

No. 2118

MHI Announces FY2017 Consolidated Financial Results

Tokyo, May 8, 2018 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for fiscal year (FY) 2017 ended March 31, 2018.

(billions of yen)

	FY2017	FY2016	Changes (%)
Orders Received	3,875.7	4,275.6	(9.4)
Net Sales	4,110.8	3,914.0	5.0
Operating Income	126.5	150.5	(16.0)
Ordinary Income	114.4	124.2	(7.9)
Income Before Taxes and Minority Interests	128.0	169.7	(24.6)
Profit Attributable to Owners of Parent	70.4	87.7	(19.6)
Operating Cash Flow	345.1	95.9	
Investment Cash Flow	(137.1)	8.7	
Financing Cash Flow	(152.1)	(162.0)	
Profit Attributable to Owners of Parent Per Share	209.82 yen	261.24 yen	(19.7)

Figures in parentheses are negative.

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

(billions of yen)

	FY2017	FY2016
Power Systems	1,493.9	1,448.4
Industry & Infrastructure	1,898.9	1,747.0
Aircraft, Defense & Space	722.9	703.4
Others	120.8	175.9
Eliminations or Corporate	(125.9)	(160.7)
TOTAL	4,110.8	3,914.0

Operating Income (Loss) by Operational Segment

(billions of yen)

	FY2017	FY2016
Power Systems	108.9	108.1
Industry & Infrastructure	40.8	50.0
Aircraft, Defense & Space	(15.1)	0.9
Others	5.0	10.7
Eliminations or Corporate	(13.2)	(19.3)
TOTAL	126.5	150.5

Figures in parentheses are negative.

Estimate of Consolidated Financial Results for FY 2018

For the fiscal year 2018 ending March 31, 2019, MHI is expecting 4,200 billion yen in net sales, 160 billion yen in EBIT(Earnings Before Interest and Taxes), 170 billion yen in profit before income tax, and 80 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 = ¥130 for the portion yet to be fixed.

We have decided to voluntarily adopt IFRS from beginning with the first quarter ending June 30, 2018 onward, so estimate of consolidated financial results have been made based on IFRS.

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, 2017	As of Mar. 31, 2018
<u>ASSETS</u>		
Current assets:		
Cash and deposits	248,040	313,458
Trade receivables	1,180,143	1,232,742
Merchandise and finished products	178,884	173,152
Work in process	989,336	899,839
Raw materials and supplies	157,330	139,822
Deferred income taxes	114,274	108,954
Indemnification asset for South African project	294,955	400,903
Other current assets	368,088	319,337
Allowance for doubtful accounts	(8,959)	(8,998)
Total current assets	3,522,095	3,579,212
Non-current assets:		
Property, plant and equipment, net:		
Buildings and structures	361,310	340,447
Machinery and transportation equipment	262,129	234,690
Tools, equipment and furniture	64,511	47,758
Land	179,674	179,936
Leased assets	5,004	5,224
Construction in progress	62,448	59,828
Subtotal	935,078	867,884
Intangible assets:		
Goodwill	120,552	105,125
Others	128,896	107,655
Subtotal	249,448	212,781
Investments and advances:		
Investment securities	578,758	605,434
Long-term loans	17,778	18,623
Asset for retirement benefit	60,556	73,426
Deferred income taxes	13,060	27,350
Others	113,407	109,548
Allowance for doubtful accounts	(8,204)	(6,608)
Subtotal	775,356	827,774
Total non-current assets	1,959,883	1,908,440
TOTAL ASSETS	5,481,978	5,487,652

CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Mar. 31, 2017	As of Mar. 31, 2018
<u>LIABILITIES</u>		
Current liabilities:		
Trade payables	736,502	771,324
Electronically recorded obligations	99,560	106,968
Short-term borrowings	205,679	229,584
Current portion of long-term borrowings	97,729	68,956
Current portion of bonds	60,000	30,000
Income taxes payable	31,233	27,251
Reserve for product warranties	14,899	13,936
Reserve for loss on construction contracts	49,853	64,896
Reserve for loss on passenger vessel construction business	18,463	-
Provision for business structure improvement	6,585	6,739
Reserve for stock benefits	366	781
Advance payments received on contracts	777,654	899,642
Other current liabilities	428,734	318,138
Total current liabilities	2,527,262	2,538,219
Non-current liabilities:		
Bonds	215,000	205,000
Long-term borrowings	347,157	279,630
Deferred income taxes	85,689	77,590
Reserve for stock benefits	1,247	1,148
Reserve for treatment of PCB waste	6,485	6,911
Liability for retirement benefits	123,160	137,893
Other non-current liabilities	71,858	76,789
Total non-current liabilities	850,598	784,963
TOTAL LIABILITIES	3,377,860	3,323,183
<u>NET ASSETS</u>		
Stockholders' equity:		
Common stock	265,608	265,608
Capital surplus	203,658	213,898
Retained earnings	1,214,749	1,244,492
Treasury stock	(4,609)	(4,081)
Total stockholders' equity	1,679,407	1,719,918
Accumulated other comprehensive income (loss)		
Unrealized holding gain (loss) on investment securities	100,600	100,021
Unrealized gain (loss) from hedging instruments	(1,882)	(880)
Translation adjustments	(2,287)	(6,999)
Retirement benefits liability adjustments	3,683	12,732
Total accumulated other comprehensive income (loss)	100,113	104,874
Share subscription rights	2,536	2,129
Non-controlling interests	322,059	337,547
TOTAL NET ASSETS	2,104,118	2,164,469
TOTAL LIABILITIES AND NET ASSETS	5,481,978	5,487,652

CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	FY2016	FY2017
Net sales	3,914,018	4,110,816
Cost of sales	3,180,898	3,379,874
Gross profit	733,119	730,942
Selling, general and administrative expenses:		
Provision of allowance for doubtful accounts	(317)	(718)
Directors' compensations, salaries and allowances	204,834	216,763
Research and development expenses	106,729	114,531
Expenses for inquiries	46,459	51,373
Other expenses	224,869	222,461
Total selling, general and administrative expenses	582,576	604,412
Operating income	150,543	126,530
Non-operating income:		
Interest income	3,799	4,155
Dividend income	11,637	12,211
Income from equity method investments	10,213	-
Foreign exchange gain	-	3,230
Gain on arbitration expenses awarded in the arbitration relating to nuclear equipment in US	6,558	-
Other income	9,945	15,674
Total non-operating income	42,155	35,272
Non-operating expenses:		
Interest expense	11,461	9,036
Foreign exchange loss	-	10,385
Loss from equity method investments	22,845	-
Loss on disposal of fixed assets	7,627	7,022
Other expenses	26,470	20,896
Total non-operating expenses	68,404	47,340
Ordinary income	124,293	114,462
Extraordinary gain:		
Gain on sales of investment securities	61,047	31,303
Gain on sales of fixed assets	53,861	-
Total extraordinary gain	114,908	31,303
Extraordinary loss:		
Business structure improvement expenses	12,810	14,548
Impairment loss	-	3,174
Loss on passenger vessel construction business reserve	34,323	-
Compensation for damages decided in the arbitration relating to nuclear equipment in US	16,076	-
Loss on revaluation of investment securities	6,272	-
Total extraordinary loss	69,483	17,723
Profit before income taxes	169,718	128,042
Income taxes		
Current	49,856	63,184
Deferred	14,584	(31,315)
Total income taxes	64,440	31,868
Profit	105,278	96,173
Profit attributable to non-controlling interests	17,557	25,689
Profit attributable to owners of parent	87,720	70,484

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of Yen)

	FY2016	FY2017
Profit	105,278	96,173
Other comprehensive income (loss)		
Unrealized holding gain (loss) on investment securities	60,914	(648)
Unrealized gain (loss) from hedging instruments	3,676	2,488
Translation adjustments	(23,946)	(1,790)
Retirement benefits liability adjustments	20,893	9,501
Share of other comprehensive income (loss) of entities accounted for by the equity method	(6,165)	(857)
Total other comprehensive income	55,371	8,694
Comprehensive income	160,649	104,868
Comprehensive income attributable to		
Owners of parent	152,495	75,244
Non-controlling interests	8,154	29,623

Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	FY2016	FY2017
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	203,951	203,658
Changes in the period		
Change in treasury shares of parent arising from transactions with non-controlling shareholder	(398)	10,077
Disposal of treasury stock	104	162
Total changes in the period	(293)	10,239
Balance at the end of current period	203,658	213,898
Retained earnings		
Balance at the beginning of current period	1,173,053	1,214,749
Changes in the period		
Cash dividends	(40,291)	(40,305)
Profit attributable to owners of parent	87,720	70,484
Changes in scope of consolidation	(333)	(681)
Changes in scope of equity method application	(5,398)	246
Total changes in the period	41,696	29,743
Balance at the end of current period	1,214,749	1,244,492
Treasury stock		
Balance at the beginning of current period	(4,771)	(4,609)
Changes in the period		
Purchase of treasury stock	(81)	(21)
Disposal of treasury stock	243	549
Total changes in the period	161	528
Balance at the end of current period	(4,609)	(4,081)
Total stockholders' equity		
Balance at the beginning of current period	1,637,842	1,679,407
Changes in the period		
Cash dividends	(40,291)	(40,305)
Profit attributable to owners of parent	87,720	70,484
Changes in scope of consolidation	(333)	(681)
Changes in scope of equity method application	(5,398)	246
Change in treasury shares of parent arising from transactions with non-controlling shareholder	(398)	10,077
Purchase of treasury stock	(81)	(21)
Disposal of treasury stock	348	711
Total changes in the period	41,564	40,511
Balance at the end of current period	1,679,407	1,719,918

(Millions of Yen)

	FY2016	FY2017
Accumulated other comprehensive income		
Net unrealized gain (loss) on investment securities		
Balance at the beginning of current period	40,108	100,600
Changes in the period		
Net changes in items other than stockholders' equity	60,491	(578)
Total changes in the period	60,491	(578)
Balance at the end of current period	100,600	100,021
Deferred gain (loss) on hedges		
Balance at the beginning of current period	3,044	(1,882)
Cumulative effects of changes in accounting policie	(6,578)	-
Restated balance	(3,533)	(1,882)
Changes in the period		
Net changes in items other than stockholders' equity	1,651	1,002
Total changes in the period	1,651	1,002
Balance at the end of current period	(1,882)	(880)
Foreign currency translation adjustments		
Balance at the beginning of current period	17,762	(2,287)
Changes in the period		
Net changes in items other than stockholders' equity	(20,049)	(4,712)
Total changes in the period	(20,049)	(4,712)
Balance at the end of current period	(2,287)	(6,999)
Remeasurements of defined benefit plan		
Balance at the beginning of current period	(18,998)	3,683
Changes in the period		
Net changes in items other than stockholders' equity	22,682	9,048
Total changes in the period	22,682	9,048
Balance at the end of current period	3,683	12,732
Total accumulated other comprehensive income		
Balance at the beginning of current period	41,917	100,113
Cumulative effects of changes in accounting policie	(6,578)	-
Restated balance	35,338	100,113
Changes in the period		
Net changes in items other than stockholders' equity	64,774	4,760
Total changes in the period	64,774	4,760
Balance at the end of current period	100,113	104,874
Share subscription rights		
Balance at the beginning of current period	2,616	2,536
Changes in the period		
Net changes in items other than stockholders' equity	(80)	(407)
Total changes in the period	(80)	(407)
Balance at the end of current period	2,536	2,129
Non-controlling interests		
Balance at the beginning of current period	317,360	322,059
Changes in the period		
Net changes in items other than stockholders' equity	4,699	15,487
Total changes in the period	4,699	15,487
Balance at the end of current period	322,059	337,547

(Millions of Yen)

	FY2016	FY2017
Total net assets		
Balance at the beginning of current period	1,999,737	2,104,118
Cumulative effects of changes in accounting policie	(6,578)	-
Restated balance	1,993,158	2,104,118
Changes in the period		
Cash dividends	(40,291)	(40,305)
Profit attributable to owners of parent	87,720	70,484
Changes in scope of consolidation	(333)	(681)
Changes in scope of equity method application	(5,398)	246
Change in treasury shares of parent		
arising from transactions with non-controlling shareholder	(398)	10,077
Purchase of treasury stock	(81)	(21)
Disposal of treasury stock	348	711
Net changes in items other than stockholders' equity	69,394	19,840
Total changes in the period	110,959	60,351
Balance at the end of current period	2,104,118	2,164,469

