



**Consolidated Financial Results for the Year Ended December 31, 2017 (Japan GAAP)**  
**(The fiscal year ended December 31, 2017)**

February 14, 2018  
 Stock Exchange: Tokyo  
 Head Office: Tokyo  
 Tel: +81 (3) 6733-3000

**Company Name: DIC Corporation**

Listing Code Number: 4631

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

Representative: Kaoru Ino, Representative Director, President and CEO

Contact Person: Hiroshi Nagai, General Manager, Accounting Department

Preparation of Supplemental Explanatory Materials: Yes

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

Annual Meeting of Shareholders : March 29, 2018

Dividend Payment : March 30, 2018

Scheduled Filing Date of Securities Report : March 30, 2018

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

**1. Consolidated Financial Results for Fiscal Year 2017 (January 1, 2017 – December 31, 2017)**

**(1) Consolidated operating results**

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%
FY2017	789,427	5.1	56,483	4.2	56,960	2.1	38,603	11.0
FY2016	751,438	-8.4	54,182	6.1	55,797	13.9	34,767	-7.0

Note: Comprehensive income (JPY million): FY2017 50,957 (94.6%), FY2016 26,183 (-7.3%)

	Earnings per share basic	Earnings per share diluted	ROE (Return on equity)	Ordinary income ratio to total assets	Operating income ratio to net sales
	JPY	JPY	%	%	%
FY2017	407.56	—	13.0	7.1	7.2
FY2016	366.72	—	12.9	7.3	7.2

Note: Equity in earnings of affiliates (JPY million): FY2017 4,069, FY2016 3,266

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

**(2) Consolidated financial position**

	Total assets	Net assets	Shareholders' equity ratio to total assets	Shareholders' equity per share
	JPY (million)	JPY (million)	%	JPY
FY2017	831,756	343,951	37.9	3,329.60
FY2016	764,828	307,017	36.4	2,938.12

Note: Shareholders' equity (JPY million): FY2017 315,129, FY2016 278,535

**(3) Consolidated cash flows**

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the period
	JPY (million)	JPY (million)	JPY (million)	JPY (million)
FY2017	54,196	-58,938	11,375	17,651
FY2016	62,504	-32,202	-26,852	16,671

**2. Cash Dividends**

(Record date)	Cash dividends per share					Dividends in total (Annual)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual			
	JPY	JPY	JPY	JPY	JPY	JPY (million)	%	%
FY2016	—	4.00	—	60.00	—	9,480	27.3	3.5
FY2017	—	60.00	—	60.00	120.00	11,376	29.4	3.8
FY2018 (Plan)	—	60.00	—	65.00	125.00		29.6	

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

### 3. Forecasts for Consolidated Operating Results for the Fiscal Year Ending December 31, 2018 (January 1, 2018 – December 31, 2018)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share basic
	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY (million)	%	JPY
First half of FY2018	400,000	4.5	26,000	-0.1	26,000	-0.3	17,500	0.3	184.90
FY2018	820,000	3.9	58,000	2.7	58,000	1.8	40,000	3.6	422.63

#### Notes

(1) Changes in the scope of consolidation for significant subsidiaries during the fiscal year ended December 31, 2017: No

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

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

(3) Number of shares issued (common stock)

- 1) Number of shares issued at the end of the period, including treasury shares
 

FY 2017	95,156,904 shares,	FY 2016	95,156,904 shares
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- 2) Number of treasury shares at the end of the period
 

FY 2017	512,293 shares,	FY 2016	356,552 shares
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- 3) Average number of shares issued during the period, excluding treasury shares
 

FY 2017	94,716,713 shares,	FY 2016	94,804,861 shares
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\* Each of the number of shares listed above is calculated based on the assumption that the consolidation of shares had been implemented at the beginning of the fiscal year ended December 31, 2016.

\* From the fiscal year ended December 31, 2017, the Company introduced the Board Benefit Trust (BBT.) The shares held by the trust are included in the number of treasury shares.

Note: **Presented consolidated financial results are not subject to annual audit procedures.**

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

#### **Caution concerning forward-looking statements**

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

## Analysis of Results of Operations

### (1) Overview of Operating Results

While economic conditions worldwide recovered gradually in fiscal year 2017, ended December 31, 2017, economic uncertainty, fluctuations in the financial and capital markets and the direction of oil prices, among others, continued to warrant caution. Moderate recovery persisted in the economies of North America and Europe. A revival was seen in Asia. Japan's economy also continued to rally steadily.

