

February 3, 2017

Consolidated Financial Results For the Third Quarter Ended December 31, 2016

Company name: **IBIDEN CO., LTD.**

Stock exchange listings: Tokyo and Nagoya Stock Exchange (First Section)

Stock code number: 4062

URL: <http://www.ibiden.com/>

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Submission date of quarterly report: February 8, 2017

(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for FY 2016 third quarter (From April 1, 2016 to December 31, 2016)

(1) Operating results (Percentage figures indicate the change from the same quarter of the prior fiscal year)

	Net sales		Operating income		Ordinary income (loss)		Profit(loss) attributable to owners of parent	
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%
FY 2016 third quarter	192,107	(19.7)	3,297	(82.8)	(1,781)	-	(59,321)	-
FY 2015 third quarter	239,273	2.0	19,169	(2.2)	20,788	(18.7)	17,669	11.9

Note: Comprehensive income

FY2016 third quarter: (58,769) million yen (-%) FY2015 third quarter: 13,649 million yen (69.2%)

	Net income(loss) Per share	Diluted net income Per share
	<i>Yen</i>	<i>Yen</i>
FY 2016 second quarter	(445.75)	—
FY 2015 second quarter	128.74	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	<i>Millions of yen</i>	<i>Millions of yen</i>	%	<i>Yen</i>
FY 2016 third quarter	428,976	268,076	61.5	1,981.50
FY 2015	476,110	331,520	68.8	2,459.63

Note: Equity for reference

As of December 31, 2016 : 263,698 million yen As of March 31, 2016 : 327,333 million yen

2. Basis for preparation of quarterly financial results

(1) Changes in scope of consolidation and equity method of accounting: No

(2) Application of particular accounting procedure for preparing quarterly financial statements: Yes

Calculation of tax expenses: Tax expenses are calculated by using effective tax rate on quotation.

(3) Changes in accounting policies; changes in accounting estimates; restatements of financial statements

1. Changes in accounting policies due to amendment of accounting standards: No

2. Changes in accounting policies other than above: No

3. Changes in accounting estimates: No

4. Restatements of financial statements: No

(4) Issued and outstanding capital stock

1. Number of shares outstanding (including treasury stock):

As of December 31 2016: 140,860,557 shares As of March 31, 2016: 140,860,557 shares

2. Number of treasury stock outstanding:

As of December 31 2016: 7,780,245 shares As of March 31, 2016: 7,778,279 shares

3. Average number of shares:

Third quarter FY2016: 133,081,382 shares Third quarter FY2015: 137,252,080 shares

Consolidated Balance Sheets

	<i>Millions of yen</i>		
	As of Dec 31, 2016	As of Mar 31, 2016	Increase (Decrease)
Assets			
Current assets			
Cash and deposits	112,091	104,765	7,325
Notes and accounts receivable – trade	53,806	57,578	(3,772)
Short-term investments securities	-	3,199	(3,199)
Merchandise and finished goods	12,454	12,758	(304)
Work in process	9,774	9,900	(125)
Raw materials and supplies	16,342	14,445	1,897
Deferred tax assets	2,224	2,211	13
Other - current assets	9,025	9,043	(18)
Allowance for doubtful accounts	(293)	(290)	(3)
Total current assets	215,424	213,612	1,812
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	75,733	87,738	(12,005)
Machinery, equipment and vehicles	56,326	86,293	(29,966)
Land	19,095	19,143	(48)
Lease assets	112	146	(33)
Construction in progress	6,226	16,825	(10,599)
Other - property, plant and equipment	4,797	5,780	(982)
Total property, plant and equipment	162,291	215,928	(53,636)
Intangible assets	3,987	5,168	(1,181)
Investments and other assets			
Investment securities	45,429	39,060	6,369
Long-term loans receivable	44	39	5
Deferred tax assets	391	679	(287)
Other - investments and other assets	1,724	1,935	(211)
Allowance for doubtful accounts	(317)	(313)	(4)
Total investments and other assets	47,272	41,401	5,871
Total noncurrent assets	213,551	262,498	(48,946)
Total assets	428,976	476,110	(47,134)

