015
Energy & Environment	<b>110.5</b>	154.6
Commercial Aviation & Transportation Systems	<b>(51.9)</b>	54.5
Integrated Defense & Space Systems	<b>27.9</b>	25.7
Machinery, Equipment & Infrastructure	<b>72.5</b>	80.0
Others	<b>10.7</b>	12.6
Eliminations or Corporate	<b>(19.3)</b>	(18.1)
<b>TOTAL</b>	<b>150.5</b>	309.5

Figures in parentheses are negative.

## **Consolidated** financial results (continued)

### Estimate of Consolidated Financial Results for FY 2017

For the fiscal year 2017 ending March 31, 2018, MHI is expecting 4,150 billion yen in net sales, 230 billion yen in operating income, 210 billion yen in ordinary income, and 100 billion yen in profit attributable to owners of parent. This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = ¥110 and €1.00 = ¥120 for the portion yet to be fixed.

Please note that this estimate has been projected with currently available information and data. As such, these projections involve risks and uncertainties. For this reason, investors are recommended not to depend solely on these projections for making investment decisions. The actual results, therefore, may diverge broadly with the influence of a variety of outside factors such as economics surrounding MHI, currency movement of the yen to the U.S. dollar and other foreign currencies, and trends of stock markets in Japan. Also, the results projected here should not be construed in any way as being guaranteed by the company.

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# CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

	As of Mar. 31, 2016	As of Mar. 31, 2017
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and deposits	310,523	248,040
Trade receivables	1,200,852	1,180,143
Merchandise and finished products	187,330	178,884
Work in process	992,160	989,336
Raw materials and supplies	156,507	157,330
Deferred income taxes	137,428	114,223
Indemnification asset for South African project	185,308	294,955
Other current assets	367,376	368,088
Allowance for doubtful accounts	(7,694)	(8,959)
<b>Total current assets</b>	<b>3,529,792</b>	<b>3,522,043</b>
<b>Non-current assets:</b>		
Property, plant and equipment, net:		
Buildings and structures	397,292	361,310
Machinery and transportation equipment	257,306	262,129
Tools, equipment and furniture	56,570	64,511
Land	197,898	179,674
Leased assets	2,873	5,004
Construction in progress	75,497	62,448
Subtotal	987,440	935,078
Intangible assets:		
Goodwill	138,913	120,552
Others	144,631	128,896
Subtotal	283,545	249,448
Investments and advances:		
Investment securities	534,570	578,758
Long-term loans	4,946	17,778
Asset for retirement benefit	27,459	60,556
Deferred income taxes	15,808	13,060
Others	125,601	113,407
Allowance for doubtful accounts	(8,452)	(8,204)
Subtotal	699,934	775,356
<b>Total non-current assets</b>	<b>1,970,920</b>	<b>1,959,883</b>
<b>TOTAL ASSETS</b>	<b>5,500,712</b>	<b>5,481,927</b>

## CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Mar. 31, 2016	As of Mar. 31, 2017
<b><u>LIABILITIES</u></b>		
<b>Current liabilities:</b>		
Trade payables	763,761	736,502
Electronically recorded obligations	96,888	99,560
Short-term borrowings	293,131	205,679
Current portion of long-term borrowings	61,715	97,729
Commercial papers	45,000	-
Current portion of bonds	20,000	60,000
Income taxes payable	18,091	31,233
Reserve for product warranties	15,128	14,899
Reserve for loss on construction contracts	56,866	49,853
Reserve for loss on passenger vessel construction business	72,842	18,463
Reserve for stock benefits	98	366
Advance payments received on contracts	749,747	777,654
Other current liabilities	407,108	435,152
<b>Total current liabilities</b>	<b>2,600,378</b>	<b>2,527,093</b>
<b>Non-current liabilities:</b>		
Bonds	245,000	215,000
Long-term borrowings	387,302	347,157
Deferred income taxes	68,711	87,029
Reserve for stock benefits	966	1,247
Reserve for treatment of PCB waste	7,258	6,485
Liability for retirement benefits	124,890	123,160
Other non-current liabilities	66,467	67,458
<b>Total non-current liabilities</b>	<b>900,596</b>	<b>847,538</b>
<b>TOTAL LIABILITIES</b>	<b>3,500,975</b>	<b>3,374,632</b>
<b><u>NET ASSETS</u></b>		
<b>Stockholders' equity:</b>		
Common stock	265,608	265,608
Capital surplus	203,951	203,658
Retained earnings	1,173,053	1,214,749
Treasury stock	(4,771)	(4,609)
<b>Total stockholders' equity</b>	<b>1,637,842</b>	<b>1,679,407</b>
<b>Accumulated other comprehensive income (loss)</b>		
Unrealized holding gain (loss) on investment securities	40,108	100,600
Unrealized gain (loss) from hedging instruments	3,044	1,294
Translation adjustments	17,762	(2,287)
Retirement benefits liability adjustments	(18,998)	3,683
<b>Total accumulated other comprehensive income (loss)</b>	<b>41,917</b>	<b>103,291</b>
<b>Share subscription rights</b>	<b>2,616</b>	<b>2,536</b>
<b>Non-controlling interests</b>	<b>317,360</b>	<b>322,059</b>
<b>TOTAL NET ASSETS</b>	<b>1,999,737</b>	<b>2,107,295</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>5,500,712</b>	<b>5,481,927</b>

# CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	FY2015	FY2016
<b>Net sales</b>	<b>4,046,810</b>	<b>3,914,018</b>
Cost of sales	3,184,596	3,180,898
<b>Gross profit</b>	<b>862,213</b>	<b>733,119</b>
<b>Selling, general and administrative expenses:</b>		
Provision of allowance for doubtful accounts	(958)	(317)
Directors' compensations, salaries and allowances	192,802	204,834
Research and development expenses	89,030	106,729
Expenses for inquiries	43,684	46,459
Other expenses	228,147	224,869
<b>Total selling, general and administrative expenses</b>	<b>552,707</b>	<b>582,576</b>
<b>Operating income</b>	<b>309,506</b>	<b>150,543</b>
<b>Non-operating income:</b>		
Interest income	6,602	3,799
Dividend income	8,975	11,637
Foreign exchange gain	-	10,213
Income from equity method investments	5,647	-
Gain on arbitration expenses awarded in the arbitration relating to nuclear equipment in US	-	6,558
Other income	6,828	9,945
<b>Total non-operating income</b>	<b>28,053</b>	<b>42,155</b>
<b>Non-operating expenses:</b>		
Interest expense	13,338	11,461
Foreign exchange loss	21,908	-
Loss from equity method investments	-	22,845
Loss on disposal of fixed assets	12,959	7,627
Loss on passenger vessel construction business	-	7,829
Other expenses	16,853	18,640
<b>Total non-operating expenses</b>	<b>65,060</b>	<b>68,404</b>
<b>Ordinary income</b>	<b>272,500</b>	<b>124,293</b>
<b>Extraordinary gain:</b>		
Gain on sales of investment securities	-	61,047
Gain on sales of fixed assets	5,663	53,861
Gain on negative goodwill	6,867	-
Gain on revision of retirement benefit plan	2,208	-
<b>Total extraordinary gain</b>	<b>14,738</b>	<b>114,908</b>
<b>Extraordinary loss:</b>		
Loss on passenger vessel construction business reserve	103,911	34,323
Compensation for damages decided in the arbitration relating to nuclear equipment in US	-	16,076
Business structure improvement expenses	47,251	12,810
Loss on revaluation of investment securities	-	6,272
Loss on sales of investment securities	3,393	-
<b>Total extraordinary loss</b>	<b>154,556</b>	<b>69,483</b>
<b>Profit before income taxes</b>	<b>132,682</b>	<b>169,718</b>
Income taxes		
Current	50,379	49,856
Deferred	5,651	14,584
<b>Total income taxes</b>	<b>56,031</b>	<b>64,440</b>
<b>Profit</b>	<b>76,650</b>	<b>105,278</b>
Profit attributable to non-controlling interests	12,816	17,557
<b>Profit attributable to owners of parent</b>	<b>63,834</b>	<b>87,720</b>

