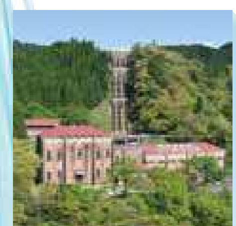
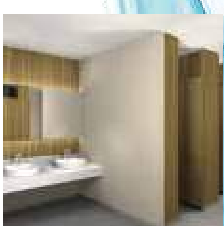
IBIDEN Co.,Ltd.
ANNUAL REPORT 2017
Year Ended March 31, 2017



Profile

IBIDEN was established in 1912 as an electric power company to bring growth to the regional economy. Ever since then, we at IBIDEN have pioneered new business operations and continued to grow by fusing and combining our own innovative core technologies to create new technologies. At present, we are rolling out operations and steadily expanding our record of performance on a global scale, centering on electronics and ceramics products.

To celebrate the 100th anniversary of the Company's foundation, IBIDEN renewed its corporate philosophy, IBIDEN WAY, and brand logo mark in November 2012. The renewed IBIDEN WAY and logo embody our commitments that; every one of our employees will work with integrity and respects for the harmony with others. We also will practice the corporate values by courageously meeting challenges given by the changing time, and realize the sustainable development of "IBI-TECHNO"—our unique technologies and values into the future.

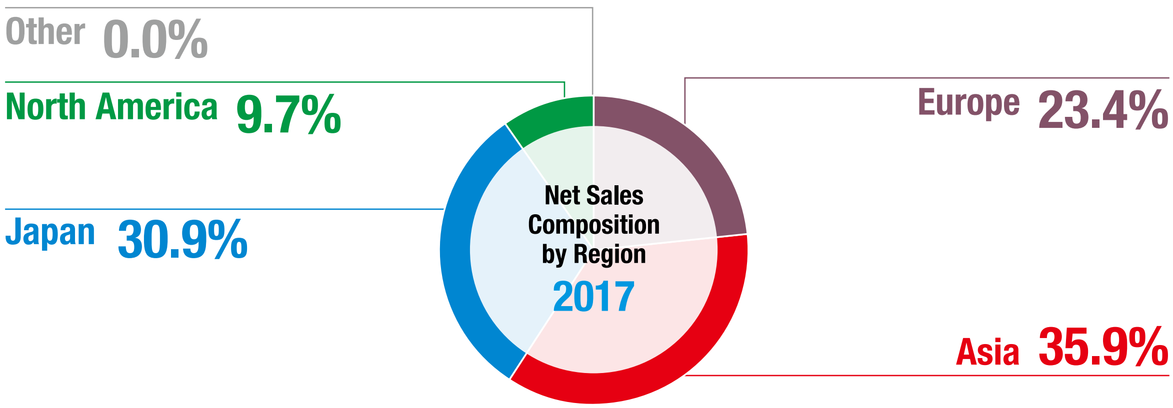
For all stakeholders, we aim to strengthen responsible corporate management and become a corporate group that enjoys sustained growth.

Business Model

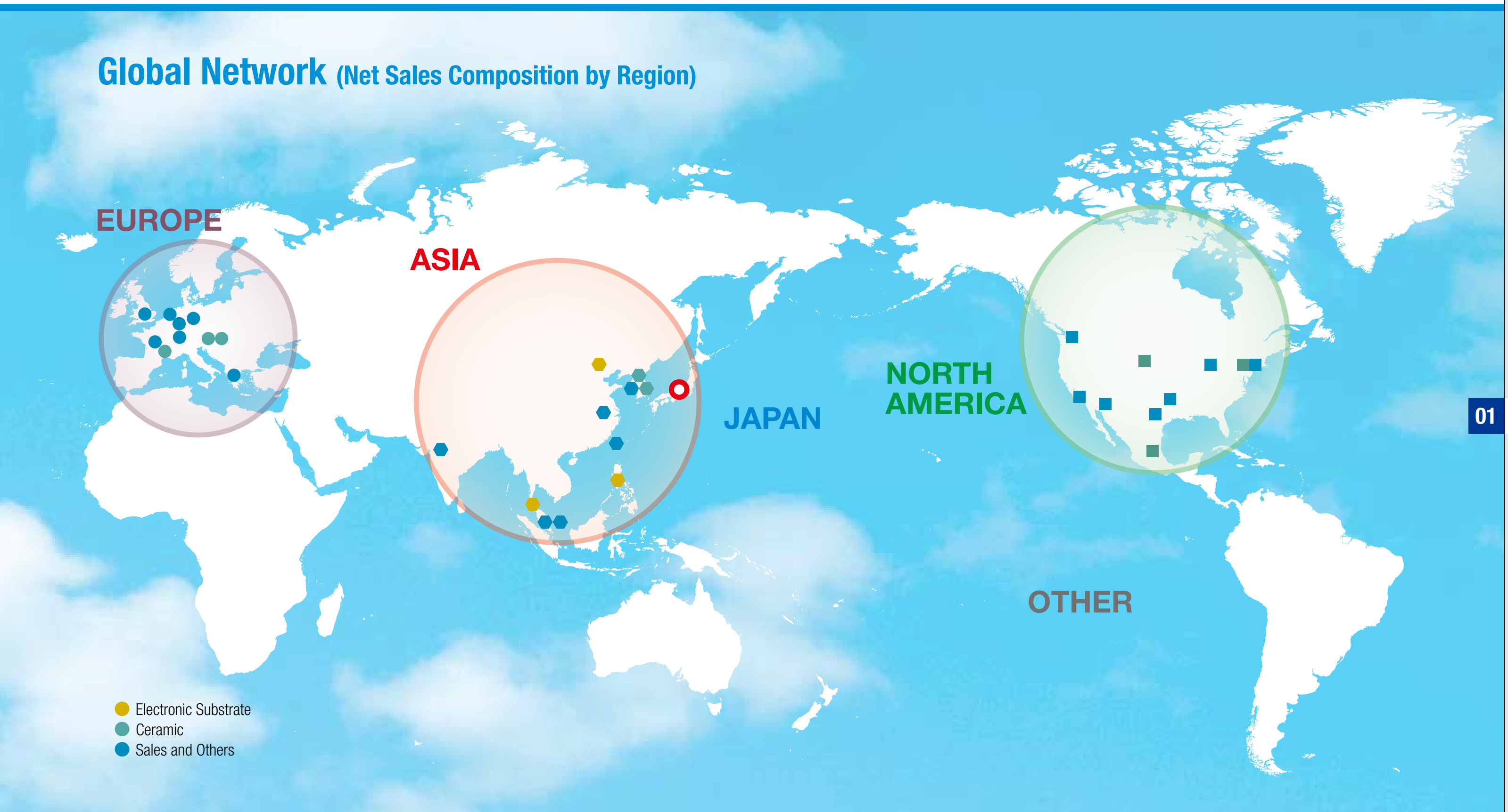
Notes:
- ***Genchi***: Actual places where issues are arising.
- ***Genbutsu***: Matters relevant to the issues. "*Genchi Genbutsu*" means "go to an actual place and see actual things for yourself to make sure of the fact."
- ***Jigakari***: In-house activities to deal with problems by yourself and find out the root cause for the solutions.
- **5S**: Five S represents "*Seiri* (sorting), *Seiton* (setting in order), *Seiso* (cleaning), *Seiketsu* (standardization), and *Shitsuke* (discipline)."
- ***Jikotei kanketsu***: Consider the next process as your customer, and build up quality of work with a sense of ownership to meet the customers' needs and satisfaction.
- **Cross-sectional teamwork**: Team work activities by the members from different sections to achieve the same objective under common understanding between organizations.

Contents

Forward-Looking Statements
Forward-looking statements made in this annual report concerning performance or business strategies have been determined according to assumptions and beliefs based on information available at the time of publication and may contain elements of risk and uncertainty.

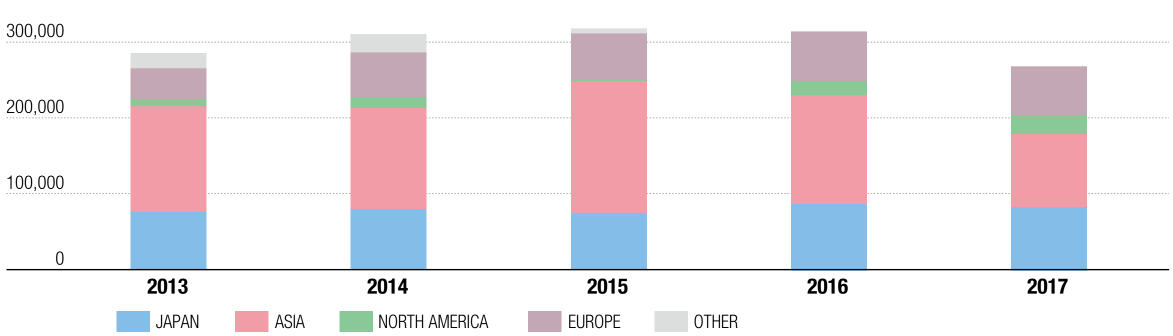


Global Network (Net Sales Composition by Region)



Net Sales by Region

(Millions of Yen)



IBIDEN's Efforts to Return to a Growth Path

—Positioning for the fiscal year ending March 31, 2018

The fiscal year ending March 31, 2018 is the final year of the medium-term management plan, "Challenge IBI-TECHNO 105 plan," and marks a significant millstone to ensure our return to growth after undergoing business structural reform during the last fiscal year. In this business snapshot, we will introduce our Group's efforts to return to a growth path under the new management team from three points: "existing business," "new products and business" and "management system."

1. Pursuing Greater Competitiveness in Existing Business

❶ Electronics Operation

■PKG market:

1) Expand mass production of high-performance PKGs for data centers and in-vehicle devices
2) Develop fine and thin packages that can be competitive with FO-WLP and introduce them to the market

■Motherboard market:

Achieve a recovery in customer orders by launching MSAP products for high-end smartphones

❷ Ceramics Operation

■Exhaust system market:

1) Enhance proposal-making capabilities through synergy of DPFs, SCRs, and AFPs
2) Ensure competitive power in heavy-duty vehicles and emerging markets

■Other new market:

Expand to other automotive, airplane, and power generation component markets

❸ Other Operation (Domestic Operation + Electric Power Business)

■Domestic:

Stably expand business in housing materials, green business, and food through distinctive products

■Electric power:

Develop a stable source of earnings mainly through hydro and solar energy

2. Improving the Management System

Following a certain prospect for recovery in earnings by implementing structural reforms for the fiscal year ended March 31, 2017 and a clear direction in product development for future growth, the new management regime, led by new President & CEO Takeshi Aoki, began after the ordinary general meeting of shareholders held on June 16, 2017. In business management, we are fully aware that with the introduction of the Japanese version of the stewardship code and the corporate governance code, greater emphasis is being placed on dialogue with shareholders and the wider investor community, to deepen dialogue with institutional investors and individual investors in Japan and abroad. We also introduced a new stock compensation plan to better clarify the linkage between the Company's share value and remuneration of the directors. This system enhancement enables the directors to benefit from incentives to the extent that they enhance corporate value, focusing on the share price from a medium-term perspective with a close relationship with shareholders. Furthermore, with the aim of improving the management transparency and designing management institution based on global standards, we have shifted to a Company with an Audit Committee system. Based on the situation as described above, we are steadily promoting system enhancement to put our business back on track for growth from the viewpoint of the management system.

Management Topics in 2017

Mar. 31	Posted a net loss (Completed structural reforms)
Apr. 27	Returned all former directors' bonuses
Jun. 16	Started a new management regime
Jun. 16	Introduced a new stock compensation plan
Jun. 16	Shifted to a Company with an Audit Committee system

The consolidated medium-term management plan, "Challenge IBI-TECHNO 105

3. Creating New Products and Business

Established Four R&D Centers

Focusing on R&D fields for new products to support sustainable growth in the medium and long term, we are aiming to bring new products to market as soon as possible and achieve a sales expansion.

1 Automotive Functional Product Development Center

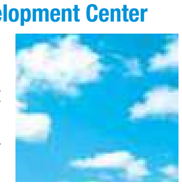
Develop a catalyst support for the next-generation high performance exhaust system, and ceramic heat exchanging components to achieve higher efficiency in waste heat management.

2 Future Mobility Product Development Center

Develop battery materials and resin glasses for next-generation hybrid and electric vehicles, and components for controlling heat, vibration and sound.

