

March 6, 2017

To Our Shareholders:

2-3, Kita-Aoyama 1-Chome, Minato-ku, Tokyo

Tokai Carbon Co., Ltd.

Hajime Nagasaka, President and CEO

Notice of the 155th Annual Meeting of Shareholders

The Company would like to request shareholders to attend the Company's 155th Annual Meeting of Shareholders as described below.

If you are unable to attend the meeting on the date, you may also exercise your voting rights in writing or via the Internet, etc. We kindly request you to read the following "Reference Document for the Annual Meeting of Shareholders" and exercise your voting rights no later than 5:40 p.m., March 28, 2017 (Tuesday).

Sincerely yours,

1. **Date:** 10:00 a.m., March 29 (Wednesday), 2017
2. **Venue:** 10F, Aoyama Bldg.
Tokai Carbon Head Office
2-3, Kita-Aoyama 1-Chome, Minato-ku, Tokyo
(Please refer to the details on the last page.)
3. **Purposes:**
 - Items to be reported:**
 1. The business report, the consolidated financial statements and the results of consolidated financial statement audits by the Accounting Auditor and the Board of Auditors for the 155th business period (January 1, 2016 to December 31, 2016)
 2. The non-consolidated financial statements for the 155th business period (January 1, 2016 to December 31, 2016)
 - Items to be resolved:**
 - Agenda No. 1:** Appropriation of Retained Earnings
 - Agenda No. 2:** Election of Eight (8) Directors
 - Agenda No. 3:** Election of One (1) Substitute Auditor

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1. When you attend the meeting, we kindly request that you submit the enclosed voting form to the receptionist at the venue.
 2. If there are any revisions to the Reference Document for the Annual Meeting of Shareholders, the business report, the consolidated financial statements and the non-consolidated financial statements, such revisions will be posted on the Company's website. (URL: <http://www.tokaicarbon.co.jp/>)

Reference Document for the Annual Meeting of Shareholders

Agenda No. 1: Appropriation of Retained Earnings

The Company would like to appropriate retained earnings as follows.

The Company regards returning profits to shareholders to be one of its important management priorities in its efforts to increase corporate value over the medium and long term. Accordingly, the Company aims to pay dividends stably and continuously with a consolidated payout ratio of 30% as a target, while giving consideration to its business results and forecasts, investment plans, and status of cash flows, etc. in each period.

The Company plans to pay a year-end dividend of ¥3 per share for the current period, which is the same as the interim dividend. The year-end dividend will bring the total 2016 dividend, including the interim dividend, to ¥6 per share. With regard to other appropriation of retained earnings, the Company plans to draw down its general reserve and transfer the amount to retained earnings brought forward, in order to offset a deficit in retained earnings brought forward.

1. Matters concerning year-end dividends

(1) Type in which dividends are paid

Cash payment

(2) Allocation of dividends and total amount of dividends

¥3 per common share of the Company Total ¥639,480,771

(3) Effective date on which dividends are disbursed from retained earnings

March 30, 2017.

2. Matters concerning other appropriation of retained earnings

(1) Item and amount of retained earnings to be increased

Retained earnings brought forward ¥10,000,000,000

(2) Item and amount of retained earnings to be decreased

General reserve ¥10,000,000,000

Agenda No. 2: Election of Eight (8) Directors

The terms of office of all eight (8) Directors will expire at the conclusion of this Annual Meeting of Shareholders. Accordingly, the Company proposes to elect eight (8) Directors.

The candidates for Directors are as follows.