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of Yen)

	FY2016	FY2017
Cash flows from operating activities:		
Profit (loss) before income taxes	169,718	128,042
Adjustments to reconcile profit (loss) before income taxes to net cash provided by operating activities:		
Depreciation and amortization	172,762	176,104
Impairment loss	-	3,174
Amortization of goodwill	16,568	16,484
Gain on negative goodwill	-	(45)
Increase (decrease) in liability for retirement benefits	(1,093)	6,612
Interest and dividend income	(15,437)	(16,366)
Interest expense	11,461	9,036
Foreign exchange loss (gain)	(8,337)	(2,239)
(Income) loss from equity method investments	22,845	(3,230)
(Gain) loss on sales of investment securities	(61,047)	(31,303)
Loss on revaluation of investment securities	6,272	372
(Gain) loss on sales of fixed assets	(53,861)	(1,693)
Loss on disposal of fixed assets	7,627	7,022
Business structure improvement expenses	12,810	14,548
Loss on passenger vessel construction business reserve	34,323	-
(Increase) decrease in receivables	(11,002)	(42,093)
(Increase) decrease in inventories and advances to suppliers	(121,023)	126,965
(Increase) decrease in other assets	(117,552)	(110,734)
Increase (decrease) in payables	(14,261)	41,733
Increase (decrease) in advance payments received on contracts	39,375	118,648
Increase (decrease) in other liabilities	52,556	(54,039)
Others	(3)	(15,908)
Subtotal	142,703	371,089
Interest and dividends received	20,270	21,470
Interest paid	(12,185)	(8,456)
Income taxes paid	(54,875)	(38,994)
Net cash provided by (used in) operating activities	95,913	345,109
Cash flows from investing activities:		
Net (increase) decrease in time deposits	2,521	(5,849)
Purchases of property, plant and equipment and intangible assets	(200,185)	(165,168)
Proceeds from sales of property, plant and equipment and intangible assets	97,013	8,231
Purchases of investment securities	(5,033)	(104,514)
Proceeds from sales and redemption of investment securities	17,376	112,122
Proceeds from sales of investments in subsidiaries that result in change in scope of consolidation	102,436	1,900
Payment for sales of investments in subsidiaries that result in change in scope of consolidation	(849)	(928)
Proceeds from transfer of business	-	1,400
Disbursement of long-term loans	(10,996)	(1,993)
Collection of long-term loans	13,868	15,898
Others	(7,440)	1,719
Net cash provided by (used in) investing activities	8,712	(137,181)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings and commercial papers	(132,340)	25,963
Proceeds from long-term borrowings	60,206	6,449
Repayment of long-term borrowings	(62,804)	(96,841)
Proceeds from issuance of bonds	30,000	20,000
Payment for redemption of bonds	(20,000)	(60,000)
Proceeds from issuance of stock to non-controlling shareholders	445	519
Dividends paid to stockholders	(40,283)	(40,206)
Dividends paid to non-controlling shareholders	(2,682)	(6,128)
Others	5,381	(1,868)
Net cash provided by (used in) financing activities	(162,078)	(152,113)
Effect of exchange rate changes on cash and cash equivalents	1,060	1,607
Net increase (decrease) in cash and cash equivalents	(56,392)	57,422
Cash and cash equivalents at the beginning of the year	300,267	242,404
Increase in cash and cash equivalents due to changes in scope of consolidation	-	2
Decrease in cash and cash equivalents due to changes in scope of consolidation	(1,470)	(592)
Cash and cash equivalents at the end of period	242,404	299,237

No. 2119

MHI Announces FY2017 Non-Consolidated Financial Results

Tokyo, May 8, 2018 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **non-consolidated** financial results for fiscal year (FY) 2017 ended March 31, 2018.