3 Advanced Ceramics Development Center

Develop next-generation jet engine components for aircraft using high temperature resistance and lightweight SiC composite ceramic materials, and gas turbine components for power generation.



4 Biomaterial Product Development Center

Develop agricultural materials, biological fertilizers and biological agrichemicals, using fermented ingredients with our discovered bacteria, and food and cosmetic materials using functional ingredient extraction technology.

Capital and Business Alliance with DENSO Corporation

We have concluded a capital and business alliance agreement with DENSO Corporation, a company boasting considerable expertise and a proven track record in the automotive component industry, to pursue the development of high-performance yet simple and low-cost vehicle exhaust systems by creating synergies based on the strengths of both companies.

Creating Synergies by Combining Strengths of Both Companies

IBIDEN

Strengths in high-performance ceramic materials for exhaust systems

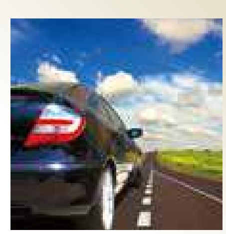
DENSO
Crafting the Core

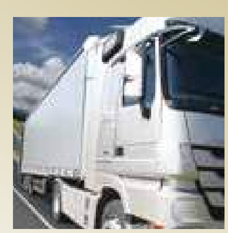
Strengths in systems components to better control the intake, power, and exhaust events in the operating cycle of gasoline and diesel engines

Plan” (April 1, 2013 to March 31, 2018)

A New Medium-Term Management Plan Is Under Development

We are formulating a medium-term management plan ending March 31, 2023 under the new management team, with the aim of realizing a return to a growth path and sustainable growth. The announcement of the plan is scheduled for around April 2018.





Business Concept/Corporate Strategy

Corporate Philosophy: IBIDEN WAY

The power that has enabled IBIDEN to overcome many adversities with all our employees and to continue to operate, and the wisdom and vitality that have achieved dramatic growth in recent years—these have persisted throughout IBIDEN's long history of 97 years. The systematization that carries this on, transcending borders, is the "IBIDEN WAY."

To mark its 100th anniversary, we have revamped our corporate philosophy, the "IBIDEN WAY," simplifying it to enhance its understanding by all IBIDEN Group employees worldwide.

SPIRIT

We share our spirits with all staffs globally. And through accomplishing these, "Corporate Philosophy" will be realized.

Trust through Integrity

Gaining customer and societal trust through "Genchi Genbutsu*"

*Genchi Genbutsu: Go and See for yourself to thoroughly understand the situation

"Wa" Teamwork and Synergy

Integrating knowledge and wisdom from the employee involvement for greater power.

Challenge with Passion

Anticipating change, and acting boldly to create new value.

IBI-TECHNO Innovation

Evolving by overcoming hurdles through creativity and ingenuity.

“Challenge IBI-TECHNO 105 Plan”

We reinforce our capacities for total productive management, management of technology, management of business, and management capability in order to establish a robust corporate culture resilient to any market changes.

Today’s business environment surrounding IBIDEN Group is extremely volatile, faced by the fierce competition between companies seeking global survival.

In April 2013, we launched our consolidated medium-term management plan, “Challenge IBI-TECHNO 105 Plan,” envisioning next 100 years ahead of us. By redefining and strengthening our total productive management, management of technology, management of business and management capability, we will solidify and restructure our core business competitiveness. By emphasizing the global implementation of TPM activities, we boost our onsite capabilities, while at the same time engaging in the creation of innovative technologies in the fields of materials, facilities, and production processes.

Also, based on our core technologies nurtured through the company’s distinguished history, we will set up specific goals and engage ourselves in the development of new electronic and ceramic products, as well as product development and business implementation in new business areas.

Furthermore, in our effort to successfully run our CSR management, we put our emphasis on “human resource management” to nurture people who can thrive globally.

Through the steady implementation of the consolidated medium-term management plan, we will further reinforce our revenue base, and everyone in the Group will actively take up new challenges to realize a new level of growth.

Consolidated medium-term management plan

“Challenge IBI-TECHNO 105 Plan”

Period

FY2013 to FY2017【5 year term】

Pillar of the strategy

1. Reconstruct and enhance competitiveness of core operations
2. Work on the creation of new business
3. Develop and promote CSR management globally

Five-Year Consolidated Financial Summary

IBIDEN CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2017, 2016, 2015, 2014, and 2013

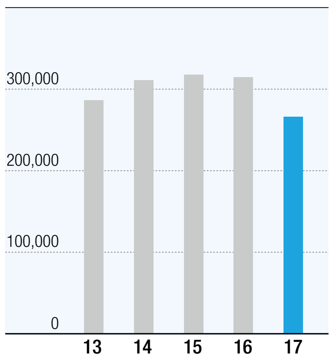
	Millions of yen					Thousands of U.S. dollars (Note)
For the year:	**2017**	2016	2015	2014	2013	**2017**
Net sales	**¥ 266,460**	¥ 314,119	¥ 318,072	¥ 310,268	¥ 285,947	**$ 2,375,076**
Operating income	**7,142**	22,571	26,039	23,442	5,420	**63,660**
(Loss) profit before income taxes	**(60,772)**	12,129	29,604	25,484	7,356	**(541,688)**
(Loss) profit attributable to owners of parent	**(62,849)**	7,531	19,107	17,479	2,232	**(560,201)**
Comprehensive (loss) income	**(65,904)**	(14,236)	42,042	40,724	22,885	**(587,433)**
EBITDA	**40,290**	66,628	65,467	59,144	48,118	**359,121**
Capital expenditures	**20,997**	40,955	56,350	37,731	43,262	**187,152**
Depreciation and amortization	**33,148**	44,057	39,428	35,702	42,698	**295,461**
Research and development cost	**14,112**	15,204	15,512	15,031	15,125	**125,786**
Net cash provided by operating activities	**28,813**	59,499	61,547	50,093	45,101	**256,826**
Net cash used in investing activities	**(26,280)**	(39,439)	(54,888)	(38,364)	(58,325)	**(234,249)**
Net cash (used in) provided by financing activities	**(5,135)**	(20,479)	9,835	(6,935)	(11,508)	**(45,774)**
Free cash flow	**2,533**	20,060	6,659	11,729	(13,224)	**22,577**
At year-end:						
Total assets	**¥ 405,783**	¥ 476,110	¥ 519,847	¥ 462,113	¥ 430,040	**$ 3,616,929**
Total net assets	**260,940**	331,521	360,092	322,562	286,705	**2,325,878**
Interest-bearing debt	**70,063**	70,128	75,855	61,574	63,925	**624,501**
Cash and cash equivalents	**104,102**	107,875	110,479	91,679	82,970	**927,906**
Total number of shares issued (shares)	**140,860,557**	150,860,557	150,860,557	150,860,557	150,860,557	

	Yen					U.S. Dollars (Note)
Per share data:						
Basic (loss) profit attributable to owners of parent	**¥ (472.26)**	¥ 55.29	¥ 138.37	¥ 126.58	¥ 15.97	**$ (4.21)**
Diluted (loss) profit attributable to owners of parent	**—**	—	—	126.15	15.86	**—**
Net assets	**1,927.53**	2,459.63	2,578.85	2,305.93	2,043.29	**17.18**

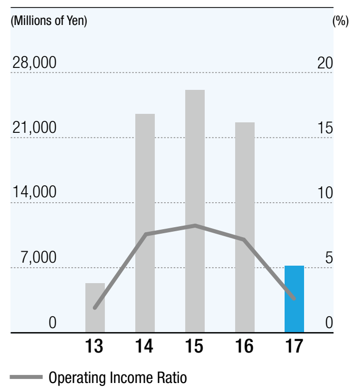
	%				
Ratios:					
Equity ratio	**63.21%**	68.75%	68.50%	68.91%	65.61%
ROE	**(21.53)**	2.20	5.67	5.82	0.81
ROA	**(14.25)**	1.51	3.89	3.92	0.52
Price earnings ratio (times)	**—**	24.89	14.65	16.07	91.78

Notes: 1. U.S. dollar amounts have been converted for convenience only at the rate of ¥112.19=US$1, the rate of exchange on March 31, 2017.
2. EBITDA = Operating income + Depreciation and amortization

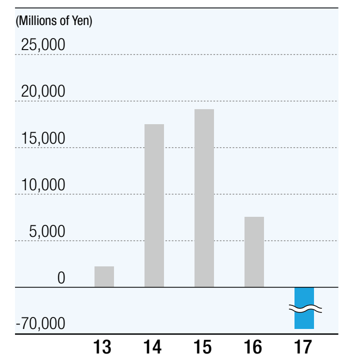
Net Sales



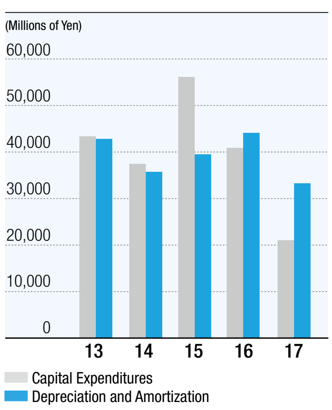
Operating Income/ Operating Income Ratio



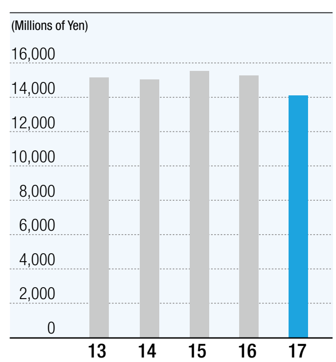
(Loss) Profit Attributable to Owners of Parent



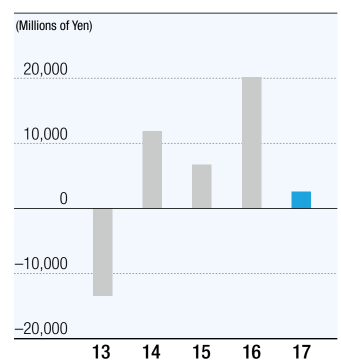
Capital Expenditures/ Depreciation and Amortization



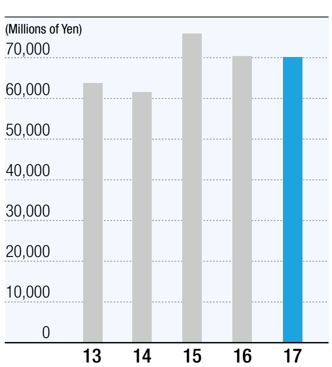
Research and Development Cost



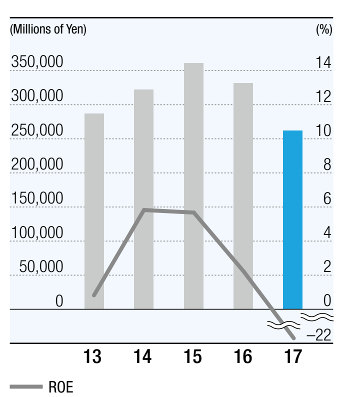
Free Cash Flow



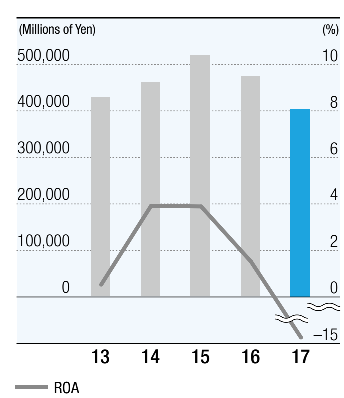
Interest-Bearing Debt



Total Net Assets/ ROE

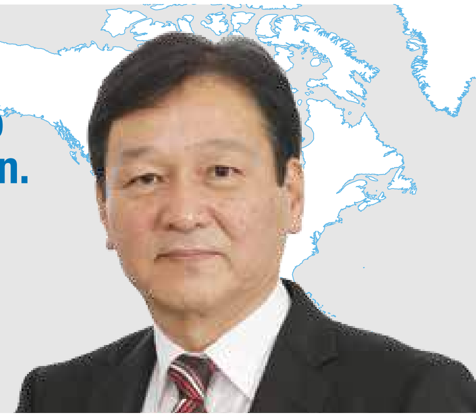


Total Assets/ ROA



Message from the President

For the Next 100 Years, IBIDEN Will Strive to Maintain Continued Growth as a Corporation.