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of Yen)

	FY2015	FY2016
<b>Profit</b>	<b>76,650</b>	<b>105,278</b>
<b>Other comprehensive income (loss)</b>		
Unrealized holding gain (loss) on investment securities	(42,469)	60,914
Unrealized gain (loss) from hedging instruments	418	275
Translation adjustments	(51,910)	(23,946)
Retirement benefits liability adjustments	(35,066)	20,893
Share of other comprehensive income (loss) of entities accounted for by the equity method	(6,249)	(6,165)
<b>Total other comprehensive income (loss)</b>	<b>(135,277)</b>	<b>51,970</b>
<b>Comprehensive income</b>	<b>(58,626)</b>	<b>157,248</b>
<b>Comprehensive income attributable to</b>		
Owners of parent	(62,348)	149,094
Non-controlling interests	3,721	8,154

## Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	FY2015	FY2016
Stockholders' equity		
Common stock		
Balance at the beginning of current period	265,608	265,608
Balance at the end of current period	265,608	265,608
Capital surplus		
Balance at the beginning of current period	204,039	203,951
Changes in the period		
Change in treasury shares of parent		
arising from transactions with non-controlling shareholder	(211)	(398)
Disposal of treasury stock	123	104
Total changes in the period	(87)	(293)
Balance at the end of current period	203,951	203,658
Retained earnings		
Balance at the beginning of current period	1,148,268	1,173,053
Changes in the period		
Cash dividends	(40,275)	(40,291)
Profit attributable to owners of parent	63,834	87,720
Changes in scope of consolidation	(461)	(333)
Changes in scope of equity method application	1,687	(5,398)
Total changes in the period	24,784	41,696
Balance at the end of current period	1,173,053	1,214,749
Treasury stock		
Balance at the beginning of current period	(5,249)	(4,771)
Changes in the period		
Purchase of treasury stock	(32)	(81)
Disposal of treasury stock	509	243
Total changes in the period	477	161
Balance at the end of current period	(4,771)	(4,609)
Total stockholders' equity		
Balance at the beginning of current period	1,612,668	1,637,842
Changes in the period		
Cash dividends	(40,275)	(40,291)
Profit attributable to owners of parent	63,834	87,720
Changes in scope of consolidation	(461)	(333)
Changes in scope of equity method application	1,687	(5,398)
Change in treasury shares of parent		
arising from transactions with non-controlling shareholder	(211)	(398)
Purchase of treasury stock	(32)	(81)
Disposal of treasury stock	633	348
Total changes in the period	25,174	41,564
Balance at the end of current period	1,637,842	1,679,407



(Millions of Yen)

	FY2015	FY2016
Accumulated other comprehensive income		
Net unrealized gains (losses) on investment securities		
Balance at the beginning of current period	81,499	40,108
Changes in the period		
Net changes in items other than stockholders' equity	(41,390)	60,491
Total changes in the period	(41,390)	60,491
Balance at the end of current period	40,108	100,600
Deferred gains (losses) on hedges		
Balance at the beginning of current period	802	3,044
Changes in the period		
Net changes in items other than stockholders' equity	2,241	(1,749)
Total changes in the period	2,241	(1,749)
Balance at the end of current period	3,044	1,294
Foreign currency translation adjustments		
Balance at the beginning of current period	68,413	17,762
Changes in the period		
Net changes in items other than stockholders' equity	(50,651)	(20,049)
Total changes in the period	(50,651)	(20,049)
Balance at the end of current period	17,762	(2,287)
Remeasurements of defined benefit plan		
Balance at the beginning of current period	17,383	(18,998)
Changes in the period		
Net changes in items other than stockholders' equity	(36,382)	22,682
Total changes in the period	(36,382)	22,682
Balance at the end of current period	(18,998)	3,683
Total accumulated other comprehensive income		
Balance at the beginning of current period	168,100	41,917
Changes in the period		
Net changes in items other than stockholders' equity	(126,182)	61,374
Total changes in the period	(126,182)	61,374
Balance at the end of current period	41,917	103,291
Share subscription rights		
Balance at the beginning of current period	3,129	2,616
Changes in the period		
Net changes in items other than stockholders' equity	(512)	(80)
Total changes in the period	(512)	(80)
Balance at the end of current period	2,616	2,536
Non-controlling interests		
Balance at the beginning of current period	336,117	317,360
Changes in the period		
Net changes in items other than stockholders' equity	(18,757)	4,699
Total changes in the period	(18,757)	4,699
Balance at the end of current period	317,360	322,059