(billions of yen)

	FY2017	FY2016	Changes (%)
Orders Received	1,068.5	1,376.1	(22.4)
Net Sales	1,103.9	1,197.8	(7.8)
Operating Income	29.5	64.4	(54.2)
Ordinary Income	64.3	174.5	(63.1)
Income Before Income Taxes	25.1	(15.3)	—
Net Income	29.3	(18.6)	—
Net Income Per Share	87.46 yen	(55.56) yen	—
Dividend Per Share	120.00 yen	120.00 yen	

Figures in parentheses are negative.

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NON-CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

	As of Mar.31, 2017	As of Mar.31, 2018
<u>ASSETS</u>		
Current assets:		
Cash and deposits	61,079	119,918
Trade notes receivable	102	488
Trade accounts receivable	368,183	219,627
Merchandise and finished products	2,175	1,058
Work in process	373,229	282,343
Raw materials and supplies	50,763	37,027
Advances to suppliers	82,407	43,971
Prepaid expenses	3,060	421
Deferred income taxes	42,337	33,772
Short-term loans receivable from subsidiaries and affiliates	266,952	3,423
Others	172,921	101,798
Allowance for doubtful accounts	(96)	(58)
Total current assets	1,423,116	843,793
Non-current assets:		
Property, plant and equipment:		
Buildings	197,142	186,951
Structures	19,321	17,832
Docks and facilities for shipbuilding	2,680	3,345
Machinery	72,724	53,010
Vessels	83	15
Aircraft	1	1
Vehicles and transportation equipment	2,395	1,233
Tools, equipment and furniture	32,722	15,895
Land	95,827	95,775
Leased assets	17,466	16,238
Construction in progress	28,402	22,625
Subtotal	468,769	412,925
Intangible assets		
Software	9,914	9,562
Right of using facilities	315	306
Leased assets	59	18
Others	85	102
Subtotal	10,373	9,991
Investments and advances:		
Investment securities	391,909	346,941
Investments in shares of subsidiaries and affiliates	452,348	625,521
Investments in capital	737	737
Investments in capital of subsidiaries and affiliates	79,537	16,312
Long-term loans receivable from employees	33	32
Long-term loans receivable from subsidiaries and affiliates	92,839	423,723
Claims provable in bankruptcy, claims provable in rehabilitation and other	232	231
Long-term prepaid expense	4,100	3,095
Prepaid pension cost	48,865	37,746
Deferred income taxes	-	4,260
Long-term receivables	317,311	462,651
Others	47,669	45,546
Allowance for doubtful accounts	(51,336)	(110,305)
Subtotal	1,384,249	1,856,496
Total non-current assets	1,863,392	2,279,412
TOTAL ASSETS	3,286,509	3,123,206

NON-CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Mar.31, 2017	As of Mar.31, 2018
<u>LIABILITIES</u>		
Current liabilities:		
Electronically recorded obligations	34,867	29,008
Trade accounts payable	268,186	204,714
Short-term borrowings	423,631	572,349
Current portion of long-term borrowings	87,978	60,978
Current portion of bonds	60,000	30,000
Lease obligations	1,389	1,293
Accrued payables	28,516	29,314
Accrued expenses	126,224	36,726
Income taxes payable	-	2,951
Advance payments received on contracts	441,989	430,888
Deposits received	23,105	45,069
Reserve for loss on construction contracts	9,732	9,111
Reserve for loss on passenger vessel construction business	18,463	-
Provision for business structure improvement	716	2,202
Reserve for stock benefits	366	616
Asset retirement obligations	1	3
Others	15,664	18,551
Total current liabilities	1,540,833	1,473,778
Non-current liabilities:		
Bonds	215,000	205,000
Long-term borrowings	279,720	218,208
Lease obligations	16,010	14,723
Deferred income taxes	9,489	-
Reserve for stock benefits	836	781
Reserve for treatment of PCB waste	6,086	6,650
Provision for loss on guarantees	7,850	591
Asset retirement obligations	2,734	2,526
Others	29,571	35,963
Total non-current liabilities	567,300	484,444
TOTAL LIABILITIES	2,108,134	1,958,223
<u>NET ASSETS</u>		
Stockholders' equity:		
Common stock	265,608	265,608
Capital surplus:		
Capital reserve	203,536	203,536
Other capital reserve	2,727	2,661
Total capital surplus	206,263	206,197
Retained earnings:		
Legal reserve	66,363	66,363
Revenue reserve:		
Reserve for specified business restructuring investment loss	69,524	46,890
Reserve for reduction in costs of fixed assets	75,903	55,047
Reserve for accelerated depreciation	2,415	1,738
General reserves	410,000	-
Earned surplus brought forward	2,161	445,337
Total Retained earnings	626,369	615,377
Treasury stock	(2,882)	(2,542)
Total stockholders' equity	1,095,359	1,084,641
Valuation, translation adjustments and others		
Net unrealized gain (loss) on investment securities	83,141	79,095
Deferred gain (loss) on hedges	(2,518)	(724)
Total Valuation, translation adjustments and others	80,622	78,371
Share subscription rights	2,393	1,969
TOTAL NET ASSETS	1,178,375	1,164,983
TOTAL LIABILITIES AND NET ASSETS	3,286,509	3,123,206