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)	Number of the Company's shares owned
1	Hajime Nagasaka (January 9, 1950)	April 1972 Joined Tokai Electrode Mfg. Co., Ltd. (currently the Company) March 2006 Director Executive Officer Deputy General Manager, Carbon Black Division Sales Manager, Carbon Black Division March 2007 Director Executive Officer Deputy General Manager, Carbon Black Division Sales Manager, Carbon Black Division Administration & Purchasing Manager, Carbon Black Division March 2008 Director Managing Executive Officer Deputy General Manager, Carbon Black Division Sales Manager, Carbon Black Division Administration & Purchasing Manager, Carbon Black Division General Manager, Osaka Branch March 2009 Director Managing Executive Officer Deputy General Manager, Carbon Black Division Administration & Purchasing Manager, Carbon Black Division General Manager, Osaka Branch March 2010 Director Managing Executive Officer General Manager, Carbon Black Division March 2011 Director Senior Managing Executive Officer General Manager, Carbon Black Division March 2012 Director Senior Managing Executive Officer in charge of Carbon Black Division and Graphite Electrode Division March 2013 Representative Director Senior Managing Executive Officer in charge of Carbon Black Division and Graphite Electrode Division General Manager, Osaka Branch General Manager, Nagoya Branch March 2014 Representative Director Executive Vice President in charge of Carbon Black Division, Graphite Electrode Division and Raw Material Procurement Department February 2015 President and CEO (incumbent)	104,000

Reason for nomination as a candidate for Director

Mr. Hajime Nagasaka has been involved in the management of the Company and its group companies over many years, serving as President and CEO since February 2015. The Company reappointed him as a candidate for Director because Mr. Nagasaka has extensive experience and broad knowledge mainly of its mainstay carbon black business and the graphite electrode business.

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)	Number of the Company's shares owned
2	Nobuyuki Murofushi (January 5, 1955)	April 1978 Joined the Company March 2003 Director Deputy General Manager, Graphite Electrode Division Sales Manager, Graphite Electrode Division General Manager, Asia Pacific Office March 2004 Director Deputy General Manager, Graphite Electrode Division Sales Manager, Graphite Electrode Division March 2005 Director Executive Officer Deputy General Manager, Graphite Electrode Division Sales Manager, Graphite Electrode Division March 2006 Director Managing Executive Officer General Manager, Graphite Electrode Division Administration & Purchasing Manager, Graphite Electrode Division March 2007 Director Managing Executive Officer General Manager, Graphite Electrode Division March 2009 Director Senior Managing Executive Officer in charge of Fine Carbon Division General Manager, Graphite Electrode Division March 2012 Director Senior Managing Executive Officer in charge of Corporate Planning Division General Manager, Corporate Planning Division March 2015 Director Senior Managing Executive Officer General Manager, Corporate Planning Division January 2016 Director Senior Managing Executive Officer General Manager, Carbon Black Division (incumbent) (Notable Concurrent Positions) Chairman of the Board, Tokai Carbon (Tianjin) Co., Ltd. Chairman of the Board, Cancarb Limited	90,053
Reason for nomination as a candidate for Director Mr. Nobuyuki Murofushi has been involved in the management of the Company and its group companies over many years, serving as Director, Senior Managing Executive Officer since March 2009. The Company reappointed Mr. Murofushi as a candidate for Director because he has extensive experience and knowledge mainly of its mainstay graphite electrode business and overseas business.			

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)		Number of the Company's shares owned
3	Masanao Hosoya (August 27, 1955)	April 1979	Joined The Mitsubishi Bank, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	32,000
		January 2008	Advisor, the Company	
		March 2008	Executive Officer	
		March 2009	Executive Officer	
			General Manager, Corporate Administration Division	
		March 2010	Director	
			Executive Officer in charge of Corporate Administration Division	
			General Manager, Corporate Administration Division	
		March 2015	Director	
			Managing Executive Officer	
			General Manager, Corporate Administration Division (incumbent)	
Reason for nomination as a candidate for Director Mr. Masanao Hosoya, having engaged in the practical operations and management at Bank of Tokyo-Mitsubishi UFJ, Ltd. over many years, assumed the position of Director and General Manager, Corporate Administration Division in March 2010 and Director, Managing Executive Officer of the Company in March 2015. The Company reappointed him as a candidate for Director because he has extensive experience and knowledge mainly in financing, finance, and IR.				