(Millions of Yen)

	FY2015	FY2016
Total net assets		
Balance at the beginning of current period	2,120,014	1,999,737
Changes in the period		
Cash dividends	(40,275)	(40,291)
Profit attributable to owners of parent	63,834	87,720
Changes in scope of consolidation	(461)	(333)
Changes in scope of equity method application	1,687	(5,398)
Change in treasury shares of parent		
arising from transactions with non-controlling shareholder	(211)	(398)
Purchase of treasury stock	(32)	(81)
Disposal of treasury stock	633	348
Net changes in items other than stockholders' equity	(145,452)	65,993
Total changes in the period	(120,277)	107,558
Balance at the end of current period	1,999,737	2,107,295

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of Yen)

	FY 2015	FY 2016
<b>Cash flows from operating activities:</b>		
Profit (loss) before income taxes	132,682	169,718
Adjustments to reconcile profit (loss) before income taxes to net cash provided by operating activities:		
Depreciation and amortization	158,706	172,762
Impairment loss	3,393	-
Amortization of goodwill	11,416	16,568
Gain on negative goodwill	(6,867)	-
Increase (decrease) in liability for retirement benefit	(7,820)	(1,093)
Interest and dividend income	(15,577)	(15,437)
Interest expense	13,338	11,461
Foreign exchange loss (gain)	22,856	(8,337)
(Income) loss from equity method investments	(5,647)	22,845
Loss on revaluation of investment securities	-	6,272
(Gain) loss on sales of investment securities	-	(61,047)
(Gain) loss on sales of fixed assets	(5,663)	(53,861)
Loss on disposal of fixed assets	12,959	7,627
Gain on revision of retirement benefit plan	(2,208)	-
Business structure improvement expenses	47,251	12,810
Loss on passenger vessel construction business reserve	103,911	34,323
(Increase) decrease in receivables	75,764	(11,002)
(Increase) decrease in inventories and advances to suppliers	(116,847)	(121,023)
(Increase) decrease in other assets	(202,252)	(117,552)
Increase (decrease) in payables	(3,228)	(14,261)
Increase (decrease) in advance payments received on contracts	107,093	39,375
Increase (decrease) in other liabilities	(4,214)	52,556
Others	(3,765)	(3)
Subtotal	<b>315,280</b>	<b>142,703</b>
Interest and dividends received	18,393	20,270
Interest paid	(13,800)	(12,185)
Income taxes paid	(49,870)	(54,875)
Net cash provided by operating activities	<b>270,002</b>	<b>95,913</b>
<b>Cash flows from investing activities:</b>		
Net (increase) decrease in time deposits	(2,180)	2,521
Purchases of property, plant, equipment and intangible assets	(161,160)	(200,185)
Proceeds from sales of property, plant, equipment and intangible assets	12,535	97,013
Purchases of investment securities	(13,112)	(5,033)
Proceeds from sales and redemption of investment securities	11,055	17,376
Purchase of investments in subsidiaries that result in change in scope of consolidation	(105,425)	-
Proceeds from purchase of investments in subsidiaries that result in change in scope of consolidation	9,574	-
Proceeds from sales of investments in subsidiaries that result in change in scope of consolidation	-	102,436
Payment for sales of investments in subsidiaries that result in change in scope of consolidation	(6,369)	(849)
Payments for transfer of business	(2,708)	-
Disbursement of long-term loans	(6,240)	(10,996)
Collection of long-term loans	4,259	13,868
Others	(2,706)	(7,440)
Net cash used in investing activities	<b>(262,479)</b>	<b>8,712</b>
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term borrowings and commercial papers	20,506	(132,340)
Proceeds from long-term borrowings	44,889	60,206
Repayment of long-term borrowings	(58,859)	(62,804)
Proceeds from issuance of bonds	20,000	30,000
Payment for redemption of bonds	-	(20,000)
Proceeds from issuance of stock to non-controlling shareholders	4,144	445
Dividends paid to stockholders	(40,269)	(40,283)
Dividends paid to non-controlling shareholders	(10,494)	(2,682)
Purchase of investments in subsidiaries that do not result in change in scope of consolidation	(571)	0
Others	(2,452)	5,381
Net cash used in financing activities	<b>(23,106)</b>	<b>(162,078)</b>
Effect of exchange rate changes on cash and cash equivalents	<b>(35,194)</b>	<b>1,060</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(50,778)</b>	<b>(56,392)</b>
Cash and cash equivalents at the beginning of the year	<b>357,349</b>	<b>300,267</b>
Increase in cash and cash equivalents due to changes in scope of consolidation	<b>649</b>	<b>-</b>
Decrease in cash and cash equivalents due to changes in scope of consolidation	<b>(6,953)</b>	<b>(1,470)</b>
Cash and cash equivalents at the end of period	<b>300,267</b>	<b>242,404</b>