In this environment, consolidated net sales increased 5.1%, to ¥789.4 billion, reflecting multiple factors, including firm shipments.

Operating income advanced 4.2%, to ¥56.5 billion, as increased sales of high-value-added products and the progress of cost reductions offset the impact of rising raw materials prices, among others.

Ordinary income rose 2.1%, to ¥57.0 billion, with contributing factors including higher operating income and an improved financial position.

Net income attributable to owners of the parent climbed 11.0%, to ¥38.6 billion, owing to a decrease in extraordinary loss and other factors, which countered.

Operating income, ordinary income and net income attributable to owners of the parent were record highs.

(Billions of yen)

	FY2016	FY2017	Change (%)	Change (%) [Local currency basis]
Net sales	751.4	<b>789.4</b>	5.1%	3.5%
Operating income	54.2	<b>56.5</b>	4.2%	3.9%
Ordinary income	55.8	<b>57.0</b>	2.1%	—
Net income attributable to owners of the parent	34.8	<b>38.6</b>	11.0%	—

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

Fiscal year 2017: ¥112.33/US\$1.00 (average for the year ended December 31, 2017)

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

## (2) Segment Results

(Billions of yen)

	Net sales				Operating income (loss)			
	FY2016	<b>FY2017</b>	Change (%)	Change (%) (Local currency basis)	FY2016	<b>FY2017</b>	Change (%)	Change (%) (Local currency basis)
Printing Inks	365.2	<b>373.7</b>	2.3%	0.5%	18.4	<b>17.4</b>	-5.0%	-4.0%
Fine Chemicals	128.2	<b>135.4</b>	5.7%	3.5%	14.4	<b>17.4</b>	20.3%	18.3%
Polymers	180.9	<b>197.9</b>	9.4%	8.4%	19.6	<b>19.6</b>	-0.2%	-0.7%
Compounds	61.1	<b>64.7</b>	5.8%	4.8%	5.0	<b>5.0</b>	0.3%	0.9%
Application Materials	55.7	<b>56.1</b>	0.7%	0.4%	1.9	<b>2.6</b>	39.2%	38.9%
Others, Corporate and eliminations	(39.7)	<b>(38.4)</b>	—	—	(5.1)	<b>(5.5)</b>	—	—
<b>Total</b>	751.4	<b>789.4</b>	5.1%	3.5%	54.2	<b>56.5</b>	4.2%	3.9%

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

## Printing Inks

### Japan

Net sales	¥77.1 billion	Change	-3.3%
Operating income	¥3.9 billion	Change	-22.5%

Sales of packaging inks benefited from firm shipments. Nonetheless, overall sales in Japan decreased, reflecting factors such as diminished demand for publishing inks and news inks.

Operating income fell sharply, owing to the aforementioned sales results and other factors.

### The Americas and Europe

Net sales	¥241.1 billion	Change	3.6%	[1.4%]
Operating income	¥9.5 billion	Change	12.9%	[16.5%]

Although demand for publishing inks and news inks waned, sales in North America were flat, with causes including higher shipments of packaging inks. In Europe, sales edged up, as firm shipments of publishing inks and packaging inks countered falling demand for news inks. Sales in Central and South America rose, buoyed by robust shipments of packaging inks. As a result, overall sales in the Americas and Europe increased.

Operating income advanced, bolstered by the aforementioned sales results and rationalization measures, among others.

### Asia and Oceania

Net sales	¥64.8 billion	Change	5.3%	[2.2%]
Operating income	¥4.0 billion	Change	-17.2%	[-19.8%]

While shipments of packaging inks were solid, sales in the People's Republic of China (PRC) decreased, hindered by factors such as flagging demand for publishing inks and news inks. In Southeast Asia, sales were pushed up by higher shipments of publishing inks and packaging inks. Sales in Oceania fell, with causes including fading demand for news inks. Sales in India increased, bolstered by brisk shipments of publishing inks and packaging inks. For these and other reasons, overall sales in Asia and Oceania rose.

Operating income declined, regardless of the aforementioned sales results, a consequence of rising raw materials prices and other factors.

### Fine Chemicals

Net sales	¥135.4 billion	Change	5.7%	[3.5%]
Operating income	¥17.4 billion	Change	20.3%	[18.3%]

Sales of pigments were down, despite a steep increase in shipments of functional pigments, including those for color filters, owing to flagging demand for other pigments. Sales of TFT LCs rose substantially, reflecting favorable shipments. These factors supported higher segment sales.

Segment operating income was up significantly, underpinned by an improved product mix, among others.