Takeshi Aoki
President & CEO

Developing "IBI-TECHNO" to Enhance Competitiveness

Under the consolidated medium-term management plan, the "Challenge IBI-TECHNO 105 Plan," which covers the five-year period starting from April 2013, the IBIDEN Group is working to build a corporate structure designed to adapt to changes in the business environment, with a focus on developing the human resources needed to sustain and grow our business over the next 100 years. Specifically, we are implementing a unique operational improvement initiative dubbed IBI-TECHNO innovations, focusing on the "5S," TPM, "Jikoutei kanketsu (built-in quality with ownership) activities," and "cross-section teamwork activities" based on "Genchi (the actual site), Genbutsu (the actual thing), and Jigakari (on-site solution of problems)." We tell our employees that whenever a problem arises, they should go to the site to see and solve the problem themselves. In this way, they can develop problem-solving skills and earn a sense of achievement that will in turn motivate them to aim high and take on new challenges. This is the kind of virtuous cycle we aim to create. While developing human resources in this manner takes a lot of time and hard work, our efforts have been steadily paying off. During the fiscal year under review, for example, we were selected from among many suppliers by a certain customer in the electronics industry as the recipient of the highest award given to companies whose performance is outstanding. It was the third consecutive year for us to win this award. In the medium-term management plan, we are also working to facilitate activities that increase the competitiveness of our businesses, with the aim of creating a stable earnings structure consisting of three business segments: the Electronics Operation, the Ceramics Operation, and the Other Operation, which comprises domestic affiliated company businesses and power business.

Performance Review for the Fiscal Year Ended March 31, 2017

In the Electronics Operation, we were hit hard by a decelerating PC market, intensifying competition among players amid a slowdown in the high-end smartphone market, as well as the adoption of fan-out wafer-level packaging (FO-WLP) for some high-end products. Faced with a drastic environmental change in orders, we proceeded with structural reforms centered on the impairment of fixed assets, to align the value of assets with the level of incoming orders. We will work aggressively to cultivate a new customer base by leveraging the thin, high-density packaging technology, quality, and development capability we have gained in the areas of PCs and smartphones as we expand into new fields that address Internet of things (IoT), in-car, and data center applications. In addition, we will work to boost our market shares in cutting-edge areas, in which IBIDEN has excelled to date, all with the aim of improving our bottom line.

The Ceramics Operation saw operating income decline due to the yen's appreciation against the euro, changes in the product mix, and falling sales prices, although overall sales remained robust due to a booming automobile market. To turn our business around, during the fiscal year under review, we integrated the DPF and SCR units into the ECP unit, under which we positioned business units by product line, to allow for more agile and efficient operations. With this new organizational structure, we will take advantage of the synergies of the DPF, SCR, and AFP business to bolster our ability to make proposals to customers and optimized production systems across the globe as we work to enhance our competitive edge in exhaust system components.

In the Other Operation, we will expand operations by leveraging the unique products of our domestic affiliates and capitalize on steady income from our power generation business, with the aim of establishing them as long-term stable revenue sources.

Initiatives Aimed at Sustainable Growth

In addition to these restructuring existing businesses and strengthening competitiveness, we launched the Automotive Functional Product Development Center, Future Mobility Product Development Center, Advanced Ceramics Development Center, and Biomaterial Product Development Center to facilitate development of new products in specific areas that will support our sustainable growth over the medium to long term. These new product development centers will enable us to quickly commercialize and expand sales of new products. On April 27, 2017, IBIDEN formed a capital and business alliance with DENSO Corporation, a company with considerable expertise and a proven track record in the automotive component industry. The two companies will work on joint development at the Automotive Functional Product Development Center and the Future Mobility Product Development Center to give impetus to product development. While our operating environment is expected to remain highly challenging and uncertain, we will move ahead steadily to bolster the competitiveness of our existing business and develop new products as we continue to focus on human resource development as a foundation-building initiative. All of us at IBIDEN will work together to turn our business around in the fiscal year ending March 31, 2018, the final year of the current medium-term management plan.

Efforts to Strengthen Corporate Governance

To respond to the globalization of corporate activities and the changing business environment, the Company adopted a company with an audit committee system following a resolution at the 164th ordinary general meeting of shareholders held on June 16, 2017. The Company will improve further prompt decision-making structure of the board of directors and enhance the corporate governance system. We also introduced a new stock compensation plan to better clarify the linkage between the Company's share value and remuneration of the directors. Under our new management team, we will start a new medium-term management plan that concludes in the fiscal year ending March 31, 2023 and put our business back on track for growth.

Shareholder Return

For the year-end dividend, we decided to pay ¥20 per share, the same amount as last year's year-end dividend. This is because paying stable dividends to our shareholders is important to us, despite the challenging business results. Combined with the interim dividend, we will pay an annual dividend of ¥35 per share, the same amount as the annual dividend for the fiscal year ended March 31, 2016. We thank you for your continuing support of the Group.

Business Strategy Matrix Summary

PRODUCTS	MARKETS: Existing	MARKETS: New
New	**Product Development** Developing products that can be competitive with FO-WLP Established the Automotive Functional Product Development Center Established the Advanced Ceramics Development Center	**Diversification** Business alliance with DENSO Corporation Established the Biomaterial Product Development Center Established the Future Mobility Product Development Center
Existing	**Market Penetration** Launching MSAP products for high-end smartphones Integrated the DPF and SCR units into the ECP unit to leverage the synergies of the DPF, SCR, and AFP business Expanding operations by leveraging the unique products of the Group's domestic companies	**Market Development** Cultivating markets for IoT, in-car, and data center applications by leveraging thin, high-density packaging technology Expanding business to automotive, airplane, power generation, and semiconductor product segments other than exhaust systems

Electronics Operation · Ceramics Operation · Other Operation · New R&D Center

Management Discussion and Analysis

Results for the Year Ended March 31, 2017

During the fiscal year under review, the world economy remained on a modest recovery on the whole, supported by the strong U.S. and European economies. However, there was growing concern over uncertainty regarding the economic outlook for China and emerging nations as well as economic policy in the United States and Europe. The Japanese economy continued on a gradual recovery path in general, reflecting an improvement in corporate earnings and signs of a recovery in consumer spending and exports.

In the semiconductor and the electronic components industry, smartphones experienced a modest recovery on the whole but showed sluggish market growth in the high-end market segment. In the PC and tablet-type device markets, sales remained below year-on-year levels. Accordingly, the Electronics Operation continued to face an intensely challenging business environment. On the other hand, we worked aggressively to develop and propose new products in new growth fields that address the IoT, in-car, and data center applications.

In the automotive exhaust system components industry, sales remained brisk, as automotive worldwide sales continued to expand steadily due to the gradual growth of European and Chinese automotive markets.

Given this situation, the Group proceeded with structural reforms centered on the impairment of fixed assets, to align the value of assets with the level of incoming orders. Concurrently, we moved aggressively to expand sales in new growth fields to recover profitability in the Electronics Operation. Under the medium-term management plan, we are working to build a corporate structure designed to adapt to changes in the business environment with a focus on developing the human resources needed to sustain and grow our businesses over the next 100 years. Furthermore, we are enhancing activities that increase the competitiveness of our businesses with the aim of creating a stable earnings structure consisting of three business segments: the Electronics Operation, the Ceramics Operation, and the Other Operation, which comprises domestic affiliated company businesses and power business.

As a result of our activities during the fiscal year under review, consolidated net sales amounted to ¥266,460 million, a decrease of ¥47,660 million (15.2%). Operating income totaled ¥7,142 million, down ¥15,429 million (68.4%), while the loss attributable to owners of parent for the period stood at ¥62,849 million (compared to ¥7,531 million in income attributable to owners of parent for the previous fiscal year).

Analysis of Our Financial Condition and Business Performance

Analysis of Our Financial Condition

(1) Assets

Total assets at the year-end amounted to ¥405,783 million, down by 14.8%, year on year. Current assets decreased by 4.4% to ¥204,170 million, and fixed assets declined by 23.2% to ¥201,613 million.

The significant contributing component in current assets was decreases of ¥3,200 million in short-term investments, ¥2,337 million in merchandise and finished goods and ¥2,448 million in work in process.

The major factors in fixed assets were a decline of ¥64,775 million in property, plant and equipment.

(2) Liabilities and Net Assets

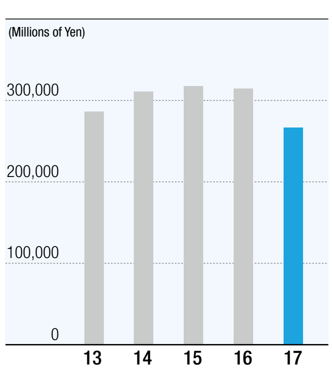
Total liabilities at the year-end amounted to ¥144,843 million, increasing by 0.2%, year on year. Current liabilities declined by 22.2% to ¥88,549 million, and long-term liabilities increased by 82.5% to ¥56,294 million.

Major factors attributable to the decline in current liabilities included decrease of ¥25,008 million in short-term borrowings and current portion of long-term debt.

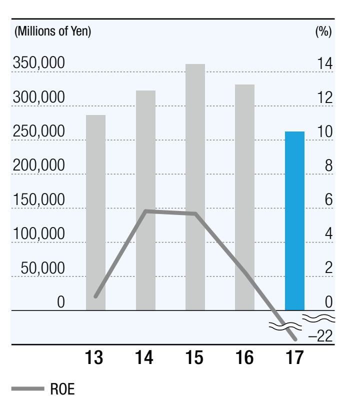
The increase in long-term liabilities reflected mainly rises of ¥15,000 million in corporate bonds and ¥9,943 million in long-term debt.

Total net assets at the year-end amounted to ¥260,940 million, declining by 21.3%, year on year. The decrease was mainly due to such factors as a fall in retained earnings and a decrease in translation adjustments.

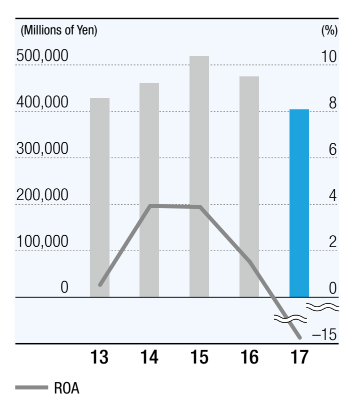
Net Sales



Total Net Assets/ ROE



Total Assets/ ROA



As a result of the above, the equity ratio at the year-end decreased to 63.2% from 68.8% a year ago. Net assets per share fell to ¥1,927.53 from ¥2,459.63.

Analysis of Our Business Performance

(1) Net Sales and Operating Income

Please see “Review of Operations” on pages 14 through 16 for the general status of net sales and segment income for the business segments.

Cost of sales fell by 11.6% from the same period in the previous year, to ¥210,641 million reflecting lower net sales. The cost-to-sales ratio decreased by 3.2 percentage points to 79.1%.

(2) Other Income (Expenses)

Other expenses increased ¥57,472 million form ¥10,442 million reported one year earlier, to ¥67,914 million. The major factors behind the increase were ¥1,714 million in foreign exchange loss, and ¥61,989 million in business structure reform expenses centered on the impairment of fixed assets in the Electronic Operation.

As a result, loss before income taxes amounted to ¥60,772 million compared to ¥12,129 million in income before income taxes for the previous fiscal year.

(3) Income Taxes and Others (Including Adjustments for Income Tax and Others)

Income taxes decreased from ¥4,360 million in the previous fiscal year to ¥1,846 million in the fiscal year under review.

Consequently, loss amounted to ¥62,619 million compared to ¥7,769 million in profit for the previous fiscal year.

(4) Profit (Loss) Attributable to Non-controlling Interests

Loss attributable to non-controlling interests amounted to ¥230 million versus ¥238 million in the previous fiscal year.

(5) Profit (Loss) Attributable to Owners of Parent

Loss attributable to owners of parent for this period was ¥62,849 million compared to ¥7,531 million in profit attributable to owners of parent for the previous fiscal year. Basic loss attributable to owners of parent per share for this period was ¥472.26 compared to ¥55.29 in basic profit attributable to owners of parent per share for the previous fiscal year. Return on equity (ROE) declined by 23.7 percentage points to negative 21.5%.

Cash Flow Conditions

Cash and cash equivalents (hereafter “cash”) at the end of the fiscal year under review amounted to ¥104,101 million, down ¥3,773 million over the previous fiscal year end. The following is a summary of cash flow activities.

