

2. Explanation of Financial Condition

(1) Assets, Liabilities and Equity

(Billions of yen)

	Year-end FY2014	Year-end FY2015	Change vs. Year-end FY2014
Total assets	3,271.1	3,226.3	-44.8
Total liabilities	2,336.7	2,300.0	-36.6
Total equity	934.3	926.2	-8.1
Total equity attributable to owners of the parent	790.0	782.7	-7.3
[Retained earnings]	[130.7]	[155.9]	[25.1]
[Other components of equity]	[101.8]	[68.9]	[-32.8]

Reference;

Cash and cash equivalents	362.0	380.8	18.7
Interest-bearing loans	578.4	534.9	-43.5
Net interest-bearing loans	216.4	154.1	-62.3
D/E ratio (times)	0.73	0.68	-0.05
Net D/E ratio (times)	0.27	0.20	-0.07
Equity attributable to owners of the parent ratio (%)	24.2%	24.3%	0.1%

Consolidated total assets at the end of fiscal 2015 were 3,226.3 billion yen, down 44.8 billion yen from the end of fiscal 2014. Trade receivables declined due to revenue in the fourth quarter decreasing compared to the fourth quarter of fiscal 2014.

Consolidated total liabilities amounted to 2,300.0 billion yen, a decline of 36.6 billion yen compared to the end of fiscal 2014. Although the net defined benefit liability increased because of a decline in interest rates and other factors, interest-bearing loans declined because of corporate bond redemptions, and there was also a decline in trade payables.

The balance of total equity was 926.2 billion yen, a decline of 8.1 billion yen from the end of fiscal 2014. Retained earnings increased because of the profit recorded for the year, but there was a decline in other components of equity because of foreign exchange and stock price movements.

Equity attributable to owners of the parent ratio (shareholders' equity ratio) was 24.3%, an increase of 0.1 of a percentage point from the end of fiscal 2014.

(2) Cash Flows

(Billions of yen)

	FY2014	FY2015	Change
I Net cash provided by operating activities	280.1	253.0	-27.0
II Net cash used in investing activities	-200.5	-164.3	36.1
I+II Free cash flow	79.6	88.7	9.1
III Net cash used in financing activities	-17.3	-67.7	-50.4
IV Cash and cash equivalents at end of year	362.0	380.8	18.7
Reference			
Interest-bearing loans to cash flows ratio (year)	2.1	2.1	-
Interest coverage ratio (times)	46.9	48.3	1.4

Note: Interest-bearing loans to cash flows ratio: Interest-bearing loans / Cash flows from operating activities

Interest-coverage ratio: Cash flows from operating activities / Interest charges

Net cash provided by operating activities in fiscal 2015 amounted to 253.0 billion yen, down 27.0 billion yen from the previous fiscal year. In fiscal 2014, there was a refund of approximately 26.0 billion yen in withholding taxes on income in relation to dividends received from subsidiaries in Japan.

Net cash used in investing activities was 164.3 billion yen. Compared to fiscal 2014, net cash outflows decreased by 36.1 billion yen.

In addition to lower capital expenditures for intangible assets, there was a cash inflow resulting from the sale of some facilities.

Free cash flow, the sum of cash flows from operating and investing activities, was 88.7 billion yen, up 9.1 billion yen compared to fiscal 2014.

Net cash used in financing activities was a negative 67.7 billion yen due to corporate bond redemption and other factors.

As a result of the above factors, cash and cash equivalents at the end of fiscal 2015 were 380.8 billion yen, an increase of 18.7 billion yen compared to the end of fiscal 2014.

(3) Status of Retirement Benefit Plans

(Billions of yen)

	Year-end FY2014	Year-end FY2015	Change
a. Defined benefit obligation	-2,484.3	-2,434.2	50.1
b. Plan Assets	2,180.8	2,074.5	-106.2
c. Defined benefit obligation in excess of plan assets (a) + (b)	-303.5	-359.6	-56.1

[Fundamental components used in making actuarial calculations]

Discount Rate	Japan	0.7%	0.3%	-0.4%
	Outside Japan (mainly in UK)	Mainly 3.4%	Mainly 3.4%	-