### Polymers

Net sales	¥197.9 billion	Change	9.4%	[8.4%]
Operating income	¥19.6 billion	Change	-0.2%	[-0.7%]

Sales in Japan rose, bolstered by increased shipments of high-value-added products, polystyrene and other products. Sales overseas were up sharply, thanks to generally firm shipments. For these and other reasons, segment sales advanced.

Notwithstanding the impact of rising raw materials prices, segment operating income was flat. Factors behind this result included the aforementioned sales results.

### Compounds

Net sales	¥64.7 billion	Change	5.8%	[4.8%]
Operating income	¥5.0 billion	Change	0.3%	[0.9%]

Healthy shipments pushed up sales of polyphenylene sulfide (PPS) compounds. Steadily expanding shipments bolstered sales of jet inks. Owing to these and other factors, segment sales rose.

Segment operating income remained level. Reasons behind this result included the aforementioned sales results, which offset increases in raw materials prices and costs associated with advance investments.

### Application Materials

Net sales	¥56.1 billion	Change	0.7%	[0.4%]
Operating income	¥2.6 billion	Change	39.2%	[38.9%]

Segment sales increased, with contributing factors including higher shipments of industrial adhesive tapes and hollow-fiber membrane modules.

Segment operating income rose substantially, spurred by an improved product mix and efforts to reduce costs, among others.

### (3) Operating Results Forecasts for Fiscal Year 2018

While factors such as global economic uncertainty, fluctuations in the financial and capital markets and the direction of raw materials prices warrant caution, conditions in Japan and overseas are expected to continue recovering gradually in fiscal year 2018. In this environment, the DIC Group will proceed with efforts to, among others, expand businesses expected to drive growth and further rationalize operations in mature markets. As indicated in the table below, the Group expects that these efforts will underpin increases in consolidated net sales, operating income, ordinary income and net income attributable to owners of the parent.

(Billions of yen)

	FY2017	<b>FY2018 (Forecasts)</b>	Change (%)	Change (%) [Local currency basis]
Net sales	789.4	<b>820.0</b>	3.9%	3.9%
Operating income	56.5	<b>58.0</b>	2.7%	2.3%
Ordinary income	57.0	<b>58.0</b>	1.8%	—
Net income attributable to owners of the parent	38.6	<b>40.0</b>	3.6%	—

Note: The exchange rates used to translate the results of overseas DIC Group companies for fiscal years 2018 and 2017, respectively, are as follows:

Fiscal year 2018: ¥110.00/US\$1.00 (average for the year ending December 31, 2018) (estimate)

Fiscal year 2017: ¥112.33/US\$1.00 (average for the year ended December 31, 2017) (actual)

#### (4) Segment Results Forecasts

(Billions of yen)

	Net sales				Operating income (loss)			
	FY2017	<b>FY2018 (Forecasts)</b>	Change (%)	Change (%) (Local currency basis)	FY2017	<b>FY2018 (Forecasts)</b>	Change (%)	Change (%) (Local currency basis)
Printing Inks	373.7	<b>391.4</b>	4.7%	4.8%	17.4	<b>17.8</b>	2.2%	1.6%
Fine Chemicals	135.4	<b>132.5</b>	-2.2%	-2.1%	17.4	<b>17.0</b>	-2.1%	-3.2%
Polymers	197.9	<b>204.3</b>	3.2%	3.4%	19.6	<b>20.1</b>	2.4%	2.7%
Compounds	64.7	<b>69.5</b>	7.5%	7.6%	5.0	<b>5.0</b>	0.4%	0.2%
Application Materials	56.1	<b>58.4</b>	4.2%	4.4%	2.6	<b>3.6</b>	37.3%	37.5%
Others, Corporate and eliminations	(38.4)	<b>(36.1)</b>	—	—	(5.5)	<b>(5.5)</b>	—	—
<b>Total</b>	789.4	<b>820.0</b>	3.9%	3.9%	56.5	<b>58.0</b>	2.7%	2.3%

