

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of December 31, 2015 and 2016

	Millions of yen	
	As of December 31, 2015	As of December 31, 2016
ASSETS		
Current assets:		
Cash and deposits	107,617	135,525
Notes and accounts receivable – trade	153,892	145,698
Short-term sales finance receivables	166,265	157,581
Merchandise and finished goods	202,066	188,032
Work in process	54,075	52,694
Raw materials and supplies	54,627	53,563
Deferred tax assets	27,793	30,524
Other	45,638	42,471
Allowance for doubtful accounts	(11,482)	(11,147)
Total current assets	800,494	794,943
Non-current assets:		
Property, plant and equipment		
Buildings and structures, net	99,785	102,377
Machinery, equipment and vehicles, net	106,362	104,723
Land	84,306	84,936
Construction in progress	24,674	31,656
Other, net	25,946	26,974
Total property, plant and equipment	341,075	350,668
Intangible assets	7,518	8,658
Investments and other assets		
Investment securities	86,378	87,884
Long-term loans receivable	958	1,075
Long-term sales finance receivables	50,436	57,034
Deferred tax assets	12,362	12,516
Other	7,345	7,897
Allowance for doubtful accounts	(1,334)	(1,901)
Total investments and other assets	156,148	164,506
Total non-current assets	504,741	523,833
Total assets	1,305,236	1,318,776

	Millions of yen	
	As of December 31, 2015	As of December 31, 2016
LIABILITIES		
Current liabilities:		
Notes and accounts payable – trade	113,107	113,036
Electronically recorded obligations – operating	31,980	30,753
Short-term loans payable	220,692	128,517
Current portion of long-term loans payable	39,160	53,904
Income taxes payable	8,571	8,165
Provision for bonuses	11,542	12,971
Provision for product warranties	20,440	22,905
Other provision	1,426	1,466
Other	93,697	102,900
Total current liabilities	540,620	474,621
Non-current liabilities:		
Long-term loans payable	150,295	181,960
Deferred tax liabilities for land revaluation	5,521	5,241
Net defined benefit liability	55,215	55,404
Other provision	434	754
Other	21,448	25,389
Total non-current liabilities	232,915	268,750
Total liabilities	773,535	743,371
NET ASSETS		
Shareholders' equity:		
Capital stock	85,782	85,797
Capital surplus	74,698	74,712
Retained earnings	390,559	434,361
Treasury shares	(709)	(714)
Total shareholders' equity	550,331	594,157
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	23,948	28,945
Revaluation reserve for land	11,490	11,769
Foreign currency translation adjustment	(85,971)	(93,530)
Remeasurements of defined benefit plans	(9,019)	(7,174)
Total accumulated other comprehensive income	(59,552)	(59,990)
Subscription rights to shares	11	–
Non-controlling interests	40,910	41,238
Total net assets	531,700	575,404
Total liabilities and net assets	1,305,236	1,318,776

**(2) Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**
Fiscal years ended December 31, 2015 and 2016
Consolidated Statements of Income

	Millions of yen	
	Fiscal year ended December 31, 2015 (January 1— December 31, 2015)	Fiscal year ended December 31, 2016 (January 1— December 31, 2016)
Net sales	1,631,158	1,502,834
Cost of sales	1,194,633	1,100,173
Gross profit	436,525	402,660
Selling, general and administrative expenses	306,196	294,065
Operating income	130,329	108,594
Non-operating income:		
Interest income	4,707	4,262
Dividend income	942	1,007
Share of profit of entities accounted for using equity method	1,672	781
Other	6,212	4,865
Total non-operating income	13,534	10,917
Non-operating expenses:		
Interest expenses	5,666	4,644
Foreign exchange losses	9,243	8,275
Other	3,722	4,519
Total non-operating expenses	18,632	17,439
Ordinary income	125,231	102,073
Extraordinary income:		
Gain on sales of non-current assets	479	324
Gain on reversal of subscription rights to shares	1	4
Other	35	—
Total extraordinary income	516	328
Extraordinary losses:		
Loss on sales of non-current assets	1,325	220
Loss on disposal of non-current assets	1,144	1,019
Impairment loss	315	1,431
Loss on revision of retirement benefit plan	*1 353	—
Other	8	—
Total extraordinary losses	3,148	2,671