No. 2061

## MHI Announces FY2016 Non-Consolidated Financial Results

Tokyo, May 9, 2017 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **non-consolidated** financial results for fiscal year (FY) 2016 ended March 31, 2017.

(billions of yen)

	<b>FY2016</b>	<b>FY2015</b>	Changes (%)
Orders Received	<b>1,376.1</b>	1,619.9	(15.0)
Net Sales	<b>1,197.8</b>	1,474.9	(18.8)
Operating Income	<b>64.4</b>	128.8	(50.0)
Ordinary Income	<b>174.5</b>	143.0	22.0
Income Before Income Taxes	<b>(15.3)</b>	(1.4)	—
Net Income	<b>(18.6)</b>	3.1	—
Net Income Per Share	<b>(5.56) yen</b>	0.95 yen	—
Dividend Per Share	<b>12.00 yen</b>	12.00 yen	

Figures in parentheses are negative.

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# NON-CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

	As of Mar.31, 2016	As of Mar.31, 2017
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and deposits	101,622	61,079
Trade notes receivable	890	102
Trade accounts receivable	441,344	368,183
Merchandise and finished products	13,252	2,175
Work in process	406,265	373,229
Raw materials and supplies	60,867	50,763
Advances to suppliers	79,167	82,407
Prepaid expenses	1,290	3,060
Deferred income taxes	67,120	42,286
Short-term loans receivable from subsidiaries and affiliates	357,186	266,952
Others	176,492	172,921
Allowance for doubtful accounts	(51)	(96)
<b>Total current assets</b>	<b>1,705,449</b>	<b>1,423,065</b>
<b>Non-current assets:</b>		
Property, plant and equipment:		
Buildings	205,080	197,142
Structures	18,090	19,321
Docks and facilities for shipbuilding	2,350	2,680
Machinery	88,631	72,724
Vessels	106	83
Aircraft	2	1
Vehicles and transportation equipment	2,458	2,395
Tools, equipment and furniture	26,592	32,722
Land	97,770	95,827
Leased assets	18,607	17,466
Construction in progress	29,634	28,402
Subtotal	489,324	468,769
Intangible assets		
Software	11,168	9,914
Right of using facilities	243	315
Leased assets	132	59
Others	68	85
Subtotal	11,612	10,373
Investments and advances:		
Investment securities	282,513	391,909
Investments in shares of subsidiaries and affiliates	721,342	452,348
Investments in capital	14	737
Investments in capital of subsidiaries and affiliates	80,749	79,537
Long-term loans receivable from employees	33	33
Long-term loans receivable from subsidiaries and affiliates	34,327	92,839
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,044	232
Long-term prepaid expense	4,736	4,100
Prepaid pension cost	44,153	48,865
Long-term receivables	236	317,311
Others	45,821	47,669
Allowance for doubtful accounts	(1,910)	(51,336)
Subtotal	1,213,063	1,384,249
<b>Total non-current assets</b>	<b>1,714,001</b>	<b>1,863,392</b>
<b>TOTAL ASSETS</b>	<b>3,419,451</b>	<b>3,286,458</b>