(1) Cash Flow from Operating Activities

Net cash provided by operating activities totaled ¥28,813 million (versus ¥59,499 million in the previous fiscal year). This was mainly due to cash inflows of ¥33,148 million in depreciation and amortization and ¥59,441 million in business structure reform expenses despite cash outflows of ¥60,772 million in loss before income taxes, a decrease of ¥4,671 million in notes and accounts payable and ¥4,225 million in income taxes paid.

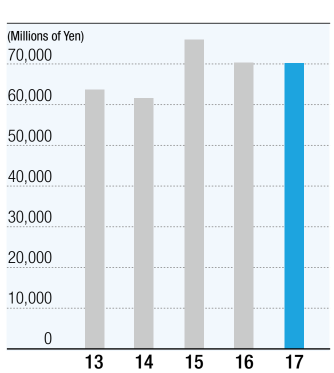
(2) Cash Flow from Investing Activities

Net cash used in investing activities totaled ¥26,280 million (versus ¥39,438 million in the previous fiscal year). This was mainly due to payment of ¥25,558 million for purchases of property and equipment.

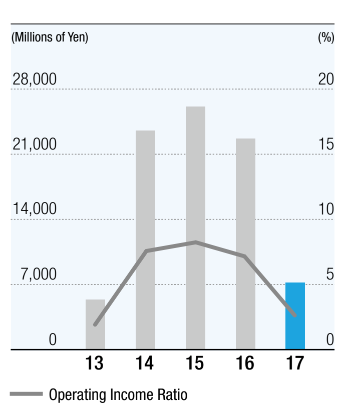
(3) Cash Flow from Financing Activities

Net cash used in financing activities totaled ¥5,135 million (versus ¥20,479 million in the previous fiscal year). This was mainly due to cash outflows of ¥4,658 million in cash dividends paid.

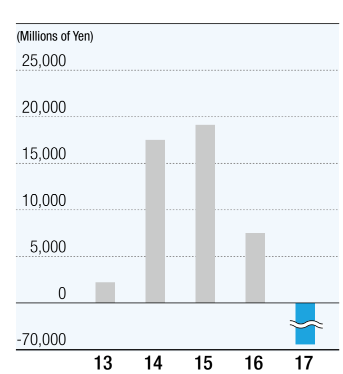
Interest-Bearing Debt



Operating Income/ Operating Income Ratio



Net (loss) Income Attributable to Owners of the Parent



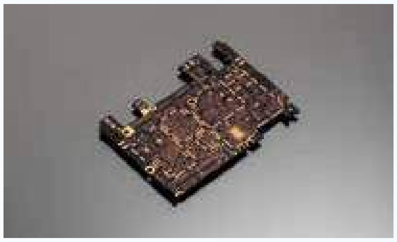
At a Glance

Net Sales and Net Sales Composition	Overview

Electronics Operation

¥99,225 million

37.2%



Matching today's high speed of technical innovation, our electronics technology continues to develop new products at the cutting edge of the world electronics field. Our built-up substrates for high-density circuits as well as electronic components and plastic packages for a range of semiconductors are the materialization of our IBI-TECHNO philosophy.

Ceramics Operation

¥101,323 million

38.1%

Over the years, we have developed technologies in essential materials such as carbide and ferrosilicon. In line with our IBI-TECHNO philosophy, we have emerged as a leading developer of advanced ceramics including environment-related ceramics products, (such as SiC-DPF and substrate holding mats), graphite specialty products, ceramics fibers, and high temperature insulation wool.

Other Operation

¥65,912 million

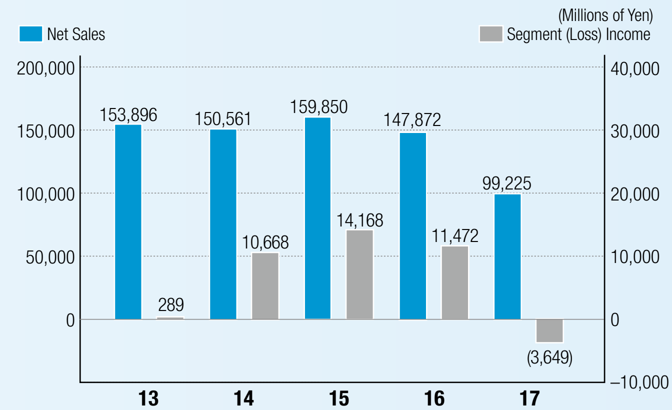
24.7%

This segment comprises the housing materials business, construction business and other business with unique operations, respectively. In the housing materials business, centered on the manufacture and sales of interior-use decorative laminates, we are involved in supplying residential equipment and construction materials and developing our own planning houses. In the construction business, we are promoting livable urban development through a broad range of operations including slope protection construction, landscape gardening, and the installation of industrial equipment and solar power generations. In other business, we have a range of lines of business to answer the changing needs of society, including the development and sale of medical software, and the power generation business.

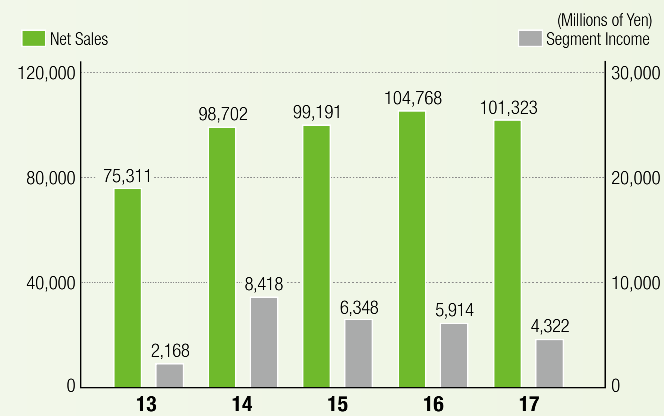
Segment Strategies

Net Sales & Segment Income

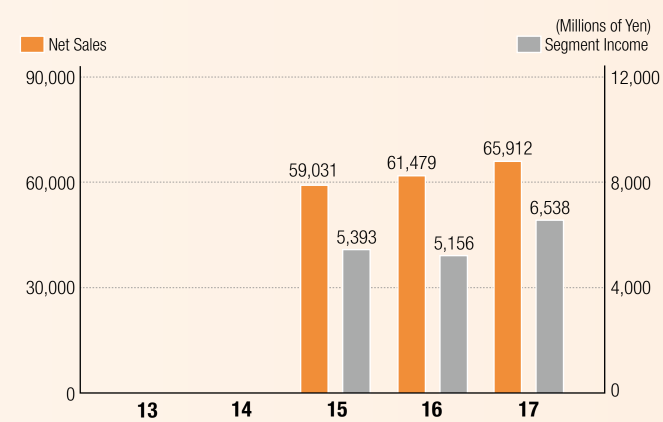
For clients consisting of major global semiconductor manufacturers as well as tablet PC and smartphone manufacturers, we have been manufacturing and selling IC package substrates and printed wiring boards. In January 2015, the Electronics Operation underwent an organizational integration, resulting in the establishment of a stable earnings structure supported by three pillars of PKG, CSP and PWB as one operational headquarters.



Within our Ceramics Operation, we manufacture and sell SiC-DPF, SCR, substrate holding mats, high temperature insulation wool and graphite specialty products for clients such as major global automotive manufacturers and semiconductor manufacturing equipment manufacturers. Going forward, we will expand business within the large vehicle market for DPF, SCR and AFP.

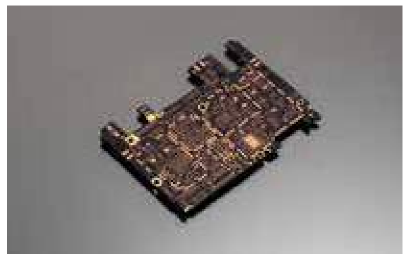


In the housing materials, we strive to expand our business by leveraging products with distinguished features such as our unique component housing and antiviral melamine decorative laminates. In the construction business, we use our strength to expand operations in the areas of the slope protection construction and landscape gardening business based on contemporary themes such as environmental conservation and disaster prevention. We are also redoubling efforts to comply with renewable energy feed-in tariffs and expand related business. We continue to solidify the position of the Other Operation as a third source of revenue through expansion of business with distinguished products and long-term stable earnings through the power business.

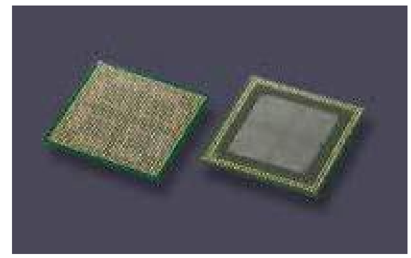


Note: As the Company has changed its segment classification, no data for the years ended March 31, 2014 and 2013 are shown.

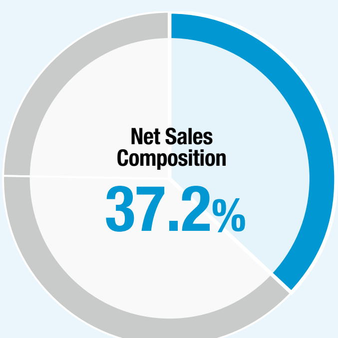
Electronics Operation



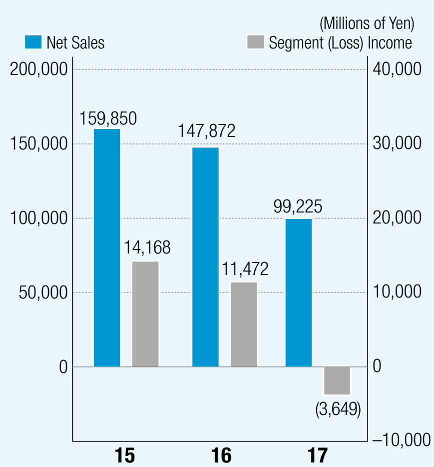
FVSS® (Free via stacked up structure)



Build up FC-CSP substrate



Net Sales	¥99,225 million
Segment Loss	¥(3,649) million



Main Products

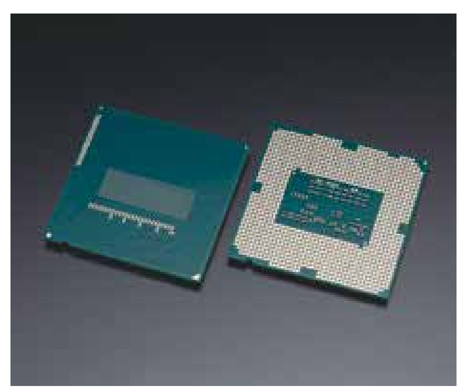
●Package substrates (PKG, CSP)

(for computers, mobile devices and home information appliances)

●Printed wiring boards (PWB)

(for use in mobile electronic equipment/information communication infrastructure*)

*Used in servers, routers and other equipment forming high-speed digital communication networks.



High-performance and high-function package substrate

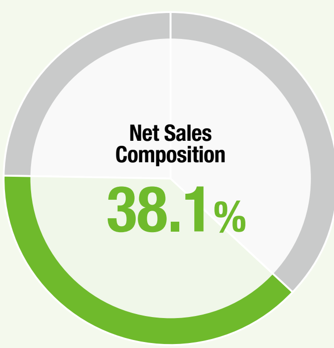
With the backlog of sluggish orders resulting from continuously PC and tablet device markets and a slowdown in smartphone markets, which saw intensified competition among companies, coupled with adoption of fan-out wafer-level packaging (FO-WLP) in some high-end products, net sales at the Electronics Operation decreased by 32.9% from the previous fiscal year to ¥99,225 million. The Electronics Operation recorded a segment loss of ¥3,649 million (compared with a segment income of ¥11,471 million in the previous fiscal year). To achieve an earnings recovery, we will actively develop new customers and new products in fields where future growth is expected, by making most of the thin, high-density technologies, quality and development capabilities the Company has cultivated in the PC, smartphone and tablet device markets.