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)		Number of the Company's shares owned
4	Yuji Serizawa (December 27, 1959)	April 1984 Joined the Company March 2006 Executive Officer Deputy General Manager, Fine Carbon Division General Manager, Carbon Ceramics Sales Department, Fine Carbon Division General Manager, Electronic & Functional Material Sales Department, Fine Carbon Division March 2007 Executive Officer Deputy General Manager, Fine Carbon Division General Manager, Marketing & Sales Department, Fine Carbon Division March 2008 Executive Officer Deputy General Manager, Fine Carbon Division March 2009 Executive Officer General Manager, Fine Carbon Division March 2012 Director Executive Officer in charge of Fine Carbon Division General Manager, Fine Carbon Division March 2013 Director Executive Officer General Manager, Tanoura Laboratory General Manager, Tanoura Plant March 2014 Executive Officer General Manager, Graphite Electrode Division February 2015 Executive Officer in charge of Raw Material Procurement Department General Manager, Graphite Electrode Division March 2015 Director Executive Officer in charge of Raw Material Procurement Department General Manager, Graphite Electrode Division January 2016 Director Executive Officer General Manager, Corporate Planning Division (incumbent) (Notable Concurrent Positions) Chairman of the Board, Tokai Carbon Korea Co., Ltd.		49,000
Reason for nomination as a candidate for Director Mr. Yuji Serizawa has been engaged in the management of the Company and its group company over many years, serving as Director, Executive Officer of the Company since March 2015. The Company reappointed Mr. Serizawa as a candidate for Director because he has extensive experience and knowledge mainly in the fine carbon business, graphite electrode business, and Corporate Planning Division.				

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)		Number of the Company's shares owned
5	Kanji Sugihara (November 23, 1958)	April 1984 Joined the Company March 2005 General Manager, Production Technology Department, Fine Carbon Division March 2012 Senior Officer Deputy General Manager, Fine Carbon Division General Manager, Production Technology Department, Fine Carbon Division March 2013 Executive Officer General Manager, Fine Carbon Division March 2014 Director Executive Officer General Manager, Fine Carbon Division General Manager, Production Technology Department, Fine Carbon Division General Manager, Business Administration Department, Fine Carbon Division February 2015 Director Executive Officer in charge of Fine Carbon Division General Manager, Fine Carbon Division General Manager, Production Technology Department, Fine Carbon Division General Manager, Business Administration Department, Fine Carbon Division March 2015 Director Managing Executive Officer General Manager, Fine Carbon Division General Manager, Production Technology Department, Fine Carbon Division September 2015 Director Managing Executive Officer General Manager, Fine Carbon Division January 2016 Director (part-time), the Company Executive Vice President, Tokai Konetsu Kogyo Co., Ltd. (incumbent) (Notable Concurrent Positions) Executive Vice President, Tokai Konetsu Kogyo Co., Ltd.		31,000
Reason for nomination as a candidate for Director Mr. Kanji Sugihara has held various positions including General Manager, Production Technology Department, Fine Carbon Division, and General Manager, Fine Carbon Division at the Company, and he has been serving as Executive Vice President of Tokai Konetsu Kogyo Co., Ltd. since January 2016. The Company reappointed Mr. Sugihara as a candidate for Director because he has extensive experience and knowledge mainly of fine carbon-related technologies.				

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)		Number of the Company's shares owned
6	Yoshio Kumakura (January 19, 1940)	April 1969 Registered as an attorney-at-law April 1969 Joined Nakamatsu Patent & Law Firm (currently Nakamura & Partners) January 1980 Partner, Nakamura & Partners (incumbent) June 2004 Auditor, Nippon Flour Mills Co., Ltd. March 2007 External Director, the Company (retired in March 2013) June 2014 Outside Director, Nippon Flour Mills Co., Ltd. (incumbent) March 2016 External Director, the Company (incumbent) (Notable Concurrent Positions) Partner, Nakamura & Partners Outside Director, Nippon Flour Mills Co., Ltd.		24,000
Reason for nomination as a candidate for External Director Mr. Yoshio Kumakura has been a partner at Nakamura & Partners Patent Trademark & Legal Affairs for many years and has served as External Director of the Company since March 2007, with the exception of three years when he left the position. He has provided appropriate advice on the Company's management and execution of business from an objective and professional viewpoint based on his extensive experience and knowledge mainly in intellectual property law, antimonopoly law, and international trade law gained as a lawyer and patent attorney. Accordingly, the Company reappointed him as a candidate for Director.				