# NON-CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Mar.31, 2016	As of Mar.31, 2017
<b><u>LIABILITIES</u></b>		
<b>Current liabilities:</b>		
Electronically recorded obligations	46,931	34,867
Trade accounts payable	338,543	268,186
Short-term borrowings	445,297	423,631
Current portion of long-term borrowings	45,978	87,978
Commercial papers	45,000	-
Current portion of bonds	20,000	60,000
Lease obligations	1,495	1,389
Accrued payables	27,852	28,516
Accrued expenses	116,764	126,940
Advance payments received on contracts	379,974	441,989
Deposits received	32,550	23,105
Reserve for product warranties	288	-
Reserve for loss on construction contracts	14,592	9,732
Reserve for loss on passenger vessel construction business	72,842	18,463
Reserve for stock benefits	98	366
Asset retirement obligations	-	1
Others	2,496	15,496
<b>Total current liabilities</b>	<b>1,590,705</b>	<b>1,540,665</b>
<b>Non-current liabilities:</b>		
Bonds	245,000	215,000
Long-term borrowings	347,989	279,720
Lease obligations	17,237	16,010
Deferred income taxes	270	10,829
Reserve for stock benefits	696	836
Reserve for treatment of PCB waste	6,624	6,086
Provision for loss for guarantees	-	7,850
Asset retirement obligations	2,823	2,734
Others	21,509	25,171
<b>Total non-current liabilities</b>	<b>642,150</b>	<b>564,240</b>
<b>TOTAL LIABILITIES</b>	<b>2,232,856</b>	<b>2,104,905</b>
<b><u>NET ASSETS</u></b>		
<b>Stockholders' equity:</b>		
Common stock	265,608	265,608
Capital surplus:		
Capital reserve	203,536	203,536
Other capital reserve	2,806	2,727
Total capital surplus	206,342	206,263
Retained earnings:		
Legal reserve	66,363	66,363
Revenue reserve:		
Reserve for specified business restructuring investment loss	92,151	69,524
Reserve for reduction in costs of fixed assets	44,739	75,903
Reserve for accelerated depreciation	3,023	2,415
General reserves	460,000	410,000
Earned surplus brought forward	19,321	2,161
Total Retained earnings	685,598	626,369
Treasury stock	(2,969)	(2,882)
<b>Total stockholders' equity</b>	<b>1,154,580</b>	<b>1,095,359</b>
<b>Valuation, translation adjustments and others</b>		
Net unrealized gains (losses) on investment securities	28,746	83,141
Deferred gains (losses) on hedges	763	658
<b>Total Valuation, translation adjustments and others</b>	<b>29,510</b>	<b>83,799</b>
<b>Share subscription rights</b>	<b>2,504</b>	<b>2,393</b>
<b>TOTAL NET ASSETS</b>	<b>1,186,595</b>	<b>1,181,552</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,419,451</b>	<b>3,286,458</b>

