

2. Explanation of Financial Condition

(1) Assets, Liabilities and Equity

(Billions of yen)

	FY2015 (As of March 31, 2016)	FY2016 (As of March 31, 2017)	Change
Total assets	3,226.3	3,191.4	-34.8
Total liabilities	2,300.0	2,172.2	-127.7
Total equity	926.2	1,019.2	92.9
Total equity attributable to owners of the parent	782.7	881.2	98.5

For reference

Cash and cash equivalents *	380.8	380.6	-0.1
Interest-bearing loans	534.9	486.7	-48.1
Net interest-bearing loans	154.1	106.0	-48.0
D/E ratio (times)	0.68	0.55	-0.13
Net D/E ratio (times)	0.20	0.12	-0.08
Equity attributable to owners of the parent ratio (%)	24.3	27.6	3.3

* The difference of cash and cash equivalents at end of year between balance sheet and cash flow statement is included in Assets held for sale.

Consolidated total assets at the end of fiscal 2016 were 3,191.4 billion yen, down 34.8 billion yen from the end of fiscal 2015, primarily because of a decline in property, plant and equipment.

Consolidated total liabilities amounted to 2,172.2 billion yen, a decrease of 127.7 billion yen compared to the end of fiscal 2015. The decline was attributable to lower retirement benefit liabilities due to an improvement in the funded status of defined benefit plans.

The balance of interest-bearing loans was 486.7 billion yen, down 48.1 billion yen on a corporate bond redemption and other factors.

The balance of total equity was 1,019.2 billion yen, up 92.9 billion yen from fiscal 2015. Despite the payment of dividends and the acquisition of treasury stock, total equity increased because of the profit recorded for the year and because there was an improvement in the funded status of defined benefit plans, primarily in Japan.

Equity attributable to owners of the parent ratio (shareholders' equity ratio) was 27.6%, an increase of 3.3 percentage points from the end of fiscal 2015.

(2) Cash Flows

(Billions of yen)

	FY2015	FY2016	Change
I Cash flows from operating activities	253.0	250.3	-2.7
II Cash flows from investing activities	-164.3	-145.4	18.8
I+II Free cash flow	88.7	104.8	16.0
III Cash flows from financing activities	-67.7	-98.8	-31.1
IV Cash and cash equivalents at end of year	380.8	383.9	3.1

Net cash provided by operating activities in fiscal 2016 amounted to 250.3 billion yen, essentially unchanged from fiscal 2015.

Net cash used in investing activities was 145.4 billion yen. This represents a decline in net outflows of 18.8 billion yen from fiscal 2015, primarily reflecting the inflow of proceeds from the transfer of Nifty Corporation ("Nifty"). (Date of receipt of transfer proceeds: March 31, 2017; date of contractual share transfer: April 1, 2017.)

Free cash flow, the sum of cash flows from operating and investing activities, was 104.8 billion yen, representing an increase in net cash inflows of 16.0 billion yen compared with fiscal 2015.

Net cash used in financing activities was 98.8 billion yen. In addition to the redemption of a corporate bond, there were outflows relating to the acquisition of treasury stock and the acquisition of shares stemming from the restructuring of Nifty.

As a result of the above factors, cash and cash equivalents at the end of fiscal 2016 were 383.9 billion yen, essentially unchanged from the end of fiscal 2015.

(3) Status of Retirement Benefit Plans

(Billions of yen)

	FY2015 (As of March 31, 2016)	FY2016 (As of March 31, 2017)	Change
a. Defined benefit obligation	Δ2,434.2	Δ2,438.9	Δ4.6
b. Plan Assets	2,074.5	2,150.9	76.3
c. Defined benefit obligation in excess of plan (a) + (b)	Δ359.6	Δ288.0	71.6