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)		Number of the Company's shares owned
7	Nobumitsu Kambayashi (May 28, 1948)	April 1971 Joined Kawasaki Heavy Industries, Ltd. October 2002 Director, Kawasaki Shipbuilding Corporation June 2005 Managing Director, Kawasaki Shipbuilding Corporation April 2008 Managing Executive Officer, Kawasaki Heavy Industries, Ltd. Director/Senior Vice President, Kawasaki Shipbuilding Corporation June 2009 Senior Vice President, Kawasaki Heavy Industries, Ltd. April 2010 President & Representative Director, Kawasaki Shipbuilding Corporation Senior Vice President (part-time), Kawasaki Heavy Industries, Ltd. October 2010 Senior Vice President (Representative Director), Kawasaki Heavy Industries, Ltd. President, Ship & Offshore Structure Company April 2013 Director, Kawasaki Heavy Industries, Ltd. June 2013 Adviser, Kawasaki Heavy Industries, Ltd. June 2015 Chairman, Japan Ship Technology Research Association (incumbent) March 2016 External Director, the Company (incumbent) (Notable Concurrent Positions) Chairman, Japan Ship Technology Research Association		4,000
Reason for nomination as a candidate for External Director Mr. Nobumitsu Kambayashi has held various positions, such as President and Representative Director of Kawasaki Shipbuilding Corporation and President of Ship & Offshore Structure Company of Kawasaki Heavy Industries, Ltd., and he has been serving as External Director of the Company since March 2016. The Company reappointed Mr. Kambayashi as a candidate for Director because he has provided appropriate advice on the management and business execution of the Company from an objective and professional viewpoint based on his extensive experience and insights gained as a manager of globally operating manufacturing companies.				

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)	Number of the Company's shares owned
8	*Masafumi Tsuji (January 10, 1963)	April 1986 Joined the Company March 2007 General Manager, Human Resources Department, Corporate Planning Division March 2010 General Manager, Management Planning Office, Corporate Planning Division March 2014 Business Director March 2015 General Manager, Carbon Black Division March 2015 Executive Officer January 2016 General Manager, Carbon Black Division January 2016 Executive Officer January 2017 General Manager, Graphite Electrode Division January 2017 Executive Officer General Manager, Fine Carbon Division (incumbent) (Notable Concurrent Positions) Chairman of the Board, Tokai Carbon U.S.A., Inc. Chairman of the Board, Tokai Carbon (Dalian) Co., Ltd. Chairman of the Shareholder Committee, Tokai Carbon Europe GmbH Chairman of the Shareholder Committee, Tokai Carbon Deutschland GmbH	45,000
Reason for nomination as a candidate for Director Mr. Masafumi Tsuji has held positions, such as General Manager, Human Resources Department, General Manager, Management Planning Office, General Manager, Carbon Black Division, General Manager, Graphite Electrode Division, and General Manager, Fine Carbon Division, and he has been serving as Executive Officer since March 2015. The Company appointed Mr. Tsuji as a candidate for Director because he has extensive experience and knowledge of the Company's businesses ranging from planning and administration to sales.			