# NON-CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	FY2015	FY2016
<b>Net sales</b>	<b>1,474,990</b>	<b>1,197,802</b>
Cost of sales	1,226,023	1,037,175
<b>Gross profit</b>	<b>248,967</b>	<b>160,626</b>
<b>Selling, general and administrative expenses:</b>		
Provision of allowance for doubtful accounts	494	(578)
Directors' compensations, salaries and allowances	40,444	37,662
Depreciation	5,777	5,430
Research and development expenses	35,530	22,795
Commission fee	22,682	21,487
Expenses for inquiries	8,659	7,651
Others	6,496	1,708
<b>Total selling, general and administrative expenses</b>	<b>120,084</b>	<b>96,157</b>
<b>Operating income</b>	<b>128,882</b>	<b>64,469</b>
<b>Non-operating income:</b>		
Interest income	3,545	3,851
Dividend income	40,561	125,791
Foreign exchange gain	-	3,898
Gain on sales of investment securities	1,633	-
Others	1,582	6,478
<b>Total non-operating income</b>	<b>47,322</b>	<b>140,019</b>
<b>Non-operating expenses:</b>		
Interest expense	8,418	7,677
Interest on bonds	2,988	2,812
Foreign exchange loss	6,901	-
Loss on disposal of fixed assets	4,782	5,124
Loss on passenger vessel construction business	-	7,829
Litigation expenses	4,595	-
Others	5,460	6,476
<b>Total non-operating expenses</b>	<b>33,146</b>	<b>29,920</b>
<b>Ordinary income</b>	<b>143,059</b>	<b>174,569</b>
<b>Extraordinary gain:</b>		
Gain on sales of fixed assets	5,067	52,748
Gain on sales of investment securities	-	5,376
<b>Total extraordinary gain</b>	<b>5,067</b>	<b>58,125</b>
<b>Extraordinary loss:</b>		
Loss on revaluation of investment securities	17,195	133,659
Provision of allowance for doubtful accounts	-	51,084
Loss on passenger vessel construction business reserve	103,911	34,323
Compensation for damages decided in the arbitration relating to nuclear equipment in US	-	16,076
Provision for loss on guarantees	-	7,661
Business structure improvement expenses	28,489	5,220
<b>Total extraordinary loss</b>	<b>149,597</b>	<b>248,024</b>
<b>Income (loss) before income taxes</b>	<b>(1,470)</b>	<b>(15,330)</b>
Income taxes		
Current	(8,941)	(20,695)
Deferred	4,296	24,021
<b>Total income taxes</b>	<b>(4,645)</b>	<b>3,326</b>
<b>Profit</b>	<b>3,174</b>	<b>(18,656)</b>

## Non-consolidated Statements of Changes in Net Assets

(Millions of Yen)

	FY2015	FY2016
Stockholders' equity		
Common stock		
Balance at the beginning of current period	265,608	265,608
Balance at the end of current period	265,608	265,608
Capital surplus		
Capital reserve		
Balance at the beginning of current period	203,536	203,536
Balance at the end of current period	203,536	203,536
Other capital reserve		
Balance at the beginning of current period	185	2,806
Changes in the period		
Disposal of treasury stock	2,620	(78)
Total changes in the period	2,620	(78)
Balance at the end of current period	2,806	2,727
Total capital surplus		
Balance at the beginning of current period	203,721	206,342
Changes in the period		
Disposal of treasury stock	2,620	(78)
Total changes in the period	2,620	(78)
Balance at the end of current period	206,342	206,263
Retained earnings		
Legal reserve		
Balance at the beginning of current period	66,363	66,363
Balance at the end of current period	66,363	66,363
Revenue reserve		
Reserve for specified business restructuring investment loss		
Balance at the beginning of current period	90,125	92,151
Changes in the period		
Provision of reserve for specified business restructuring investment loss	2,026	-
Reversal of reserve for specified business restructuring investment loss	-	(22,627)
Total changes in the period	2,026	(22,627)
Balance at the end of current period	92,151	69,524
Reserve for reduction in costs of fixed assets		
Balance at the beginning of current period	44,890	44,739
Changes in the period		
Provision of reserve for reduction in costs of fixed assets	3,168	34,470
Reversal of reserve for reduction in costs of fixed assets	(3,319)	(3,305)
Total changes in the period	(150)	31,164
Balance at the end of current period	44,739	75,903
Reserve for accelerated depreciation		
Balance at the beginning of current period	1,306	3,023
Changes in the period		
Provision of reserve for accelerated depreciation	1,930	994
Reversal of reserve for accelerated depreciation	(213)	(1,602)
Total changes in the period	1,716	(607)
Balance at the end of current period	3,023	2,415



