

Financial Section

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Note: Please refer to the separate publication "Annual Report 2017 (Financials)" for details of "Note XX" on pages 57 to 62.

Consolidated Statements of Financial Position

NEC Corporation and Subsidiaries
Years Ended March 31, 2016 and 2017

	Millions of yen	
	2016	2017
Assets		
Current Assets		
Cash and cash equivalents (Note 16)	¥ 192,323	¥ 239,970
Trade and other receivables (Note 15)	933,914	952,258
Inventories (Note 14)	211,992	205,855
Other financial assets	7,651	4,485
Other current assets	107,456	106,169
Total current assets	1,453,336	1,508,737
Non-current assets		
Property, plant and equipment, net (Notes 8 and 10)	343,323	419,078
Goodwill (Notes 9 and 10)	56,141	63,220
Intangible assets (Notes 9 and 10)	118,019	142,139
Investments accounted for using the equity method (Note 12)	90,346	68,132
Other financial assets	254,917	262,284
Deferred tax assets (Note 13)	196,019	156,622
Other non-current assets (Notes 10 and 21)	16,803	63,784
Total non-current assets	1,075,568	1,175,259
Total assets	¥2,528,904	¥2,683,996

See notes to consolidated financial statements.

	Millions of yen	
	2016	2017
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables (Note 24)	¥ 503,375	¥ 497,051
Bonds and borrowings (Note 20)	155,454	118,915
Accruals	157,403	155,161
Other financial liabilities	13,555	12,507
Accrued income taxes	13,445	21,014
Provisions (Note 23)	40,318	52,210
Other current liabilities (Note 22)	137,135	145,683
Total current liabilities	1,020,685	1,002,541
Non-current liabilities		
Bonds and borrowings (Note 20)	318,435	342,854
Other financial liabilities	9,365	8,285
Defined benefit liabilities (Note 21)	297,756	264,272
Provisions (Note 23)	15,336	13,736
Other non-current liabilities (Note 22)	30,107	36,242
Total non-current liabilities	670,999	665,389
Total liabilities	1,691,684	1,667,930
Equity		
Share capital (Note 18)	397,199	397,199
Share premium (Note 18)	147,755	147,879
Retained earnings (Note 18)	223,883	235,601
Treasury shares (Note 18)	(3,077)	(3,101)
Other components of equity (Notes 18 and 21)	4,067	76,686
Total equity attributable to owners of the parent	769,827	854,264
Non-controlling interests (Note 11)	67,393	161,802
Total equity	837,220	1,016,066
Total liabilities and equity	¥2,528,904	¥2,683,996

Consolidated Statements of Profit or Loss

NEC Corporation and Subsidiaries
Years Ended March 31, 2016 and 2017

	Millions of yen	
	2016	2017
Revenue (Notes 6 and 25)	¥2,824,833	¥2,665,035
Cost of sales (Notes 14 and 28)	1,984,748	1,909,414
Gross profit	840,085	755,621
Selling, general and administrative expenses (Note 28)	725,960	698,413
Other operating income (loss) (Note 27)	(22,707)	(15,370)
Operating profit (Note 6)	91,418	41,838
Financial income (Notes 6 and 29)	11,703	38,420
Financial costs (Notes 6 and 29)	21,746	20,817
Share of profit of entities accounted for using the equity method (Note 6)	5,178	8,617
Income before income taxes	86,553	68,058
Income taxes (Note 13)	3,359	32,834
Net profit	¥ 83,194	¥ 35,224
Net profit attributable to		
Owners of the parent	75,923	27,310
Non-controlling interests	7,271	7,914
	¥ 83,194	¥ 35,224
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen) (Note 31)	29.22	10.51
Diluted earnings per share (yen) (Note 31)	–	10.51

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

NEC Corporation and Subsidiaries
Years Ended March 31, 2016 and 2017

	Millions of yen	
	2016	2017
Net profit	¥ 83,194	¥ 35,224
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans (Notes 18 and 21)	(88,202)	56,276
Share of other comprehensive income of associates (Note 18)	(1,822)	534
Total items that will not be reclassified to profit or loss	(90,024)	56,810
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations (Note 18)	(11,863)	(1,869)
Cash flow hedges (Note 18)	(30)	623
Available-for-sale financial assets (Note 18)	(13,841)	15,533
Share of other comprehensive income of associates (Note 18)	(4,125)	702
Total items that may be reclassified subsequently to profit or loss	(29,859)	14,989
Total other comprehensive income, net of tax	(119,883)	71,799
Total comprehensive income	¥ (36,689)	¥107,023
Total comprehensive income attributable to		
Owners of the parent	(41,170)	99,929
Non-controlling interests	4,481	7,094
	¥ (36,689)	¥107,023