Ceramics Operation

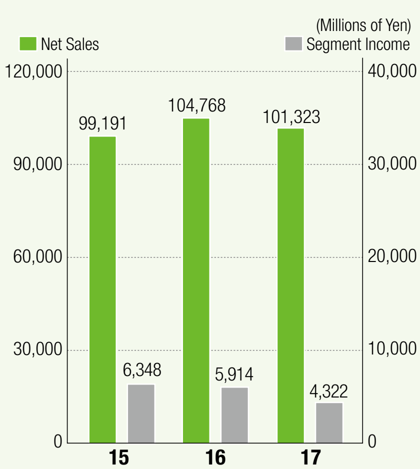
Graphite specialty “EDX-7”

Substrate holding mat

IBI WOOL-E



Net Sales	¥101,323 million
Segment Income	¥4,322 million

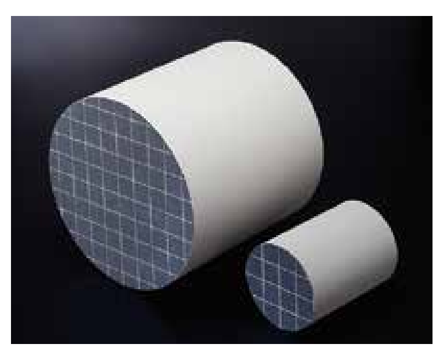


Main Products

- **Diesel particulate filters (DPF)**
- **Substrate holding mats (AFP)**
- **NOx reduction catalysts (SCR)**
- **Graphite specialty products (FGM)**
  (for semiconductor manufacturing equipment and new energy-related products)
- **High temperature insulation wool**
- **Fine ceramics products**

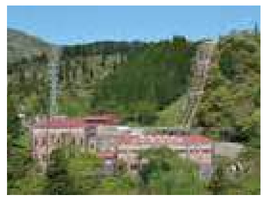
Sales of diesel particulate filters (DPF) and substrate holding mats (AFP) decreased from the previous fiscal year due to changes in the product mix and impacts of a fall in sales prices, although the volume of orders increased owing to steady growth in the automobile market. Sales of NOx reduction catalyst (SCR) decreased from the previous fiscal year, in spite of steady sales of SCR stationary catalysts, due to the yen’s appreciation and sluggish sales of other SCR catalysts. Sales of graphite specialty products (FGM) remained at the same level as the previous fiscal year in spite of the challenging market environment, due to our sales efforts.

As a result, net sales in the Ceramics Operation decreased by 3.3% from the previous fiscal year to ¥101,323 million. The Ceramics Operation recorded a segment income of ¥4,322 million, a 26.9% decrease from the previous fiscal year, due to changes in the product mix of our mainstay product, DPF, and impacts of a fall in sales prices.



SiC-DPF

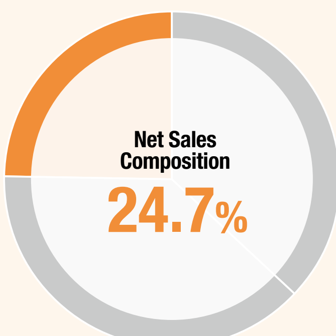
Other Operation



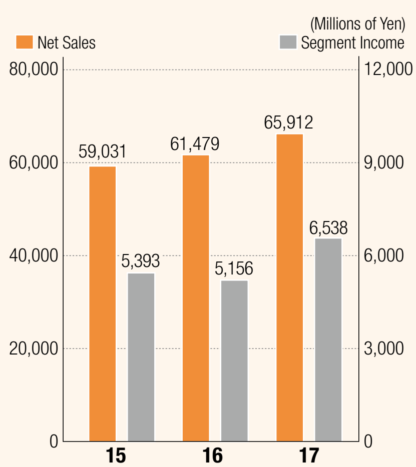
Higashi-Yokoyama Power Plant

The Japan's largest water floating solar power generation

Local Village Ogaki



Net Sales	¥65,912 million
Segment Income	¥6,538 million



Main Businesses

- Melamine decorative laminates/ Residential equipment
- Slope and garden construction
- Synthetic resin processing
- Oil products sales

The laminates-related department saw virtually flat sales as the previous fiscal year despite the poor market resilience of processed doors for residential kitchen use, due to our sales efforts for melamine decorative laminates for toilet booths and non-combustible laminates. Sales of services equipment for housing decreased reflecting lower rental housing-related sales despite an increase in the number of component housing. The slope protection construction department experienced a rise in sales due to an increase in completed projects in the period, which is associated with downsizing of projects. The landscape gardening department recorded higher sales due to steady growth of the maintenance business despite a decrease in carried-over work. Sales in the petroleum product sales department increased reflecting higher sales volume despite impacts of a fall in sales prices. The synthetic resin processing department saw higher sales from the previous fiscal year despite impacts of the Kumamoto earthquakes on the automobile market, due to solid growth in some new models.

Consequently, net sales at the Other Operation increased by 7.2% from the previous fiscal year to ¥65,912 million. The Other Operation recorded an operating profit of ¥6,538 million yen, a 26.8% increase from the previous consolidated fiscal year, partially due to an increase in profits generated from the electric power business associated with the completion of refurbishment work at the Higashi Yokoyama Power Plant.

Retect Viruhael: high pressure laminates with antiviral effect

Research and Development

R&D activities of the Group are implemented extensively by technology development divisions and manufacturing technology divisions, as well as the technology divisions for each of the businesses, and at as affiliate companies.

At technology development divisions, we more deeply cultivating core technologies in fields related to electronics and ceramics, as well as product planning based on the unique marketing methods. We are also conducting R&D to create original new products for the next generation and beyond.

At manufacturing technology divisions, we are working actively to develop new innovative methods and facilities that boost our competitiveness.

Furthermore, at technology divisions within each Operation, we are carrying out development of new technologies and products that aim to expand on our existing business.

R&D costs of the Group during the fiscal year ended March 2017, on a consolidated basis, amounted to ¥14,112 million.

Major R&D activities are as follows:

Electronics Operation

We have been conducting the development of element and process technologies needed for next-generation and beyond semiconductor package substrates and PWB. Furthermore, we are conducted research for in-car module substrates for applications other than PCs and smartphones.

During the fiscal year under review, R&D costs for this division amounted to ¥8,387 million.

Ceramics Operation

Our current focus for R&D for next-generation products and beyond is environmentally friendly products in the area of automobiles, such as diesel particulate filters (DPF), NOx reduction catalysts (SCR), and substrate holding mats (AFP). Furthermore, we are carrying out R&D for specialty carbon products and fine ceramic products, targeting automotive, airplane, power generation, and semiconductor component segments other than exhaust systems.

R&D costs for this division amounted to ¥5,642 million in the fiscal year under review.

Other Operation

In the housing materials business, we are working to develop functional construction materials such as antivirus materials. We are also conducting R&D activities geared toward new fields.

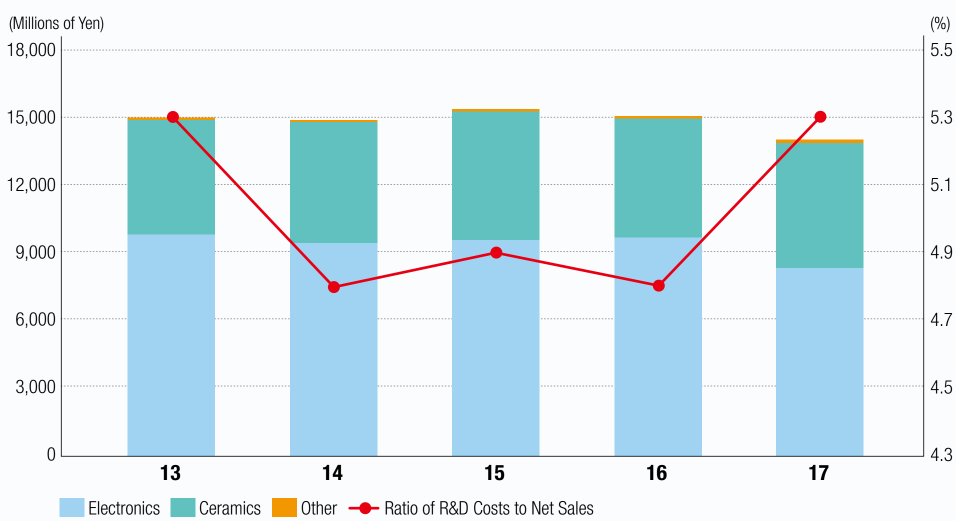
Within the slope-related business, we are engaged in development of construction methods and R&D of new products to expand the market of patented technology, the GT Frame Method, which makes possible both slope face disaster prevention and full-out surface vegetation.

In landscape gardening, we are conducting R&D focused on technologies for the vegetation of particular spaces such as wall surfaces and roofs.

In the synthetic resin processing business, we are improving on basic technologies for the development of new products.

R&D costs for this division totaled ¥81 million in the fiscal year under review.

R&D Costs and Ratio of R&D Costs to Net Sales



Capital Expenditures

During the fiscal year under review, the IBIDEN Group invested a total of ¥20,997 million, primarily to establish new facilities to boost production capacity.

Capital expenditures in the Electronics Operation totaled ¥12,220 million, which was used mainly for production facilities for both IC package substrates (¥5,337 million) and PWB (¥6,883 million).

In the Ceramics Operation, the Group spent ¥5,786 million, primarily for production facilities related to DPF (¥4,600 million) and substrate holding mats (AFP) (¥425 million).

The Other Operation and corporate were allocated ¥2,991 million.

Required funds were acquired through self-financing.

During the fiscal year under review, no major sale, removal, or loss of facilities took place that would have a noteworthy impact on production capacity, excluding the disposal and sale of facilities for regular updating.

Major Projects Completed

IBIDEN

Segments/bases	Project description
Electronics Operation •Ogaki Plant	Established production facilities for next-generation IC package substrates.

Subsidiaries

Electronics Operation •IBIDEN Electronics (Beijing) Co., Ltd.	Established production facilities for next-generation PWB.
Ceramics Operation •IBIDEN Mexico, S.A. de C.V.	Established production facilities (the first line) for DPF.

Major Projects Established/Expanded/Updated in Progress

IBIDEN

Segments/bases	Project description
Electronics Operation •Ogaki Plant	Established production facilities for next-generation IC package substrates.

Subsidiaries

Electronics Operation •IBIDEN Electronics Malaysia Sdn. Bhd.	Established production facilities for next-generation PWB.
Ceramics Operation •IBIDEN Hungary Kft.	Established production facilities for DPF and expanded production facilities for DPF. Established production facilities for AFP.

Capital Expenditures and Depreciation and Amortization

¥20,997 million

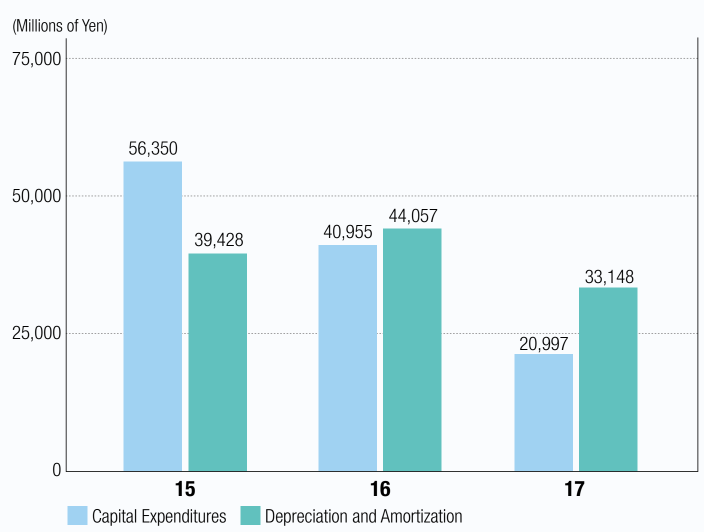
Capital expenditures by geographical areas in the fiscal year under review are summarized as follows:

Electronics-related:

Japan.................................¥4,000 million
Overseas ....¥8,200 million

Ceramics-related:

Japan....................................¥800 million
Overseas ....¥5,000 million



Corporate Governance

Corporate Governance Structure

Overview of Corporate Governance Structure and Reasons for Adopting Current Structure

The Group considers corporate governance to be a key management mechanism for transparent, fair, prompt and resolute decision-making, and all Group companies are thus actively committed to improving corporate governance. As part of the Group's corporate governance, we are enhancing internal control by proactively undertaking activities to advance compliance and risk management and we are expanding/strengthening the management oversight functions of our Board of Directors and the audit functions of our Audit and Supervisory Committee. These steps will enable us to construct a transparent corporate governance system worthy of the trust of shareholders and other stakeholders and fulfill our corporate social responsibilities, and will help us improve our corporate value through sustained growth.

