

October 30, 2017

Consolidated Financial Results For the Second Quarter Ended September 30, 2017

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

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

Stock code number: 4062

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

Representative: Takeshi Aoki, President & CEO, Representative Director

Contact : Hisashi Sano, Executive Officer & Manager of Finance Division

Telephone: +81-584-81-3111

Submission date of quarterly report: November 10, 2017

(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for FY 2017 Second quarter (From April 1, 2017 to September 30, 2017)

(1) Operating results (Percentage figures indicate the change from the same period 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 2017 second quarter	141,976	10.1	6,909	245.7	8,258	-	6,479	-
FY 2016 second quarter	128,973	(18.5)	1,998	(83.8)	(2,213)	-	(45,474)	-

Note: Comprehensive income

FY2017 second quarter: 17,084 million yen (- %) FY2016 second quarter: (68,448) million yen (- %)

	Net income(loss) Per share	Diluted net income Per share
	<i>Yen</i>	<i>Yen</i>
FY 2017 second quarter	46.72	—
FY 2016 second quarter	(341.70)	—

(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 2017 second quarter	439,100	287,398	64.3	2,021.33
FY 2016	405,783	260,940	63.2	1,927.53

Note: Equity for reference

As of September 30, 2017: 282,418 million yen As of March 31, 2017: 256,515 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 September 30 2017: 140,860,557 shares As of March 31, 2017: 140,860,557 shares

2. Number of treasury stock outstanding:

As of September 30 2017: 1,141,308 shares As of March 31, 2017: 7,780,695 shares

3. Average number of shares:

Second quarter FY2017: 138,705,740 shares Second quarter FY2016: 133,081,702 shares

Consolidated Balance Sheets

	<i>Millions of yen</i>		
	As of Sep 30, 2017	As of Mar 31, 2017	Increase (Decrease)
Assets			
Current assets			
Cash and deposits	124,976	104,181	20,795
Notes and accounts receivable – trade	57,806	56,609	1,197
Merchandise and finished goods	11,538	10,420	1,118
Work in process	11,198	7,452	3,745
Raw materials and supplies	17,399	15,764	1,634
Deferred tax assets	2,258	1,918	339
Other - current assets	5,622	8,074	(2,452)
Allowance for doubtful accounts	(282)	(252)	(30)
Total current assets	230,518	204,170	26,347
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	69,101	69,358	(256)
Machinery, equipment and vehicles	51,587	50,830	756
Land	19,934	19,046	888
Lease assets	57	95	(37)
Construction in progress	7,267	7,135	131
Other - property, plant and equipment	5,024	4,687	337
Total property, plant and equipment	152,973	151,152	1,821
Intangible assets	3,836	4,213	(377)
Investments and other assets			
Investment securities	49,085	44,106	4,978
Long-term loans receivable	26	30	(3)
Deferred tax assets	1,335	734	601
Other - investments and other assets	1,637	1,685	(47)
Allowance for doubtful accounts	(314)	(311)	(2)
Total investments and other assets	51,771	46,246	5,525
Total noncurrent assets	208,582	201,612	6,969
Total assets	439,100	405,783	33,317

(Continued)

	<i>Millions of yen</i>		
	As of Sep 30, 2017	As of Mar 31, 2017	Increase (Decrease)
Liabilities and net assets			
Liabilities			
Current liabilities			
Notes and accounts payable – trade	36,886	31,393	5,493
Short-term loans payable	20,031	20,056	(25)
Accounts payable - other	16,873	7,729	9,144
Income taxes payable	2,162	1,673	488
Deferred tax liabilities	12	10	1
Provision for bonuses	3,655	3,342	312
Provision for business restructuring	-	12,812	(12,812)
Note payable - facilities	572	472	99
Other - current liabilities	12,285	11,057	1,228
Total current liabilities	92,480	88,549	3,931
Noncurrent liabilities			
Bonds payable	40,000	40,000	-
Long-term loans payable	10,000	10,005	(5)
Lease obligations	58	86	(27)
Deferred tax liabilities for land revaluation	68	68	-
Defined benefit liability	564	468	95
Provision for share-based compensation	24	-	24
Deferred tax liabilities	7,160	4,309	2,851
Other - noncurrent liabilities	1,345	1,355	(10)
Total noncurrent liabilities	59,222	56,294	2,927
Total liabilities	151,702	144,843	6,859
Net assets			
Shareholders' equity			
Capital stock	64,152	64,152	-
Capital surplus	64,579	64,579	-
Retained earnings	120,771	121,091	(319)
Treasury stock	(2,607)	(18,305)	15,697
Total shareholders' equity	246,896	231,518	15,378
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	20,065	15,987	4,077
Deferred gains or losses on hedges	(111)	639	(750)
Revaluation reserve for land	160	160	-
Foreign currency translation adjustment	15,408	8,210	7,197
Total accumulated other comprehensive income	35,522	24,997	10,524
Non-controlling interests	4,979	4,424	554
Total net assets	287,398	260,940	26,457
Total liabilities and net assets	439,100	405,783	33,317