(Millions of Yen)

	FY2015	FY2016
General reserves		
Balance at the beginning of current period	460,000	460,000
Changes in the period		
Reversal of general reserve	-	(50,000)
Total changes in the period	-	(50,000)
Balance at the end of current period	460,000	410,000
Earned surplus brought forward		
Balance at the beginning of current period	61,524	19,321
Changes in the period		
Provision of reserve for specified business restructuring investment loss	(2,026)	-
Reversal of reserve for specified business restructuring investment loss	-	22,627
Provision of reserve for reduction in costs of fixed assets	(3,168)	(34,470)
Reversal of reserve for reduction in costs of fixed assets	3,319	3,305
Provision of reserve for accelerated depreciation	(1,930)	(994)
Reversal of reserve for accelerated depreciation	213	1,602
Reversal of general reserve	-	50,000
Cash dividends	(40,312)	(40,363)
Profit	3,174	(18,656)
Decrease by corporate division	(1,472)	(209)
Total changes in the period	(42,202)	(17,159)
Balance at the end of current period	19,321	2,161
Total retained earnings		
Balance at the beginning of current period	724,209	685,598
Changes in the period		
Cash dividends	(40,312)	(40,363)
Profit	3,174	(18,656)
Decrease by corporate division	(1,472)	(209)
Total changes in the period	(38,610)	(59,229)
Balance at the end of current period	685,598	626,369
Treasury stock		
Balance at the beginning of current period	(5,244)	(2,969)
Changes in the period		
Purchase of treasury stock	(28)	(12)
Disposal of treasury stock	2,302	100
Total changes in the period	2,274	87
Balance at the end of current period	(2,969)	(2,882)
Total stockholders' equity		
Balance at the beginning of current period	1,188,296	1,154,580
Changes in the period		
Cash dividends	(40,312)	(40,363)
Profit	3,174	(18,656)
Purchase of treasury stock	(28)	(12)
Disposal of treasury stock	4,923	21
Decrease by corporate division	(1,472)	(209)
Total changes in the period	(33,715)	(59,220)
Balance at the end of current period	1,154,580	1,095,359

(Millions of Yen)

	FY2015	FY2016
Valuation, translation adjustments and others		
Net unrealized gains(losses) on investment securities		
Balance at the beginning of current period	71,789	28,746
Changes in the period		
Net changes in items other than stockholders' equity	(43,042)	54,394
Total changes in the period	(43,042)	54,394
Balance at the end of current period	28,746	83,141
Deferred gains(losses) on hedges		
Balance at the beginning of current period	-	763
Changes in the period		
Net changes in items other than stockholders' equity	763	(104)
Total changes in the period	763	(104)
Balance at the end of current period	763	658
Total Valuation, translation adjustments and others		
Balance at the beginning of current period	71,789	29,510
Changes in the period		
Net changes in items other than stockholders' equity	(42,279)	54,289
Total changes in the period	(42,279)	54,289
Balance at the end of current period	29,510	83,799
Share subscription rights		
Balance at the beginning of current period	3,044	2,504
Changes in the period		
Net changes in items other than stockholders' equity	(540)	(111)
Total changes in the period	(540)	(111)
Balance at the end of current period	2,504	2,393
Total net assets		
Balance at the beginning of current period	1,263,130	1,186,595
Changes in the period		
Cash dividends	(40,312)	(40,363)
Profit	3,174	(18,656)
Purchase of treasury stock	(28)	(12)
Disposal of treasury stock	4,923	21
Decrease by corporate division	(1,472)	(209)
Net changes in items other than stockholders' equity	(42,819)	54,178
Total changes in the period	(76,535)	(5,042)
Balance at the end of current period	1,186,595	1,181,552