Following a resolution at the 164th Ordinary General Meeting of Shareholders held on June 16, 2017, regarding the transition to a Company with Audit and Supervisory Committee, the Company will improve further prompt decision-making structure and an additional layer of strength in the supervisory functions of the Board of Director through having Directors who are Audit and Supervisory Committee Members possess voting rights in the Board of Directors.

The Company's Board of Directors consists of seven Directors (excluding Directors who are Audit and Supervisory Committee Members and including three Outside Directors) and five Directors (including three Outside Directors) who are Audit and Supervisory Committee Members. The term of office of a Director (excluding a Director who is an Audit and Supervisory Committee Member) is one year, and that of a Director who is an Audit and Supervisory Committee Member is two years. All of the six Outside Directors are appointed as Independent Directors. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) is limited to sixteen, and that of Directors who are Audit and Supervisory Committee Members is limited to seven. Also, the Company has introduced an Executive Officer System in order to make speedy management decisions and expedite the execution of operations.

In addition to the corporate governance system described above, the Company has established a Management Council to further strengthen the said structure of the Group. It is composed of persons responsible for management and execution of operations, such as Representative Directors, Directors, Executive Officers, Managing Officers as well as full-time Directors who are Audit and Supervisory Committee Members. The Management Council deliberates and decides important matters concerning yearly and monthly budget progress and various management issues, being endowed with functions to make preliminary deliberations of proposals to be submitted to the Board of Directors and make decisions set forth under the Authorization Regulations of the Company.

Status of Development of System to Ensure the Appropriateness of Business Operations at Subsidiaries

The Company made the supervisory management department, which is responsible for internal control of all subsidiaries, the Corporate Planning Group, Office of the President, Strategic Corporate Planning Operation. The Company provides guidance and support to each company in cooperation with other internal control promotion divisions.

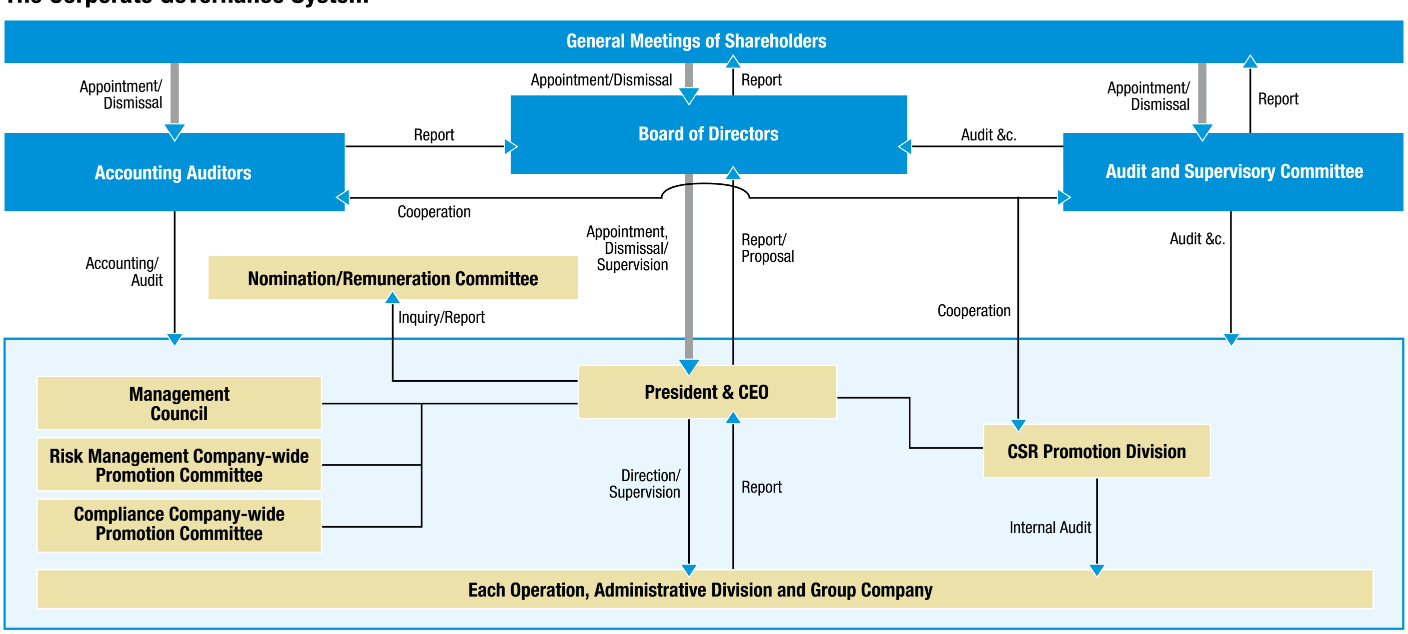
Pursuant to the Regulations for Internal Approvals of Group Companies and the Regulations for Management Support of Group Companies, a structure is in place under which important business execution by directors and the Board of Directors of subsidiaries is reported to the Company in advance and decision making of the Company is properly carried out.

Furthermore, the executive officer in charge of the CSR Promotion Division sufficiently exchanges information with Directors in charge of internal control or the department.

Current Status of the Internal Control System and Risk Management Structure

Based on the belief that corporate governance is a crucial management issue, the Group's internal control system calls for proactive implementation of measures across the Group aimed at advancing

The Corporate Governance System



compliance and risk management and further augmentation of monitoring functions. The status of actions and their development are reported regularly by Executive Officers in charge of compliance and risk management promotion to the Board of Directors and the Management Council, and such actions are monitored and reviewed from time to time to make the compliance and risk management structure fairer, stronger and more appropriate.

Status of Internal Audits and Audits by Audit & Supervisory Committee Members

The Company has assigned five Directors who are Audit and Supervisory Committee Members, including three Outside Directors without any interests in the Company. Two of the five Directors who are Audit and Supervisory Committee Members are a Certified Tax Accountant or a Certified Public Accountant, with high-level insights in all areas of taxation, and they have considerable knowledge in finance and accounting.

Directors who are Audit and Supervisory Committee Members attend important meetings such as the Board of Directors meetings and Management Council meetings and conduct audits on the execution of operations by Directors, and full-time Directors who are Audit and Supervisory Committee Members collaborate with the CSR Promotion Office, which is the Company's internal audit unit, and Accounting Auditors in conducting audits of the Company and of the Group companies in accordance with all applicable laws, regulations and rules.

Officers and employees provide Directors who are Audit and Supervisory Committee Members with necessary reports and information, in accordance with the Audit and Supervisory Committee Regulations, set forth by the Board of Directors, in response to requests from each Director who is an Audit and Supervisory Committee Member.

Furthermore, the Company has established the Audit Group, CSR Promotion Division (composed of six persons) as a unit that conducts internal audits. Directors who are Audit and Supervisory Committee Members and the CSR Promotion Office are working closely with Accounting Auditors by exchanging information and opinions on a regular basis to enhance the effectiveness of the Group's auditing system.

Outside Directors

As stated in the preceding section, the Company has a governance structure that includes six Outside Directors. The Company anticipates their contribution to proper and fair corporate governance and their valuable advice concerning the Employee's Code of Conduct. Although IBIDEN has no standard or policy of its own with respect to the requirements to ensure the independence of Outside Directors, when electing any of its Outside Directors, IBIDEN makes sure that he or she meets the requirements of being independent and of being unlikely to have any conflict of interest with the general shareholders of IBIDEN.

Chiaki Yamaguchi, who serves as IBIDEN's Outside Director, is president and representative director of Towa Real Estate Co., Ltd. No special relationship exists between the said company and IBIDEN. Toshio Mita, who serves as IBIDEN's Outside Director, is adviser of Chubu Electric Power Co., Inc. No special relationship exists between the said company and IBIDEN. Fumio Kato, representative of Fumio Kato Certified Tax Accountant Office, serves as IBIDEN's Outside Director. No special relationship exists between the said company and IBIDEN. Masaki Horie, representative of Masaki Horie Certified Tax Accountant Office, serves as IBIDEN's Outside Director. No special relationship exists between the said company and IBIDEN. The Outside Director, Nobuko Kawai is representative of Nobuko KAWAI Law Office. No special relationship exists between the said company and IBIDEN.

At IBIDEN's Board of Directors meetings, Outside Directors express opinions based on their wealth of managerial experiences and provide important advice to advance the IBIDEN Group's governance. The Company believes that the aforementioned Outside Directors, who have demonstrated their independence, have successfully undertaken their responsibilities expected of them by the Company.

Overview of Limited Liability Agreements

We have entered into limited liability agreements with Outside Directors that limit their liabilities for damages, based on Paragraph 1, Article 423 of the Company Law. Under these agreements, outside directors are subject to the higher of either ¥20 million or the minimum limited amount as specified under Paragraph 1, Article 425 of the Company Law when they have acted in good will and they have committed no material negligence in executing their duties.

Accounting Audit

We have concluded a accounting auditing agreement with Ernst & Young ShinNihon LLC, and the certification of the audit is conducted by Certified Public Accountants Shingo Watanabe, Toshikatsu Sekiguchi and Tomoaki Ito, who are Ernst &Young ShinNihon's designated and engagement partners.

They are assisted by 11 certified public accountants and 16 other staff in the conduct of their auditing duties.

Board Policies and Procedures in Determining the Compensation of the Senior Management and Directors

The compensation for Directors who are not Audit and Supervisory Committee Members, Executive Officers and Managing Officers comprises monthly compensation and bonuses. The monthly compensation for Directors who are not Audit and Supervisory Committee Members is calculated based on their job positions, within the limits approved by the general meeting of shareholders, and is approved by the Board of Directors. Bonus allotments for Directors who are not Audit and Supervisory Committee Members are based on the degree to which each Director contributed to the Company's operations, within the scope of the total amount of bonuses calculated using the stipulated formula approved by the general meeting of shareholders, and are approved by the Board of Directors.

The monthly compensation of Executive Officers and Managing Officers is approved by the Board of Directors. In determining the compensation, broad consideration is given to a suitable balance with the monthly compensation for Directors who are not Audit and Supervisory Committee Members, assessments of respective Executive Officers' job performance, and other factors. The amounts of bonuses to be paid are approved by the Board of Directors. Bonus amounts are calculated in accordance with the degree of the Executive Officers' contribution to the Company's business results and other factors. Nomination/Remuneration Committee including

Outside Directors who are not Audit and Supervisory Committee Members, prior to a resolution of the Board of Directors, deliberates on compensation and bonus of Directors, the Executive Officers and Managing Officers, and reports to President & CEO. Outside Directors, being in positions independent of the execution of operations, are only paid a set basic compensation.

Compensation of Directors and Corporate Auditors

(a) Total remuneration of Directors and Corporate Auditors for the year ended March 31, 2017 is as follows:

Position	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)				Number of recipients
		Basic remuneration	Stock options	Bonuses	Retirement benefits	
Directors (not including Outside Directors)	¥290	¥290	—	—	—	10
Corporate auditors (not including outside corporate auditors)	63	63	—	—	—	3
Outside directors and outside corporate auditors	45	45	—	—	—	5

Notes:
1. The resolution setting the upper limit of remuneration for the directors at not more than ¥45 million per month was approved at the 154th General Meetings of Shareholders held on June 22, 2007. Of the total, the amount for outside directors' accounts for ¥3 million or less, with the remaining ¥42 million or less paid to the other directors. Compensation under stock option plans is set separately. Salary for directors as company employees is also excluded from the figures.
2. In addition to the remuneration mentioned above in 1, at the 158th General Meetings of Shareholders held on June 22, 2011, the resolution was approved stipulating that directors, excluding the outside directors, are to receive a bonus equal to 0.5% of the consolidated net income for the fiscal year as well as 1.6% of the total amount of annual dividends for the applicable fiscal year. However, the maximum limit was also set at not more than ¥500 million by the resolution with amounts less than ¥1 million being rounded down.
3. Although bonuses for Directors amounted to ¥74 million based on the above calculation, recognizing the severe operating environment and the difficulties in the Company's severe performance during the fiscal year under review, no bonuses for Directors were approved by the Board of Directors' meeting held on May 15, 2017.
4. In addition to the above payments, three subsidiaries of the Company paid a total amount of ¥8 million as monthly remuneration to the three directors of said subsidiaries who also served concurrently as directors of the Company.
5. The maximum limit of remuneration for corporate auditors was approved at not more than ¥9 million per month at the 159th General Meetings of Shareholders held on June 20, 2012.