(Continued)

Millions of yen

	As of Dec 31, 2016	As of Mar 31, 2016	Increase (Decrease)
Liabilities and net assets			
Liabilities			
Current liabilities			
Notes and accounts payable – trade	32,688	34,668	(1,979)
Short-term loans payable	30,065	30,065	-
Current portion of bonds	-	15,000	(15,000)
Accounts payable - other	9,183	15,405	(6,221)
Income taxes payable	834	1,715	(880)
Deferred tax liabilities	17	1	16
Provision for bonuses	1,416	3,507	(2,091)
Provision for directors' bonuses	-	69	(69)
Provision for business restructuring	12,254	-	12,254
Notes payable – facilities	1,317	1,560	(242)
Other - current liabilities	16,239	11,750	4,488
Total current liabilities	104,017	113,743	(9,725)
Noncurrent liabilities			
Bonds payable	40,000	25,000	15,000
Long-term loans payable	10,015	62	9,952
Lease obligations	103	101	2
Deferred tax liabilities for land revaluation	68	68	-
Defined benefit liability	450	464	(14)
Deferred tax liabilities	4,730	3,683	1,047
Other - noncurrent liabilities	1,512	1,465	46
Total noncurrent liabilities	56,881	30,845	26,035
Total liabilities	160,899	144,589	16,309
Net assets			
Shareholders' equity			
Capital stock	64,152	64,152	-
Capital surplus	64,579	64,579	-
Retained earnings	124,619	188,598	(63,979)
Treasury stock	(18,304)	(18,302)	(2)
Total shareholders' equity	235,046	299,028	(63,981)
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	16,963	12,477	4,486
Deferred losses on hedges	163	197	(34)
Revaluation reserve for land	160	160	-
Foreign currency translation adjustment	11,364	15,469	(4,105)
Total accumulated other comprehensive income	28,651	28,304	346
Non-controlling interests	4,378	4,187	190
Total net assets	268,076	331,520	(63,444)
Total liabilities and net assets	428,976	476,110	(47,134)

(Concluded)

Consolidated Statements of Income

	<i>Millions of yen</i>		
	Nine months ended Dec 31, 2016	Nine months ended Dec 31, 2015	Increase (Decrease)
Net sales	192,107	239,273	(47,165)
Cost of sales	152,268	180,147	(27,879)
Gross profit	39,839	59,125	(19,286)
Selling, general and administrative expenses	36,541	39,956	(3,414)
Operating income	3,297	19,169	(15,871)
Non-operating income (expenses)	(5,078)	1,619	(6,697)
Interest income	273	210	62
Dividends income	1,121	868	253
Foreign exchange losses, net	(1,905)	1,550	(3,455)
Interest expenses	(145)	(236)	90
Depreciation of inactive noncurrent assets	(4,267)	(1,173)	(3,094)
Other, net	(155)	399	(554)
Ordinary income(loss)	(1,781)	20,788	(22,569)
Extraordinary income (loss)	(56,567)	(155)	(56,412)
Gain on sales of property, plant and equipment	198	13	185
Gain on sales of Investment securities	-	2,193	(2,193)
Gain on liquidation of an affiliate	-	344	(344)
Loss on disposal of property, plant and equipment	(435)	(2,591)	2,156
Impairment loss	(6)	(89)	83
Loss on valuation of investment securities	-	(1)	1
Loss on liquidation of an affiliate	-	(6)	6
Business structure reform expenses	(56,096)	-	(56,096)
Other, net	(228)	(18)	(210)
Income(loss) before income taxes	(58,347)	20,633	(78,981)
Income taxes	(796)	(2,799)	(2,002)
Net income(loss)	(59,144)	17,833	(76,978)
Profit attributable to non-controlling interests	(176)	(164)	(12)
Profit(loss) attributable to owners of parent	(59,321)	17,669	(76,990)