Notes:

- * denotes newly appointed candidates for Director.
- There are no special conflict of interests between the candidates for Directors and the Company.
- Mr. Yoshio Kumakura and Mr. Nobumitsu Kambayashi are the candidates for External Directors.
- Matters concerning the candidate for External Director are as follows.
 - Number of years since assuming the post of External Director
 The term of office of Mr. Yoshio Kumakura as an External Director will be one year at the conclusion of this Annual Meeting of Shareholders.
 The term of office of Mr. Nobumitsu Kambayashi as an External Director will be one year at the conclusion of this Annual Meeting of Shareholders.
 - Outline of limited liability agreement
 The Company has entered into an agreement with External Directors Yoshio Kumakura and Nobumitsu Kambayashi to limit their liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act pursuant to Article 427, Paragraph 1 of the said Act. The amount of liability for damages under this agreement shall be the minimum limited liability stipulated in laws and regulations. If this agenda item is approved as proposed, the Company plans to continue the said agreement limiting their liability.
 - The Company designated Mr. Yoshio Kumakura and Mr. Nobumitsu Kambayashi as independent officers provided for in the provisions of the Tokyo Stock Exchange and has registered them accordingly with the said exchange. If Mr. Yoshio Kumakura and Mr. Nobumitsu Kambayashi are reappointed as External Directors, the Company plans to continue their designation as independent officers.

Agenda No. 3: Election of One (1) Substitute Auditor

The effective tenure of Mr. Masahiro Kusaba, who was elected as a Substitute Auditor at the 154th Annual Meeting of Shareholders held on March 30, 2016, expired at the beginning of this Annual Meeting of Shareholders. Accordingly, the Company wishes to elect one (1) Substitute Auditor to prepare for a situation in which there is a shortfall in the number of auditors required by laws and regulations. The Board of Auditors has already given its consent to this agenda item.

The candidate for Substitute Auditor is as follows.

Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)		Number of the Company’s shares owned
Kenichi Kubota (May 20, 1949)	December 1973	Joined Yasumori Audit Corporation	2,000
	September 1978	Registered as a certified public accountant and established Kubota CPA Office (incumbent)	
	July 1987	Assumed the position of Representative Partner at Yasumori Audit Corporation (resigned from the office in July 2009)	
Reason for nomination as a candidate for Substitute Auditor Mr. Kenichi Kubota has specialized knowledge of finance and accounting gained through his work as a certified public accountant, as well as an experience serving as Representative Partner at an audit firm for many years. Accordingly, the Company expects that he can provide appropriate advice on the management of the Company as an External Auditor from the perspective of financial soundness and accuracy.			

Notes:

1. There are no special conflict of interests between Mr. Kenichi Kubota and the Company.
2. Mr. Kenichi Kubota is the candidate for substitute External Auditor.
3. Outline of limited liability agreement
If this agenda item is approved as proposed and Mr. Kenichi Kubota assumes the position of External Auditor, the Company plans to enter into an agreement with Mr. Kubota to limit the liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act pursuant to Article 427, Paragraph 1 of the said Act. The amount of liability for damages under this agreement shall be the minimum limited liability stipulated in laws and regulations.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	End of the previous fiscal year (As of December 31, 2015)	End of the fiscal year under review (As of December 31, 2016)
Assets		
Current assets		
Cash and cash equivalents	16,045	16,528
Notes and accounts receivable	26,897	24,220
Securities	7,000	12,000
Merchandise and finished goods	13,828	7,516
Work in process	12,182	
Raw materials and supplies	8,241	5,330
Deferred tax assets	1,384	1,677
Other	2,509	3,066
Allowance for doubtful accounts	△122	△580
Total current assets	87,968	77,645
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	18,282	12,965
Machinery, equipment and vehicles, net	26,576	20,496
Furnaces, net	998	744
Land	6,703	
Construction in progress	3,070	
Other, net	997	
Total tangible fixed assets	56,629	43,122
Intangible fixed assets		
Software	404	
Goodwill	6,135	5,604
Customer-related assets	3,896	
Other	888	758
Total intangible fixed assets	11,324	10,534
Investments and other assets		
Investment securities	24,681	24,377
Net defined benefit asset	1,993	
Deferred tax assets	606	
Other	922	
Allowance for doubtful accounts	△51	△46
Total investment and other assets	28,153	27,521
Total fixed assets	96,106	81,178
Total assets	184,074	158,824