(Concluded)

Consolidated Statements of Income

	<i>Millions of yen</i>		
	Six months ended Sep 30, 2017	Six months ended Sep 30, 2016	Increase (Decrease)
Net sales	141,976	128,973	13,002
Cost of sales	110,432	102,198	8,234
Gross profit	31,544	26,775	4,768
Selling, general and administrative expenses	24,635	24,776	(141)
Operating income	6,909	1,998	4,910
Non-operating income (expenses)	1,349	(4,211)	5,561
Interest income	241	172	68
Dividends income	452	714	(261)
Share of profit of entities accounted for using equity method	2	-	2
Foreign exchange gain(losses), net	682	(792)	1,475
Interest expenses	(75)	(102)	26
Share issuance cost-NOE	(80)	-	(80)
Depreciation of inactive noncurrent assets	-	(4,170)	4,170
Other, net	126	(33)	159
Ordinary income(loss)	8,258	(2,213)	10,471
Extraordinary income (loss)	1,604	(42,597)	44,202
Gain on sales of property, plant and equipment	74	158	(84)
Reversal of provision for business structure reform expenses	2,692	-	2,692
Loss on disposal of property, plant and equipment	(1,135)	(213)	(922)
Impairment loss	(19)	(5)	(13)
Business structure reform expenses	-	(42,507)	42,507
Other, net	(7)	(29)	21
Income(loss) before income taxes	9,862	(44,810)	54,673
Income taxes	(3,272)	(536)	(2,735)
Net income(loss)	6,590	(45,347)	51,937
Profit attributable to non-controlling interests	(110)	(127)	16
Profit(loss) attributable to owners of parent	6,479	(45,474)	51,954

Consolidated Statements of Comprehensive Income

	<i>Millions of yen</i>		
	Six months ended Sep 30, 2017	Six months ended Sep 30, 2016	Increase (Decrease)
Net income(loss)	6,590	(45,347)	51,937
Other comprehensive income(loss)			
Valuation difference on available-for-sale securities	4,082	(909)	4,992
Deferred gains or losses on hedges	(750)	(177)	(573)
Foreign currency translation adjustments	7,161	(22,015)	29,177
Total other comprehensive income (loss)	10,494	(23,101)	33,595
Comprehensive income (loss)	17,084	(68,448)	85,533
 (Breakdown)			
Comprehensive income(loss) attributable to owners of parent	17,004	(68,582)	85,587
Comprehensive income(loss) attributable to non-controlling interests	80	133	(53)

(Continued)

Segment Information

FY 2016 second quarter (From April 1, 2016 to September 30, 2016)

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

A summary of net sales and income business segment for six months ended September 30, 2016 was as follows:

<i>Millions of yen</i>							
For six months period ended September 30, 2016							
	Reportable Segment			Others (*1)	Total	Adjustment (*2)	Quarterly Consolidated Statements of Income
	Electronics	Ceramics	Total				
Sales to third parties	50,800	49,095	99,896	29,076	128,973	-	128,973
Inter-segment sales and transfers	2	61	64	2,432	2,496	(2,496)	-
Net sales	50,803	49,157	99,961	31,509	131,470	(2,496)	128,973
Segment income(loss)	(2,145)	1,273	(871)	2,853	1,982	16	1,998

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

*2 The ¥16 million adjustment to segment income (loss) is elimination for intersegment transactions.

*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 and unutilized assets in the second quarter period, that impairment loss amounted to ¥40,038 million.

FY 2017 second quarter (From April 1, 2017 to September 30, 2017)

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

A summary of net sales and income business segment for six months ended September 30, 2017 was as follows:

Millions of yen

For six months period ended September 30, 2017							
	Reportable Segment			Others (*1)	Total	Adjustment (*2)	Quarterly Consolidated Statements of Income
	Electronics	Others (*1)	Others (*1)				
Sales to third parties	55,496	55,909	111,406	30,569	141,976	-	141,976
Inter-segment sales and transfers	1	63	65	3,183	3,249	(3,249)	-
Net sales	55,498	55,973	111,472	33,752	145,225	(3,249)	141,976
Segment income	455	3,845	4,301	2,594	6,895	13	6,909

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

*2 The ¥13 million adjustment to segment income includes elimination for intersegment transactions and corporate expenses which cannot be allocated to reportable segments.

*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