Consolidated Statements of Comprehensive Income

	<i>Millions of yen</i>		
	Nine months ended Dec 31, 2016	Nine months ended Dec 31, 2015	Increase (Decrease)
Net income(loss)	(59,144)	17,833	(76,978)
Other comprehensive income(loss)			
Valuation difference on available-for-sale securities	4,514	(2,638)	7,152
Deferred gains or losses on hedges	(34)	154	(189)
Foreign currency translation adjustments	(4,105)	(1,700)	(2,404)
Total other comprehensive income (loss)	375	(4,184)	(4,559)
Comprehensive income (loss)	(58,769)	13,649	(72,419)
 (Breakdown)			
Comprehensive income(loss) attributable to owners of parent	(58,974)	13,506	(72,480)
Comprehensive income(loss) attributable to non-controlling interests	205	143	61

Segment Information

FY 2015 third quarter (From April 1, 2015 to December 31, 2015)

(1) Sales and profit/loss information of each Segment

A summary of net sales and income business segment for nine months ended December 31, 2015 was as follows:

<i>Millions of yen</i>							
For nine months period ended December 31, 2015							
	Reportable Segment					Adjustment (*2)	Quarterly Consolidated Statements of Income
	Electronics	Ceramics	Total	Others (*1)	Total		
Sales to third parties	118,607	78,856	197,464	41,808	239,273	-	239,273
Inter-segment sales and transfers	22	112	134	6,180	6,315	(6,315)	-
Net sales	118,630	78,969	197,599	47,989	245,589	(6,315)	239,273
Segment income	11,501	4,319	15,820	3,243	19,063	105	19,169

*1 "Other" section refers to businesses that are not included in a reportable segment.

*2 The ¥105 million adjustment to segment income is elimination for intersegment transactions.

*3 Segment income is adjusted to ensure consistency with the operating income set forth in the quarterly consolidated statements of income.

(2) Impairment losses on non-current assets, goodwill, etc. by reporting segment

(Material impairment loss on non-current assets)

Not applicable

FY 2016 third quarter (From April 1, 2016 to December 31, 2016)

(1) Sales and profit/loss information of each Segment

A summary of net sales and income business segment for nine months ended December 31, 2016 was as follows:

	<i>Millions of yen</i>						
	For nine months period ended December 31, 2016						
	Reportable Segment						Quarterly Consolidated Statements of Income
	Electronics	Ceramics	Total	Others (*1)	Total	Adjustment (*2)	
Sales to third parties	74,215	73,480	147,695	44,411	192,107	-	192,107
Inter-segment sales and transfers	3	88	92	3,564	3,657	(3,657)	-
Net sales	<u>74,218</u>	<u>73,569</u>	<u>147,787</u>	<u>47,976</u>	<u>195,764</u>	<u>(3,657)</u>	<u>192,107</u>
Segment income(loss)	<u>(3,086)</u>	<u>2,350</u>	<u>(735)</u>	<u>4,175</u>	<u>3,439</u>	<u>(142)</u>	<u>3,297</u>

*1 “Other” section refers to businesses that are not included in a reportable segment.

*2 The ¥(142) million adjustment to segment income(loss) includes elimination for intersegment transactions and corporate expenses which cannot be allocated to reportable segments.

*3 Segment income(loss) is adjusted to ensure consistency with the operating income set forth in the quarterly consolidated statements of income.

(2) Impairment losses on non-current assets, goodwill, etc.by reporting segment

(Material impairment loss on non-current assets)

The Electronics Business segment reported a loss on impairment of production facilities in the fiscal year, that impairment loss amounted to ¥37,624 million.

A loss on impairment of non-current assets which cannot be allocated to reportable segments amounted to ¥ 3,701 million in the fiscal year.

Material subsequent events

There are no applicable matters to be reported.