(b) Total amount of consolidated remuneration of individual directors and corporate auditors

Not recorded because no individual received total consolidated remuneration of ¥100 million or more.

Matters for Resolution at General Shareholders' Meetings That May Be Resolved at Board of Directors' Meetings

The Company's Articles of Incorporation stipulate that the Company, by a resolution of the Board of Directors, may determine the amount of dividends to be paid from reserves and acquire its own shares through market transactions and other methods unless otherwise provided, pursuant to Paragraph 1, Article 459 of the Company Law. This allows the Company flexibility in conducting its business.

Furthermore, as stipulated under Paragraph 5, Article 454 of the Company Law, the Board of Directors agreed that in accordance with the Company's Articles of Incorporation interim dividends shall be paid each year on September 30.

Policies and Procedures for the Selection of Managers and the Assignment of Director and Audit and Supervisory Committee Member Candidates by the Board of Directors

Candidates for Manager and Directors who are not Audit and Supervisory Committee Members are selected/assigned from the perspective of placing the right person in the right job, with due consideration given to the number of people that would enable precise and prompt decision-making and to a balance of knowledge, experience and skills among the Management Team/the Board of Directors overall. Candidates for Audit and Supervisory Committee Members are also selected/assigned from the perspective of placing the right person in the right job, with due consideration given to a balance among knowledge of financial, accounting and legal matters, knowledge about the Company's business, and other perspectives pertinent to corporate management. Given the above, assignment for Audit and Supervisory Committee Member candidates was resolved by the Board of Directors after Audit and Supervisory Committee deliberated and agreed on it. Assignment for Director candidates, prior to a resolution of the Board of Directors, after it has been sufficiently deliberated by the Nomination/Remuneration Committee including Outside Directors who are not Audit and Supervisory Committee Members and reported to President & CEO.

Resolution Requirement for Appointing Directors

The Company's Articles of Incorporation stipulate that directors may be appointed by a majority vote of shareholders present at a meeting, who collectively hold not less than one-third of the voting rights of all shareholders entitled to exercise the rights.

Furthermore, the Company's Articles of Incorporation also stipulate that appointment of directors shall not be determined by cumulative voting.

Special Resolution Requirement for General Meetings of Shareholders

The Company has stipulated in the Articles of Incorporation a special resolution requirement at General Meetings of Shareholders, in accordance with the provision of Paragraph 2, Article 309 of the Company Law, as follows: The resolution shall be authorized by a two-thirds majority of the voting rights held by the shareholders present at General Meetings of Shareholders. These voting shareholders must hold shares representing not less than one-third of the voting rights of all shareholders entitled to exercise the rights. This enables General Meetings of Shareholders to progress smoothly.

Overview of Shareholdings

(a) Investment shares held for purposes other than pure investment

Number of issues: 53

Total recognized on the balance sheet: ¥41,464 million

(b) The main purpose for holding investment shares other than pure investment is to strengthen a stable business relationship.

(c) Shares held purely for investment purposes: None

Board of Directors, Auditors and Executive Officers (As of June 17, 2017)

Directors

Chairman of the Board, Representative Director
Hiroki TAKENAKA
Date of Birth: January 1, 1951

Apr. 1973	Joined IBIDEN Co., Ltd.
Jun. 1997	Director
Jun. 2001	Managing Director
Jun. 2005	Director & Executive Managing Officer
Apr. 2007	Representative Director, President & CEO
Jan. 2015	In charge of R&D Operation
Mar. 2016	In charge of affiliates and subsidiaries
Jun. 2017	Representative Director, Chairman of the Board (to present)

President & CEO, Representative Director
Takeshi AOKI
Date of Birth: February 4, 1958

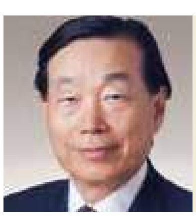
Apr. 1981	Joined IBIDEN Co., Ltd.
Apr. 2006	Executive
Apr. 2008	Corporate Officer
Jun. 2013	Director & Corporate Officer
Apr. 2014	Director & Managing Officer
Apr. 2014	Deputy Operation Manager of Ceramics Operation
Mar. 2016	Representative Director, Vice President
Mar. 2016	Operation Manager of Ceramics Operation
Apr. 2017	Administrator of Corporate Business Operation, In charge of Ceramics Operation (to present)
Jun. 2017	Representative Director, President & CEO (to present)

Representative Director & Executive Vice Presidents
Tsuyoshi NISHIDA
Date of Birth: July 10, 1956

Apr. 1980	Joined IBIDEN Co., Ltd.
Apr. 2008	Executive
Apr. 2011	Corporate Officer
Jun. 2013	Director & Corporate Officer
Apr. 2014	Director & Managing Officer
Apr. 2014	Operation Manager of PKG Operation
Jan. 2015	Director & Executive Managing Officer
Jan. 2015	Operation Manager of Electronics Operation
Jan. 2015	Director of IBIDEN Electronics (Beijing) Co., Ltd.
Mar. 2016	Representative Director, Vice President (to present)
Apr. 2017	Corporate Executive Director of Business, In charge of Electronics Operation (to present)

Representative Director & Executive Vice Presidents
Kozo KODAMA
Date of Birth: March 23, 1963

Apr. 1986	Joined IBIDEN Co., Ltd.
Apr. 2008	Executive
Apr. 2012	Corporate Officer
Apr. 2012	Vice President of IBIDEN Philippines Inc.
Jan. 2015	Managing Officer
Jan. 2015	Deputy Operation Manager of Electronics Operation
Jun. 2015	Director & Managing Officer
Mar. 2016	Representative Director, Vice President (to present)
Mar. 2016	Integrated management of Quality, Engineering and Production (to present)
Apr. 2017	President of Corporate Strategic Manufacturing Operation, In charge of CSR Promotion Division, In charge of Energy Control Division
Jun. 2017	In charge of CSR Promotion, in charge of Energy Control Division (to present)



Outside Director
Chiaki YAMAGUCHI
Date of Birth: December 25, 1949

Jun. 2003	Full-time Corporate Auditor of Toyota Motor Corporation
Jun. 2011	Executive Managing Director of Toyota Industries Corporation
Jun. 2012	Representative Director & Senior Vice President of Toyota Industries Corporation
Jun. 2014	Outside Director of IBIDEN Co., Ltd. (to present)
Jun. 2015	President & Representative Director of Towa Real Estate Co., Ltd. (to present)
Jun. 2015	Outside Director of Nakanihon Kogyo Co., Ltd. (to present)

Outside Director
Toshio MITA
Date of Birth: November 2, 1946

Apr. 1969	Joined Chubu Electric Power Co., Inc.
Jun. 2003	Managing Officer, Tokyo Office Manager
Jun. 2005	Director, Senior Managing Executive Officer, President of Sales Company
Jun. 2006	President & CEO
Jun. 2007	President &CEO, Representative Director
Jun. 2010	Chairman of the Board
Jun. 2015	Adviser (to present)
Jun. 2017	Outside Director of IBIDEN Co., Ltd. (to present)

Outside Director
Koichi YOSHIHISA
Date of Birth: November 29, 1952

Mar. 1981	Tokyo University PhD (Engineering)
Apr. 1982	Assistant of IIS at Tokyo University
Apr. 1984	Joined the Faculty of Science and Technology at Meijo University
Apr. 2000	Professor at Architectural Course of Science and Technology at Meijo University
Apr. 2003	Manager of at Architectural Course of Science and Technology at Meijo University
Apr. 2013	Dean of Science and Technology at Meijo University, Chair of Research Department, Councillor at Meijo University (to present)
Apr. 2015	President of the University, Full-Time Director of Meijo University (to present)
Jun. 2017	Outside Director of IBIDEN Co., Ltd. (to present)

Director, Audit and Supervisory Committee Member (Full –time)

Keiichi SAKASHITA

Date of Birth: April 21, 1956

Apr. 1981	Joined IBIDEN Co., Ltd.
Apr. 2007	Director & Managing Officer
Apr. 2009	In charge of Ceramics Operation
Apr. 2009	Operation Manager of DPF Operation
Apr. 2011	Operation Manager of Strategic Manufacturing Operation
Apr. 2013	Director & Executive Managing Officer
Jan. 2015	In charge of Audit
Jan. 2015	In charge of IMS promotion
Jun. 2015	Standing Auditor
Jun. 2017	Director who is an Audit and Supervisory Committee Member of IBIDEN Co.,Ltd. (to present)

Director, Audit and Supervisory Committee Member (Full –time)

Yoichi KUWAYAMA

Date of Birth: May 30, 1958

Apr. 1983	Joined IBIDEN Co., Ltd.
Apr. 2007	Executive
Apr. 2008	Corporate Officer
Apr. 2011	Operation Manager of DPF Operation
Apr. 2012	Managing Officer
Jun. 2012	Director & Managing Officer
Apr. 2014	Director & Executive Managing Officer
Apr. 2014	Operation Manager of Ceramics Operation
Mar. 2016	In charge of Audit
Jun. 2016	Standing Auditor
Jun. 2017	Director who is an Audit and Supervisory Committee Member of IBIDEN Co., Ltd. (to present)

Director, Audit and Supervisory Committee Member (Outside)

Fumio KATO

Date of Birth: January 20, 1944

Jul. 2000	Deputy Manager of Investigation Department Nagoya Regional Taxation Bureau
Jul. 2001	Superintendent of Showa Tax Office
Aug. 2002	Registered as certified tax accountant, Opened Fumio Kato Certified Tax Account Office, Representative of Fumio Kato Certified Tax Account Office (to present)
Jul. 2004	Outside Corporate Auditor of Seino Holdings Co., Ltd. (to present)
Nov. 2014	Outside Corporate Auditor of Himaraya Co., Ltd.
Jun. 2015	Outside Corporate Auditor of IBIDEN Co., Ltd.
Nov. 2015	Outside Director who is an Audit and Supervisory Committee Member of Himaraya Co., Ltd. (to present)
Jun. 2017	Outside Director who is an Audit and Supervisory Committee Member of IBIDEN Co., Ltd. (to present)

Director, Audit and Supervisory Committee Member (Outside)

Masaki HORIE

Date of Birth: November 25, 1949

Apr. 1973	Joined PricewaterhouseCoopers Co., Ltd.
Nov. 1980	Joined Ito Accounting & Consultancy Office
Jul. 1997	Senior Partner of Ito Accounting & Consultancy Office
Jan. 2001	Senior Partner of Chuo-Aoyama Audit Cooperation
Sep. 2006	Senior Partner of Arata Audit Cooperation
Jul. 2010	Opened Masaki HORIE Certified Public Accountant Office, Director of the office (to present)
Jun. 2011	Outside Corporate Auditor of Tokai Rika Co., Ltd.
Jun. 2015	Outside Corporate Auditor of Futaba Industrial Co., Ltd.
Jun. 2016	Outside Director of Futaba Industrial Co., Ltd. (to present)
Jun. 2016	Outside Corporate Auditor of IBIDEN Co., Ltd.
Jun. 2017	Outside Director who is an Audit and Supervisory Committee Member of IBIDEN Co., Ltd. (to present)

Director, Audit and Supervisory Committee Member (Outside)

Nobuko KAWAI

Date of Birth: December 5, 1961

Apr. 1992	Registered as attorney (Daiichi Tokyo Bar Association)
Jan. 1995	Switched the registration as attorney to Nagoya (currently Aichi Prefecture) Bar Association
Apr. 1998	Opened Nobuko KAWAI Law Office, Representative of the office (to present)
Jan. 2004	Mediator for Civil Trial of Jury of Nagoya Summary Court (Part-Time Judge)
Apr. 2009	Deputy Chairman of Aichi Bar Association
Apr. 2012	Professor at Law School of Nagoya University (Practice of Law)
Jun. 2017	Outside Director who is an Audit and Supervisory Committee Member of IBIDEN Co., Ltd. (to present)

Substitute director, Audit & Supervisory Committee Member (Outside)

Shogo KOMORI

Date of Birth: October 23, 1979

Oct. 2003	Registered as attorney (Daini Tokyo Bar Association) Joined Anderson Law Office
Oct. 2004	Switched the registration as attorney to Gifu Prefecture Bar Association Joined Mori Law Office
Mar. 2012	Opened Shogo KOMORI Law Office, Representative of the office (to present)
Apr. 2012	Vice-chairman of Gifu Prefecture Bar Association
Jun. 2015	Substitute Outside Corporate Auditor of IBIDEN Co., Ltd.
Jun. 2017	Substitute Outside Director who is an Audit and Supervisory Committee Member of IBIDEN Co., Ltd. (to present)

Executive Officers

Chairman of the Board

Hiroki Takenaka

President & CEO

Takeshi Aoki

Executive Vice Presidents

Tsuyoshi Nishida

Kozo Kodama

Executive Managing Officer

Masahiko Ikuta

Senior Managing Officers

Sotaro Ito

Koji Kawashima

Kazushige Ohno

Shuichi Kubo

Managing Officers

Honchin Endo

Yasuji Hiramatsu

Hisashi Sano

Yasushi Inagaki

Kota Noda

IBIDEN achieves sustainable growth by implementing CSR management in response to globalization.