NON-CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	FY2016	FY2017
Net sales	1,197,802	1,103,954
Cost of sales	1,037,175	976,135
Gross profit	160,626	127,819
Selling, general and administrative expenses:		
Provision of allowance for doubtful accounts	(578)	356
Directors' compensations, salaries and allowances	37,662	55,701
Depreciation	5,430	3,690
Research and development expenses	22,795	20,337
Commission fee	21,487	20,870
Expenses for inquiries	7,651	7,179
Others	1,708	(9,855)
Total selling, general and administrative expenses	96,157	98,281
Operating income	64,469	29,538
Non-operating income:		
Interest income	3,851	5,312
Dividend income	125,791	42,483
Foreign exchange gain	3,898	7,114
Gain on sales of investment securities	-	1,544
Others	6,478	3,862
Total non-operating income	140,019	60,317
Non-operating expenses:		
Interest expense	7,677	7,215
Interest on bonds	2,812	2,003
Loss on disposal of fixed assets	5,124	4,608
Loss on passenger vessel construction business	-	-
Loss on revaluation of investment securities	-	302
Litigation expenses	-	1,424
Others	14,306	9,940
Total non-operating expenses	29,920	25,495
Ordinary income	174,569	64,360
Extraordinary gain:		
Gain on sales of investment securities	5,376	35,229
Reversal of provision for loss on guarantees	-	7,661
Gain on extinguishment of tie-in shares	-	2,844
Gain on sales of fixed assets	52,748	-
Total extraordinary gain	58,125	45,734
Extraordinary loss:		
Provision of allowance for doubtful accounts	51,084	62,662
Loss on sales of investment in capital	-	20,050
Loss on revaluation of investment securities	133,659	-
Loss on passenger vessel construction business reserve	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	5,220	2,202
Total extraordinary loss	248,024	84,915
Income (loss) before income taxes	(15,330)	25,179
Income taxes		
Current	(20,695)	7,342
Deferred	24,021	(11,542)
Total income taxes	3,326	(4,200)
Profit (loss)	(18,656)	29,379

Non-consolidated Statements of Changes in Net Assets

(Millions of Yen)

	FY2016	FY2017
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	2,806	2,727
Changes in the period		
Disposal of treasury stock	(78)	(65)
Total changes in the period	(78)	(65)
Balance at the end of current period	2,727	2,661
Total capital surplus		
Balance at the beginning of current period	206,342	206,263
Changes in the period		
Disposal of treasury stock	(78)	(65)
Total changes in the period	(78)	(65)
Balance at the end of current period	206,263	206,197
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	92,151	69,524
Changes in the period		
Reversal of reserve for specified business restructuring investment loss	(22,627)	(22,633)
Total changes in the period	(22,627)	(22,633)
Balance at the end of current period	69,524	46,890
Reserve for reduction in costs of fixed assets		
Balance at the beginning of current period	44,739	75,903
Changes in the period		
Provision of reserve for reduction in costs of fixed assets	34,470	1,034
Reversal of reserve for reduction in costs of fixed assets	(3,305)	(21,891)
Total changes in the period	31,164	(20,856)
Balance at the end of current period	75,903	55,047
Reserve for accelerated depreciation		
Balance at the beginning of current period	3,023	2,415
Changes in the period		
Provision of reserve for accelerated depreciation	994	-
Reversal of reserve for accelerated depreciation	(1,602)	(676)
Total changes in the period	(607)	(676)
Balance at the end of current period	2,415	1,738