(Millions of yen)

	End of the previous fiscal year (From January 1 to December 31, 2015)	End of the fiscal year under review (From January 1 to December 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable	9,196	
Electronically recorded obligations	2,201	
Short-term borrowings	7,469	
Current portion of long-term debt within one year	2,068	10,016
Income taxes payable	3,540	
Consumption taxes payable	496	
Accrued expenses	1,366	
Reserve for bonuses	212	
Other	4,575	
Total current liabilities	31,126	29,028
Fixed liabilities		
Long-term debt	14,398	
Deferred tax liabilities	7,872	
Net defined benefit liability	3,816	
Reserve for directors' retirement benefits	107	
Reserve for executive officers' retirement benefits	35	
Provision for environment and safety measures	469	
Other	1,276	
Total fixed liabilities	27,976	16,806
Total liabilities	59,103	45,834
Net assets		
Shareholders' capital		
Common stock	20,436	20,436
Additional paid-in capital	17,502	17,502
Retained earnings	78,214	69,005
Treasury stock	△7,243	△7,250
Total shareholders' capital	108,910	99,693
Other accumulated comprehensive income		
Net unrealized gains/losses on other securities	9,392	9,191
Deferred gains or losses on hedges	△0	—
Foreign currency translation adjustments	3,782	1,356
Remeasurements of defined benefit plans	830	748
Total other accumulated comprehensive income	14,004	11,296
Non-controlling interests	2,055	
Total net assets	124,971	112,989
Total liabilities and net assets	184,074	158,824

(1) Consolidated Statement of Operations and
Comprehensive income (Consolidated
Statements of Operations)

(Millions of yen)

	Previous fiscal year (From January 1 to December 31, 2015)	End of the fiscal year under review (From January 1 to December 31, 2016)
Net sales	104,864	88,580
Cost of sales	84,904	72,051
Gross profit	19,960	16,529
Selling, general and administrative expenses		
Selling cost	4,865	4,762
General administrative cost	11,005	10,635
Total of selling cost and general administrative cost	15,871	15,398
Operating income (loss)	4,088	1,131
Non-operating income		
Interest income	86	53
Dividend income	591	447
Rental income	300	293
Equity in income of non-consolidated subsidiaries and affiliates	589	794
Other non-operating income	649	505
Total non-operating income	2,217	2,094
Non-operating expense		
Interest expense	595	418
Compensation expenses	210	60
Foreign exchange losses	383	224
Other non-operating expense	799	820
Total non-operating expenses	1,989	1,523
Ordinary income (loss)	4,317	1,702
Extraordinary income		
Gain on sales of non-current assets	1,003	1,380
Gain on sales of investment securities	5,814	—
Gain on liquidation of subsidiaries and associates	189	—
Total extraordinary income	7,006	1,380
Extraordinary losses		
Impairment loss	*1	*1
Special severance payments	—	*2 314
Demolition expenses	106	—
Contribution for liquidation of subsidiaries and	86	—
Loss on sales of shares of subsidiaries and associates	78	—
Total extraordinary losses	4,597	11,021
Income (loss) before income taxes	6,726	Δ7,938
Income taxes, inhabitants tax, and enterprise taxes	4,891	1,468
Income taxes adjustments	Δ545	Δ1,535
Total income taxes	4,345	Δ67
Profit/(loss)	2,381	Δ7,871
Loss attributable to non-controlling shareholders	Δ103	58
Profit/(loss) attributable to owners of the parent	2,484	Δ7,929

(Consolidated Statements
of Comprehensive Income)

(Millions of yen)