	Millions of yen	
	Fiscal year ended December 31, 2015 (January 1— December 31, 2015)	Fiscal year ended December 31, 2016 (January 1— December 31, 2016)
Profit before income taxes	122,599	99,730
Income taxes – current	34,409	28,823
Income taxes for prior periods	*2 36,793	–
Income taxes – deferred	(17,033)	(3,312)
Total income taxes	54,169	25,510
Profit	68,429	74,220
Profit attributable to non-controlling interests	8,406	11,066
Profit attributable to owners of parent	60,023	63,153

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Fiscal year ended December 31, 2015 (January 1— December 31, 2015)	Fiscal year ended December 31, 2016 (January 1— December 31, 2016)
Profit	68,429	74,220
Other comprehensive income:		
Valuation difference on available-for-sale securities	8,928	5,001
Revaluation reserve for land	559	279
Foreign currency translation adjustment	(29,954)	(7,414)
Remeasurements of defined benefit plans, net of tax	4,905	1,680
Share of other comprehensive income of entities accounted for using equity method	(1,796)	(1,709)
Total other comprehensive income	(17,356)	(2,162)
Comprehensive income:	51,073	72,057
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	46,023	61,846
Comprehensive income attributable to non-controlling interests	5,049	10,211

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2015 (January 1—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	85,739	74,655	346,284	(698)	505,981
Cumulative effects of changes in accounting policies			1,482		1,482
Restated balance	85,739	74,655	347,767	(698)	507,464
Changes of items during period					
Issuance of new shares	42	42			85
Reversal of revaluation reserve for land			0		0
Dividends of surplus			(16,588)		(16,588)
Profit attributable to owners of parent			60,023		60,023
Increase in consolidated subsidiaries			(643)		(643)
Increase in affiliates accounted for by the equity method					—
Decrease in affiliates accounted for by the equity method					—
Change in treasury shares of parent arising from transactions with non-controlling shareholders					—
Purchase of treasury shares				(11)	(11)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	42	42	42,792	(10)	42,866
Balance at end of current period	85,782	74,698	390,559	(709)	550,331

	Millions of yen							
	Other accumulated comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	15,029	10,931	(58,442)	(13,783)	(46,264)	33	43,474	503,224
Cumulative effects of changes in accounting policies								1,482
Restated balance	15,029	10,931	(58,442)	(13,783)	(46,264)	33	43,474	504,707
Changes of items during period								
Issuance of new shares								85
Reversal of revaluation reserve for land								0
Dividends of surplus								(16,588)
Profit attributable to owners of parent								60,023
Increase in consolidated subsidiaries								(643)
Increase in affiliates accounted for by the equity method								—
Decrease in affiliates accounted for by the equity method								—
Change in treasury shares of parent arising from transactions with non-controlling shareholders								—
Purchase of treasury shares								(11)
Disposal of treasury shares								0
Net changes of items other than shareholders' equity	8,918	558	(27,529)	4,763	(13,287)	(21)	(2,564)	(15,873)
Total changes of items during period	8,918	558	(27,529)	4,763	(13,287)	(21)	(2,564)	26,992
Balance at end of current period	23,948	11,490	(85,971)	(9,019)	(59,552)	11	40,910	531,700

Fiscal year ended December 31, 2016 (January 1—December 31, 2016)

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,782	74,698	390,559	(709)	550,331
Cumulative effects of changes in accounting policies					—
Restated balance	85,782	74,698	390,559	(709)	550,331
Changes of items during period					
Issuance of new shares	14	14			29
Reversal of revaluation reserve for land			0		0
Dividends of surplus			(18,162)		(18,162)
Profit attributable to owners of parent			63,153		63,153
Increase in consolidated subsidiaries			(198)		(198)
Increase in affiliates accounted for by the equity method			(266)		(266)
Decrease in affiliates accounted for by the equity method			(724)		(724)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(0)			(0)
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	14	14	43,802	(5)	43,826
Balance at end of current period	85,797	74,712	434,361	(714)	594,157