(Millions of Yen)

	FY2016	FY2017
General reserves		
Balance at the beginning of current period	460,000	410,000
Changes in the period		
Reversal of general reserve	(50,000)	(410,000)
Total changes in the period	(50,000)	(410,000)
Balance at the end of current period	410,000	-
Earned surplus brought forward		
Balance at the beginning of current period	19,321	2,161
Changes in the period		
Reversal of reserve for specified business restructuring investment loss	22,627	22,633
Provision of reserve for reduction in costs of fixed assets	(34,470)	(1,034)
Reversal of reserve for reduction in costs of fixed assets	3,305	21,891
Provision of reserve for accelerated depreciation	(994)	-
Reversal of reserve for accelerated depreciation	1,602	676
Reversal of general reserve	50,000	410,000
Cash dividends	(40,363)	(40,371)
Profit (loss)	(18,656)	29,379
Decrease by corporate division	(209)	-
Total changes in the period	(17,159)	443,175
Balance at the end of current period	2,161	445,337
Total retained earnings		
Balance at the beginning of current period	685,598	626,369
Changes in the period		
Cash dividends	(40,363)	(40,371)
Profit (loss)	(18,656)	29,379
Decrease by corporate division	(209)	-
Total changes in the period	(59,229)	(10,991)
Balance at the end of current period	626,369	615,377
Treasury stock		
Balance at the beginning of current period	(2,969)	(2,882)
Changes in the period		
Purchase of treasury stock	(12)	(21)
Disposal of treasury stock	100	360
Total changes in the period	87	339
Balance at the end of current period	(2,882)	(2,542)
Total stockholders' equity		
Balance at the beginning of current period	1,154,580	1,095,359
Changes in the period		
Cash dividends	(40,363)	(40,371)
Profit (loss)	(18,656)	29,379
Purchase of treasury stock	(12)	(21)
Disposal of treasury stock	21	295
Decrease by corporate division	(209)	-
Total changes in the period	(59,220)	(10,718)
Balance at the end of current period	1,095,359	1,084,641

(Millions of Yen)

	FY2016	FY2017
Valuation, translation adjustments and others		
Net unrealized gain(loss) on investment securities		
Balance at the beginning of current period	28,746	83,141
Changes in the period		
Net changes in items other than stockholders' equity	54,394	(4,045)
Total changes in the period	54,394	(4,045)
Balance at the end of current period	83,141	79,095
Deferred gain(loss) on hedges		
Balance at the beginning of current period	763	(2,518)
Cumulative effects of changes in accounting policies	(6,578)	-
Restated balance	(5,814)	(2,518)
Changes in the period		
Net changes in items other than stockholders' equity	3,296	1,794
Total changes in the period	3,296	1,794
Balance at the end of current period	(2,518)	(724)
Total Valuation, translation adjustments and others		
Balance at the beginning of current period	29,510	80,622
Cumulative effects of changes in accounting policies	(6,578)	-
Restated balance	22,931	80,622
Changes in the period		
Net changes in items other than stockholders' equity	57,690	(2,250)
Total changes in the period	57,690	(2,250)
Balance at the end of current period	80,622	78,371
Share subscription rights		
Balance at the beginning of current period	2,504	2,393
Changes in the period		
Net changes in items other than stockholders' equity	(111)	(423)
Total changes in the period	(111)	(423)
Balance at the end of current period	2,393	1,969
Total net assets		
Balance at the beginning of current period	1,186,595	1,178,375
Cumulative effects of changes in accounting policies	(6,578)	-
Restated balance	1,180,016	1,178,375
Changes in the period		
Cash dividends	(40,363)	(40,371)
Profit (loss)	(18,656)	29,379
Purchase of treasury stock	(12)	(21)
Disposal of treasury stock	21	295
Decrease by corporate division	(209)	-
Net changes in items other than stockholders' equity	57,579	(2,674)
Total changes in the period	(1,641)	(13,392)
Balance at the end of current period	1,178,375	1,164,983