	The previous fiscal year (From January 1 to December 31, 2015)	The fiscal year under review (From January 1 to December 31, 2016)
Profit/(loss)	2,381	Δ7,871
Other comprehensive income		
Valuation difference on available-for-sale	Δ2,558	Δ198
Deferred gains or losses on hedges		
Foreign currency translation adjustment	Δ5,534	Δ2,101
Remeasurements of defined benefit plans	24	Δ81
Share of other comprehensive income of associates accounted for using equity method	Δ54	Δ394
Total other comprehensive income	Δ8,124	Δ2,776
Comprehensive income		Δ10,647
(Breakdown)		
Comprehensive income attributable to owners of The parent	Δ5,487	Δ10,638
Comprehensive income attributable to non-controlling shareholders	Δ254	Δ9

(3) Consolidated statements of changes in net assets

The previous fiscal year (From January 1 to December 31, 2015)

(Millions of yen)

	Shareholders' capital				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' capital
Opening balance of current period	20,436	17,502	77,295	(7,227)	108,006
Cumulative effect of changes in accounting policies			(295)		(295)
Restated balance after changes in accounting policies	20,436	17,502	76,999	(7,227)	107,710
Changes of items during the period					
Surplus dividend			(1,279)		(1,279)
Net income attributable to parent company			2,484		2,484
Purchase of treasury shares				(15)	(15)
Disposal of treasury shares			(0)	0	0
Change of scope of consolidation			9		9
Net changes of items other than shareholders' equity					
Total of changes of items during the period			1,215	(15)	1,199
Balance at the end of current period	20,436	17,502	78,214	(7,243)	108,910

	Other accumulated comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains/losses on other securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Opening balance of current period	11,958		9,212	806	21,977	2,359	132,343
Cumulative effect of changes in accounting policies							(295)
Restated balance after changes in accounting policies	11,958		9,212	806	21,977	2,359	132,047
Changes of items during the period							
Surplus dividend							(1,279)
Net income attributable to parent company							2,484
Purchase of treasury shares							(15)
Disposal of treasury shares							0
Change of scope of consolidation							0
Net changes of items other than shareholders' equity	(2,566)	(0)	(5,430)	24	(7,972)	(303)	(8,276)
Total of changes of items during the period	(2,566)	(0)	(5,430)	24	(7,972)	(303)	(7,076)
Balance at the end of current period	9,392	(0)	3,782	830	14,004	2,055	124,971

Consolidated fiscal year under review (From January 1 to December 31, 2016)

(Millions of yen)

	Shareholders' capital				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholder's capital
Opening balance of current period	20,436	17,502	78,214	(7,243)	108,910
Cumulative effect of changes in accounting policies					
Restated balance after changes in accounting policies	20,436	17,502	78,214	(7,243)	108,910
Changes of items during the period					
Surplus dividend			(1,279)		(1,279)
Net income attributable to parent company			(7,929)		(7,929)
Purchase of treasury shares				(8)	(8)
Disposal of treasury shares			(0)	0	0
Change of scope of consolidation					
Net changes of items other than shareholders' capital					
Total of changes of items during the period			(9,209)	(7)	(9,216)
Balance at the end of current period	20,436	17,502	69,005	(7,250)	99,693

	Other accumulated comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains/losses on other securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Opening balance of current period	9,392	(0)	3,782	830	14,004	2,055	124,971
Cumulative effect of changes in accounting policies							-
Restated balance after changes in accounting policies	9,392	(0)	3,782	830	14,004	2,055	124,971
Changes of items during the period							
Surplus dividend							(1,279)
Net income attributable to parent company							(7,929)
Purchase of treasury shares							(8)
Disposal of treasury shares							0
Change of scope of consolidation							
Net changes of items other than shareholders' capital	(200)	0	(2,425)	(81)	(2,708)	(57)	(2,765)
Total of changes of items during the period	(200)	0	(2,425)	(81)	(2,708)	(57)	(11,981)
Balance at the end of current period	9,191	-	1,356	748	11,296	1,998	112,989

(2) Consolidated Statement of Cash Flows

(Millions of yen)