#### Disclaimer Regarding Forward-Looking Statements

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



## Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2016	As of December 31, 2017
(Assets)		
Current assets		
Cash and deposits	17,241	17,883
Notes and accounts receivable-trade	215,369	226,968
Merchandise and finished goods	82,611	90,010
Work in process	9,461	9,053
Raw materials and supplies	53,605	58,911
Deferred tax assets	9,915	9,574
Other	21,374	23,340
Allowance for doubtful accounts	(10,839)	(10,763)
Total current assets	398,737	424,976
Non-current assets		
Property, plant and equipment		
Buildings and structures	256,603	261,221
Accumulated depreciation	(164,511)	(168,778)
Buildings and structures, net	92,092	92,443
Machinery, equipment and vehicles	397,740	409,362
Accumulated depreciation	(331,398)	(338,808)
Machinery, equipment and vehicles, net	66,342	70,554
Tools, furniture and fixtures	59,652	63,336
Accumulated depreciation	(49,510)	(52,207)
Tools, furniture and fixtures, net	10,142	11,129
Land	50,169	50,307
Construction in progress	7,915	7,244
Total property, plant and equipment	226,660	231,677
Intangible assets		
Goodwill	501	199
Software	4,878	3,837
Other	3,563	3,548
Total intangible assets	8,942	7,584
Investments and other assets		
Investment securities	41,007	76,867
Deferred tax assets	36,996	31,871
Net defined benefit asset	28,074	33,408
Other	25,899	26,858
Allowance for doubtful accounts	(1,487)	(1,485)
Total investments and other assets	130,489	167,519
Total non-current assets	366,091	406,780
Total assets	764,828	831,756

## Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2016	As of December 31, 2017
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	94,392	117,199
Short-term loans payable	52,744	61,385
Current portion of long-term loans payable	43,647	27,677
Lease obligations	584	557
Income taxes payable	4,153	4,793
Deferred tax liabilities	322	399
Provision for bonuses	7,050	7,071
Other	62,447	47,509
Total current liabilities	265,339	266,590
Non-current liabilities		
Bonds payable	30,000	50,000
Long-term loans payable	109,918	122,017
Lease obligations	4,394	4,045
Deferred tax liabilities	9,598	11,653
Net defined benefit liability	28,072	22,774
Asset retirement obligations	1,334	1,329
Other	9,156	9,397
Total non-current liabilities	192,472	221,215
Total liabilities	457,811	487,805
(Net assets)		
Shareholders' equity		
Capital stock	96,557	96,557
Capital surplus	94,094	94,445
Retained earnings	159,541	186,768
Treasury shares	(1,213)	(1,828)
Total shareholders' equity	348,979	375,942
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,248	7,874
Deferred gains or losses on hedges	(187)	(3)
Foreign currency translation adjustment	(48,626)	(46,462)
Remeasurements of defined benefit plans	(26,879)	(22,222)
Total accumulated other comprehensive income	(70,444)	(60,813)
Non-controlling interests	28,482	28,822
Total net assets	307,017	343,951
Total liabilities and net assets	764,828	831,756

## Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Net sales	751,438	789,427
Cost of sales	571,895	605,809
Gross profit	179,543	183,618
Selling, general and administrative expenses		
Freightage and packing expenses	12,050	12,596
Employees' salaries and allowances	40,461	41,857
Provision of allowance for doubtful accounts	2,016	330
Provision for bonuses	2,781	2,760
Retirement benefit expenses	2,117	959
Research and development costs	11,206	12,427
Other	54,730	56,206
Total selling, general and administrative expenses	125,361	127,135
Operating income	54,182	56,483
Non-operating income		
Interest income	575	1,817
Dividends income	401	447
Equity in earnings of affiliates	3,266	4,069
Foreign exchange gains	607	—
Other	2,182	2,019
Total non-operating income	7,031	8,352
Non-operating expenses		
Interest expenses	3,227	3,565
Foreign exchange losses	—	1,456
Other	2,189	2,854
Total non-operating expenses	5,416	7,875
Ordinary income	55,797	56,960
Extraordinary income		
Gain on sales of non-current assets	—	1,156
Gain on change in equity	—	641
Gain on sales of subsidiaries and affiliates securities	—	315
State subsidy	842	—
Gain on bargain purchase	78	—
Total extraordinary income	920	2,112
Extraordinary loss		
Loss on disposal of non-current assets	4,412	2,682
Severance costs	1,416	951
Early termination fee	—	376
Impairment loss	—	234
Provision of allowance for doubtful accounts	553	—
Loss on disaster	440	—
Total extraordinary loss	6,821	4,243
Income before income taxes and non-controlling interests	49,896	54,829
Income taxes-current	11,565	10,517
Income taxes-deferred	767	3,388
Total income taxes	12,332	13,905
Net income	37,564	40,924
Net income attributable to non-controlling interests	2,797	2,321
Net income attributable to owners of the parent	34,767	38,603