	Millions of yen							
	Other accumulated comprehensive income					Subscrip-tion rights to shares	Non-control-ing interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	23,948	11,490	(85,971)	(9,019)	(59,552)	11	40,910	531,700
Cumulative effects of changes in accounting policies								–
Restated balance	23,948	11,490	(85,971)	(9,019)	(59,552)	11	40,910	531,700
Changes of items during period								
Issuance of new shares								29
Reversal of revaluation reserve for land								0
Dividends of surplus								(18,162)
Profit attributable to owners of parent								63,153
Increase in consolidated subsidiaries								(198)
Increase in affiliates accounted for by the equity method								(266)
Decrease in affiliates accounted for by the equity method								(724)
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(0)
Purchase of treasury shares								(5)
Disposal of treasury shares								0
Net changes of items other than shareholders' equity	4,997	279	(7,559)	1,844	(437)	(11)	327	(121)
Total changes of items during period	4,997	279	(7,559)	1,844	(437)	(11)	327	43,704
Balance at end of current period	28,945	11,769	(93,530)	(7,174)	(59,990)	–	41,238	575,404

(4) Consolidated Statements of Cash Flows

Fiscal years ended December 31, 2015 and 2016

	Millions of yen	
	Fiscal year ended December 31, 2015 (January 1— December 31, 2015)	Fiscal year ended December 31, 2016 (January 1— December 31, 2016)
Cash flows from operating activities:		
Profit before income taxes	122,599	99,730
Depreciation	44,324	42,434
Impairment loss	315	1,431
Increase (decrease) in allowance for doubtful accounts	(898)	(258)
Increase (decrease) in net defined benefit liability	910	4,709
Interest and dividend income	(5,649)	(5,269)
Interest expenses	5,666	4,644
Share of (profit) loss of entities accounted for using equity method	(1,672)	(781)
Loss (gain) on sales of property, plant and equipment and intangible assets	846	(104)
Loss (gain) on disposal of property, plant and equipment and intangible assets	1,144	1,019
Decrease (increase) in sales finance receivables	(25,086)	(3,667)
Decrease (increase) in notes and accounts receivable – trade	(8,874)	1,456
Decrease (increase) in inventories	(18,179)	9,525
Increase (decrease) in notes and accounts payable–trade	(11,753)	(1,215)
Other, net	(7,995)	14,449
Subtotal	95,696	168,104
Interest and dividend income received	7,647	7,486
Interest expenses paid	(5,716)	(4,849)
Income taxes paid	(69,152)	(27,578)
Net cash provided by (used in) operating activities	28,475	143,163

	Millions of yen	
	Fiscal year ended December 31, 2015 (January 1— December 31, 2015)	Fiscal year ended December 31, 2016 (January 1— December 31, 2016)
Cash flows from investing activities:		
Payments into time deposits	(436)	(96)
Proceeds from withdrawal of time deposits	305	114
Purchase of property, plant and equipment and intangible assets	(67,504)	(50,445)
Proceeds from sales of property, plant and equipment and intangible assets	5,200	4,906
Purchase of investment securities	(5,103)	(485)
Payments of long-term loans receivable	(62)	(2,233)
Collection of long-term loans receivable	60	1,752
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,358)
Other, net	(935)	1,303
Net cash provided by (used in) investing activities	(68,475)	(46,541)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable	108,743	(81,042)
Proceeds from long-term loans payable	21,774	86,791
Repayment of long-term loans payable	(98,870)	(40,326)
Cash dividends paid	(16,588)	(18,162)
Dividends paid to non-controlling interests	(7,787)	(9,948)
Decrease (increase) in treasury shares	(10)	(5)
Proceeds from exercise of share options	64	22
Other, net	(480)	(4,956)
Net cash provided by (used in) financing activities	6,845	(67,627)
Effect of exchange rate change on cash and cash equivalents	1,286	(1,372)
Net increase (decrease) in cash and cash equivalents	(31,868)	27,621
Cash and cash equivalents at beginning of period	137,294	107,622
Increase in cash and cash equivalents from newly consolidated subsidiary	2,196	283
Cash and cash equivalents at end of period	107,622	135,527