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

NEC Corporation and Subsidiaries
Years Ended March 31, 2016 and 2017

	Millions of yen							
	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
As of April 1, 2015	¥397,199	¥147,415	¥158,356	¥(3,025)	¥ 121,160	¥ 821,105	¥ 66,534	¥ 887,639
Net profit	-	-	75,923	-	-	75,923	7,271	83,194
Other comprehensive income (Note 18)	-	-	-	-	(117,093)	(117,093)	(2,790)	(119,883)
Comprehensive income	-	-	75,923	-	(117,093)	(41,170)	4,481	(36,689)
Purchase of treasury shares (Note 18)	-	-	-	(56)	-	(56)	-	(56)
Disposal of treasury shares (Note 18)	-	(2)	-	4	-	2	-	2
Cash dividends (Note 19)	-	-	(10,396)	-	-	(10,396)	(2,214)	(12,610)
Changes in interests in subsidiaries	-	342	-	-	-	342	(1,408)	(1,066)
Total transactions with owners	-	340	(10,396)	(52)	-	(10,108)	(3,622)	(13,730)
As of March 31, 2016	¥397,199	¥147,755	¥223,883	¥(3,077)	¥ 4,067	¥ 769,827	¥ 67,393	¥ 837,220

	Millions of yen							
	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
As of April 1, 2016	¥397,199	¥147,755	¥223,883	¥(3,077)	¥ 4,067	¥769,827	¥ 67,393	¥ 837,220
Net profit	-	-	27,310	-	-	27,310	7,914	35,224
Other comprehensive income (Note 18)	-	-	-	-	72,619	72,619	(820)	71,799
Comprehensive income	-	-	27,310	-	72,619	99,929	7,094	107,023
Purchase of treasury shares (Note 18)	-	-	-	(26)	-	(26)	-	(26)
Disposal of treasury shares (Note 18)	-	(2)	-	3	-	1	-	1
Cash dividends (Note 19)	-	-	(15,592)	-	-	(15,592)	(2,386)	(17,978)
Subscription rights to shares	-	5	-	-	-	5	-	5
Changes in interests in subsidiaries	-	121	-	-	-	121	89,701	89,822
Total transactions with owners	-	124	(15,592)	(23)	-	(15,491)	87,315	71,824
As of March 31, 2017	¥397,199	¥147,879	¥235,601	¥(3,101)	¥76,686	¥854,264	¥161,802	¥1,016,066

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

NEC Corporation and Subsidiaries
Years Ended March 31, 2016 and 2017

	Millions of yen	
	2016	2017
Cash flows from operating activities		
Income before income taxes	¥ 86,553	¥ 68,058
Depreciation and amortization (Note 6)	83,771	80,376
Impairment loss (Notes 6 and 10)	13,463	2,571
Increase (decrease) in provisions	(6,454)	12,302
Financial income	(11,703)	(38,420)
Financial costs	21,746	20,817
Share of (profit) loss of entities accounted for using the equity method	(5,178)	(8,617)
Decrease (increase) in trade and other receivables	47,897	22,201
Decrease (increase) in inventories	7,182	22,659
Increase (decrease) in trade and other payables	(49,602)	(31,666)
Others, net	(60,293)	(43,141)
Subtotal	127,382	107,140
Interest and dividends received	5,845	5,866
Interest paid	(10,007)	(8,646)
Income taxes paid	(25,391)	(11,835)
Net cash provided by operating activities	97,829	92,525
Cash flows from investing activities		
Purchases of property, plant and equipment	(32,522)	(37,201)
Proceeds from sales of property, plant and equipment	2,746	2,676
Acquisitions of intangible assets	(8,316)	(7,888)
Purchases of available-for-sale financial assets	(892)	(4,117)
Proceeds from sales of available-for-sale financial assets	7,616	4,359
Purchase of shares of newly consolidated subsidiaries	-	(984)
Acquisitions of subsidiaries, net of cash acquired	36	11,220
Proceeds from sales of shares of subsidiaries	556	339
Disbursements for sales of shares of subsidiaries	(385)	-
Purchases of investments in affiliated companies	(4,380)	(162)
Proceeds from sales of investments in affiliated companies	204	23,698
Proceeds from collection of loans receivable	584	12,958
Others, net	2,551	1,527
Net cash provided by / (used in) investing activities	(32,202)	6,425
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net	14,790	15,228
Proceeds from long-term borrowings (Note 20)	4,059	204,082
Repayments of long-term borrowings (Note 20)	(15,827)	(240,127)
Proceeds from issuance of bonds (Note 20)	50,000	-
Redemption of bonds (Note 20)	(90,000)	(10,000)
Dividends paid (Note 19)	(10,368)	(15,592)
Dividends paid to non-controlling interests	(2,214)	(2,386)
Others, net	(522)	(86)
Net cash used in financing activities	(50,082)	(48,881)
Effect of exchange rate changes on cash and cash equivalents	(4,354)	(2,422)
Net increase (decrease) in cash and cash equivalents	11,191	47,647
Cash and cash equivalents, at the beginning of the year	181,132	192,323
Cash and cash equivalents, at the end of the year (Note 16)	¥ 192,323	¥ 239,970

See notes to consolidated financial statements.