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Net income	37,564	40,924
Other comprehensive income		
Valuation difference on available-for-sale securities	1,609	2,590
Deferred gains or losses on hedges	(112)	183
Foreign currency translation adjustment	(18,179)	979
Remeasurements of defined benefit plans, net of tax	6,266	4,718
Share of other comprehensive income of associates accounted for using equity method	(965)	1,563
Total other comprehensive income	(11,381)	10,033
Comprehensive income	26,183	50,957
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	23,734	48,234
Comprehensive income attributable to non-controlling interests	2,449	2,723

## Consolidated Statement of Changes in Net Assets

Fiscal year ended December 31, 2016

(Millions of yen)

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

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

## Consolidated Statement of Changes in Net Assets

Fiscal year ended December 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2017	96,557	94,094	159,541	(1,213)	348,979
Change in FY2017					
Dividends from surplus			(11,376)		(11,376)
Net income attributable to owners of the parent			38,603		38,603
Purchase of treasury shares				(615)	(615)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		351			351
Net changes of items other than shareholders' equity					
Total change in FY2017	—	351	27,227	(615)	26,963
Balance at December 31, 2017	96,557	94,445	186,768	(1,828)	375,942

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at January 1, 2017	5,248	(187)	(48,626)	(26,879)	(70,444)	28,482	307,017
Change in FY2017							
Dividends from surplus							(11,376)
Net income attributable to owners of the parent							38,603
Purchase of treasury shares							(615)
Change in treasury shares of parent arising from transactions with non-controlling shareholders							351
Net changes of items other than shareholders' equity	2,626	184	2,164	4,657	9,631	340	9,971
Total change in FY2017	2,626	184	2,164	4,657	9,631	340	36,934
Balance at December 31, 2017	7,874	(3)	(46,462)	(22,222)	(60,813)	28,822	343,951

## Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Net cash provided by (used in) operating activities		
Income before income taxes and non-controlling interests	49,896	54,829
Depreciation and amortization	32,444	31,524
Amortization of goodwill	373	345
Increase (decrease) in allowance for doubtful accounts	1,540	(720)
Increase (decrease) in provision for bonuses	149	13
Interest and dividends income	(976)	(2,264)
Equity in (earnings) losses of affiliates	(3,266)	(4,069)
Interest expenses	3,227	3,565
Loss (gain) on sales and retirement of non-current assets	4,412	1,526
Impairment loss	—	234
Loss (gain) on sales of subsidiaries and affiliates securities	—	(315)
State subsidy	(842)	—
Decrease (increase) in notes and accounts receivable-trade	(2,150)	(7,070)
Decrease (increase) in inventories	(828)	(9,742)
Increase (decrease) in notes and accounts payable-trade	(1,810)	9,328
Other, net	(2,775)	(11,246)
Subtotal	79,394	65,938
Interest and dividends income received	2,130	4,180
Interest expenses paid	(3,254)	(3,628)
Income taxes paid	(15,766)	(12,294)
Net cash provided by (used in) operating activities	62,504	54,196
Net cash provided by (used in) investing activities		
Payments into time deposits	(6,505)	(8,231)
Proceeds from withdrawal of time deposits	6,219	8,560
Purchase of property, plant and equipment	(30,310)	(32,192)
Proceeds from sales of property, plant and equipment	455	2,103
Purchase of intangible assets	(969)	(1,392)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(114)	(515)
Purchase of subsidiaries and affiliates securities	—	(27,209)
Purchase of investment securities	(971)	(851)
Proceeds from sales and redemption of investment securities	376	465
Payments for transfer of business	(275)	(338)
Proceeds from subsidy income	842	—
Other, net	(950)	662
Net cash provided by (used in) investing activities	(32,202)	(58,938)

## Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	30,364	9,272
Increase (decrease) in commercial papers	(4,000)	—
Proceeds from long-term loans payable	30,069	44,823
Repayment of long-term loans payable	(75,576)	(48,022)
Proceeds from issuance of bonds	10,000	20,000
Redemption of bonds	(8,000)	—
Cash dividends paid	(7,585)	(11,376)
Cash dividends paid to non-controlling interests	(1,047)	(1,439)
Net decrease (increase) in treasury shares	(19)	(615)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(578)
Other, net	(1,058)	(690)
Net cash provided by (used in) financing activities	(26,852)	11,375
Effect of exchange rate change on cash and cash equivalents	(1,892)	(5,653)
Net increase (decrease) in cash and cash equivalents	1,558	980
Cash and cash equivalents at beginning of the period	15,113	16,671
Cash and cash equivalents at end of the period	16,671	17,651