	Previous fiscal year (From January 1 to December 31, 2015)	End of the fiscal year under review (From January 1 to December 31, 2016)
Cash flows from operating activities		
Net income/(loss) before income taxes	6,726	△7,938
Depreciation and amortization	9,242	8,124
Impairment loss	4,326	10,707
Demolition expenses	106	-
Loss on sales of investment securities (triangle '△' indicates gain)	△5,817	△13
Loss for liquidation of subsidiaries and associates (triangle '△' indicates gain)	△189	-
Contribution for liquidation of subsidiaries and associates	86	-
Loss on sales of shares of subsidiaries and associates (triangle '△' indicates gain)	78	-
Special severance payments	-	314
Loss on sales of tangible assets (triangle '△' indicates gain)	△1,070	△1,383
Amortization of goodwill	426	372
Increase (decrease) in allowance for doubtful accounts (triangle '△' indicates decrease)	△25	429
Increase (decrease) in reserve for bonuses	13	△14
Increase (decrease) in net defined benefit liability (triangle '△' indicates decrease)	△24	65
Decrease (increase) in net defined benefit assets (triangle '△' indicates increase)	△130	70
Increase (decrease) in reserve for directors' retirements' benefit	△11	△14
Increase (decrease) in provision for environment and safety measures (triangle '△' indicates loss)	△8	4
Interest and dividends income	△678	△500
Interest paid	595	418
Foreign exchange (gain) losses	25	30
Equity in income (loss) of non-consolidated	△589	△794
Increase (decrease) in trade receivables (triangle '△' indicates increase)	6,300	2,179
Increase (decrease) in inventories (triangle '△' indicates increase)	5,698	12,611
Increase (decrease) in trade payables (triangle '△' indicates decrease)	△4,398	△1,440
Increase (decrease) in accrued expenses (triangle '△' indicates decrease)	145	△101
Increase (decrease) in account payables (triangle '△' indicates a decrease)	70	△441

Increase (decrease) in advance payments (triangle 'Δ' indicates an increase)	276	Δ655
Increase (decrease) in consumption taxes payables (triangle 'Δ' indicates a decrease)	182	Δ140
(Millions of yen)		
	Previous fiscal year (From January 1 to December 31, 2015)	End of the fiscal year under review (From January 1 to December 31, 2016)
Other	948	Δ164
Subtotal	22,305	21,724
Interest income and dividends received	875	597
Interest paid	Δ589	Δ429
Income taxes paid	Δ1,977	Δ4,149
Special severance payments	-	Δ236
Net cash provided by (used in) operating	20,613	17,505
Cash flows from investing activities		
Payment into time deposits	Δ245	Δ0
Proceeds from withdrawal of time deposits	242	108
Net increase (decrease) in short-term	4	39
Purchase of tangible fixed assets	Δ5,909	Δ5,168
Proceeds from tangible fixed assets	1,699	1,610
Purchased of intangible assets	Δ152	Δ227
Proceeds from sales of investment securities	7,694	15
Payments for sales of investments in subsidiaries	Δ44	-
Payment on sales of shares of subsidiaries and associates	Δ86	-
Other	Δ14	Δ1
Cash flow from investing activities	3,189	Δ3,622
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings (triangle 'Δ' indicates decrease)	Δ11,452	Δ4,156
Income in log-term debt	4,000	-
Repayment of long-term debt	Δ6,071	Δ2,068
Payment of dividend	Δ1,279	Δ1,279
Payment attributable to non-controlling shareholders	Δ49	Δ47
Others	Δ73	Δ61

Cash flows from financing activities	Δ14,926	Δ7,613
Effect of exchange rate change on cash and cash equivalents	Δ695	Δ667
Increase (decrease) in Cash and cash equivalents (triangle 'Δ' indicates decrease)	8,180	5,602
Cash and cash equivalents at beginning of the period	14,738	22,919
Cash and cash equivalents at beginning of the period	22,919	28,521