CSR Policy

We aim to enhance our corporate value

- By raising awareness of the need for IBIDEN to act responsibly and honestly in the interest of sustainable operations
- By fulfilling our responsibilities in a well-balanced manner from an economic, environmental and social standpoint
- By working in partnership with all of our stakeholders

Diagram of CSR Management

Building a trustworthy relationship with all our stakeholders.

External Corporate Evaluation

The Company conducts gap analyses between targets and results of external corporate evaluations such as SRI evaluation organizations, and identifies elements that are lacking within the Company. The CSR Promotion Division is responsible for analyses. In 2016, IBIDEN was named a constituent of the FTSE4Good Index Series, a world-leading socially responsible investment (SRI) indicator, and was awarded "Prime" status in the CSR rating of oekom research AG, a German-based CSR rating agency (as of June 2017).

* oekom research AG, an independent CSR rating agency based in Germany, was founded in 1993, and has conducted CSR rating from an environmental and social aspect.

Publication of CSR Information

The Group's CSR Report is disclosed on our website in accordance with the core section of the GRI G4 Sustainability Reporting Guidelines (Version 4). We will update detailed environmental and social information on the website in an appropriate manner.

▶▶▶ **CSR Report**
http://www.ibiden.com/csr/report/index.html

Internal Control

In establishing the Group's internal control systems, activities must be undertaken to strengthen corporate governance and promote compliance and risk management under the instruction of the responsible executive officers.

Environmental Management

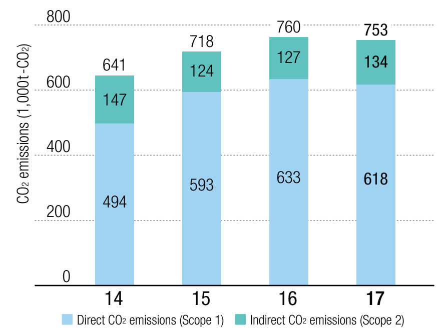
Measures to Develop Clean Energy

We have been conducting hydroelectric power generation since our foundation and currently operate three hydroelectric power plants in the upstream on the Ibi River. The generated power is supplied to power consumers in the region. In addition, we have been are generating energy with solar power generation and cogeneration systems.

Hydroelectric power generated in fiscal year 2016	
151,452 MWh	Equivalent to the annual energy consumption of about 42,000 households.

Higashi-Yokoyama power plant

Trends of CO_2 emissions*1 [IBIDEN Group*2]



Energy Conservation

We are accelerating the improvement of energy conservation practices designed to lower the basic unit of energy consumption in all divisions within the entire Company, striving to strengthen the company-wide CO_2 reduction activities as well as our product-making system.

Global target for fiscal years 2013 to 2017:

3% (fiscal year 2017) compared to actual CO_2 emissions for fiscal year 2012.

Notes:

*1: CO_2 emissions show figures covering production-related locations in Japan and overseas. With regard to the CO_2 emission factor at the time of calculation, we used the factor provided by the "List of Calculation Methods/Emission Factors in the Calculation, Report and Publication System" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry in Japan as well as by gas distribution companies.

*2: CO_2 emissions indicate emissions from all production bases related to production in Japan and overseas.

Human Resource Management

Human Resource Development

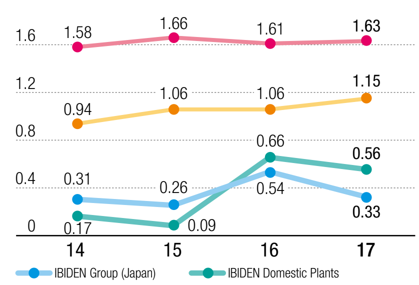
We plan to define model employees with the respective qualifications and to carry out education and training to enhance our strength, and thus become a company that can grow and develop on a permanent basis.

Educational training

Respect for Human Rights

The Group clearly defines its policy to respect the basic rights of workers, as internationally declared, as well as to avoid involvement in any violation of human rights in the IBIDEN Standards for Employee Behavior. We believe it is important to work on the issue of human rights with the entire supply chain, and thus have published the IBIDEN Group Supplier CSR guidelines. In addition, we have been cooperating with our direct suppliers in dealing with such issues.

Occupational accident frequency rate*
(IBIDEN and Domestic Group companies)



Occupational Health and Safety

We conduct health and safety activities with all relevant people, and aim to harmonize health and safety as well as business operations with a fundamental rule of minimizing risks that may affect the life and health of people who take part in IBIDEN's operations.

* Number of occupational injuries (equal to or exceeding accidents requiring leave) for every million cumulative actual working hours.

Social Contribution

Protecting the Global Environment

In fiscal year 2008, we embarked on a forest building initiative: "IBIDEN's Forest." This activity takes place chiefly in Higashi-Yokoyama, where the Company operates its initial hydroelectric power generation business. Together with local residents, employees and former employees, we aim to achieve coexistence with the global environment.

Total area of "IBIDEN's Forest"	
41.31 ha	This forest area is equivalent to some 58 football fields.

Scene of tree planting activity

Consolidated Balance Sheet

IBIDEN CO., LTD. and Consolidated Subsidiaries
March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2017	2016	**2017**
Assets			
Current assets:			
Cash and deposits (Notes 4 and 20)	**¥ 104,182**	¥ 104,765	**$ 928,619**
Short-term investments (Notes 4, 5 and 20)	**—**	3,200	**—**
Notes and accounts receivable (Note 4):			
Trade	**56,610**	57,579	**504,586**
Allowance for doubtful accounts	**(252)**	(290)	**(2,247)**
Inventories:			
Merchandise and finished goods	**10,421**	12,758	**92,887**
Work in process	**7,452**	9,900	**66,427**
Raw materials and supplies	**15,765**	14,446	**140,519**
Deferred income taxes (Note 10)	**1,918**	2,211	**17,099**
Other current assets	**8,074**	9,043	**71,975**
Total current assets	**204,170**	213,612	**1,819,865**
Property, plant and equipment:			
Land (Note 15)	**19,046**	19,144	**169,766**
Buildings and structures (Notes 12,13 and 14)	**183,005**	183,541	**1,631,204**
Machinery and equipment (Notes 12,13 and 14)	**443,160**	441,654	**3,950,085**
Leased assets	**1,617**	1,826	**14,409**
Construction in progress (Notes 12 and 13)	**7,135**	16,826	**63,603**
	653,963	662,991	**5,829,067**
Accumulated depreciation	**(502,810)**	(447,063)	**(4,481,773)**
Property, plant and equipment, net	**151,153**	215,928	**1,347,294**
Investments and other assets:			
Investment securities (Notes 4, 5 and 7):			
Unconsolidated subsidiaries and affiliates	**891**	892	**7,948**
Other	**43,215**	38,169	**385,195**
Long-term loans receivable (Note 4)	**30**	40	**270**
Deferred income taxes (Note 10)	**734**	680	**6,550**
Other assets	**5,900**	7,103	**52,585**
Allowance for doubtful accounts	**(310)**	(314)	**(2,778)**
Total investments and other assets	**50,460**	46,570	**449,770**
Total assets (Note 22)	**¥ 405,783**	¥ 476,110	**$ 3,616,929**

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2017	2016	**2017**
Liabilities and net assets			
Current liabilities:			
Short-term borrowings and current portion of long-term debt (Notes 4 and 6)	**¥ 20,057**	¥ 45,065	**$ 178,777**
Notes and accounts payable (Notes 4 and 7):			
Trade	**29,264**	34,669	**260,842**
Other	**10,332**	16,966	**92,093**
Lease obligations (Note 8)	**110**	145	**984**
Accrued expenses	**5,952**	6,436	**53,054**
Income taxes payable (Note 10)	**1,159**	1,303	**10,327**
Deferred income taxes (Note 10)	**10**	2	**95**
Accrued bonuses for employees	**3,343**	3,508	**29,796**
Accrued bonuses for directors and audit & supervisory board members	**11**	77	**97**
Provision for business restructuring	**12,812**	—	**114,200**
Other current liabilities	**5,499**	5,573	**49,012**
Total current liabilities	**88,549**	113,744	**789,277**
Long-term liabilities:			
Long-term debt (Notes 4 and 6)	**50,006**	25,063	**445,724**
Lease obligations (Note 8)	**86**	101	**767**
Liability for retirement benefits (Note 9)	**469**	465	**4,180**
Deferred income taxes (Note 10)	**4,309**	3,751	**38,410**
Other long-term liabilities	**1,424**	1,465	**12,693**
Total long-term liabilities	**56,294**	30,845	**501,774**
Net assets:			
Shareholders' equity (Note 11):			
Common stock:			
Authorized – 230,000,000 shares			
Issued – 140,860,557 shares in 2017 and 2016	**64,152**	64,152	**571,822**
Capital surplus	**64,579**	64,579	**575,625**
Retained earnings	**121,092**	188,599	**1,079,344**
Less treasury stock, at cost	**(18,306)**	(18,302)	**(163,166)**
Total shareholders' equity	**231,517**	299,028	**2,063,625**
Accumulated other comprehensive income (loss):			
Net unrealized holding gain on other securities	**15,987**	12,478	**142,503**
Deferred gain (loss) on hedges (Note 21)	**640**	198	**5,701**
Surplus arising from land revaluation (Note 15)	**160**	160	**1,427**
Translation adjustments	**8,211**	15,469	**73,184**
Total accumulated other comprehensive income	**24,998**	28,305	**222,815**
Non-controlling interests	**4,425**	4,188	**39,438**
Total net assets (Note 18)	**260,940**	331,521	**2,325,878**
Total liabilities and net assets	**¥405,783**	¥476,110	**$3,616,929**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Income

IBIDEN CO., LTD. and Consolidated Subsidiaries
Years ended March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2017	2016	**2017**
Net sales (Note 22)	**¥266,460**	¥314,119	**$2,375,076**
Cost of sales	**210,641**	238,346	**1,877,536**
Gross profit	**55,819**	75,773	**497,540**
Selling, general and administrative expenses (Note 16)	**48,677**	53,202	**433,880**
Operating income (Note 22)	**7,142**	22,571	**63,660**
Other income (expenses):			
Interest and dividend income	**1,558**	1,186	**13,887**
Interest expense	**(188)**	(319)	**(1,674)**
Other, net (Note 17)	**(69,284)**	(11,309)	**(617,561)**
Profit (loss) before income taxes	**(60,772)**	12,129	**(541,688)**
Income taxes (Note 10):			
Current	**(2,391)**	(4,233)	**(21,315)**
Deferred	**544**	(127)	**4,855**
	(1,847)	(4,360)	**(16,460)**
Profit (loss)	**(62,619)**	7,769	**(558,148)**
Profit (loss) attributable to:			
Non-controlling interests	**(230)**	(238)	**(2,053)**
Owners of parent (Note 18)	**¥ (62,849)**	¥ 7,531	**$ (560,201)**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

IBIDEN CO., LTD. and Consolidated Subsidiaries
Years ended March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2017	2016	**2017**
Profit (loss)	**¥(62,619)**	¥7,769	**$(558,148)**
Other comprehensive (loss) income:			
Net unrealized holding gain (loss) on other securities	**3,532**	(8,550)	**31,479**
Deferred gain on hedges	**442**	199	**3,938**
Surplus arising from land revaluation	**—**	3	**—**
Translation adjustments	**(7,259)**	(13,657)	**(64,702)**
Total other comprehensive income (Note 19)	**(3,285)**	(22,005)	**(29,285)**
Comprehensive loss	**¥(65,904)**	¥(14,236)	**$(587,433)**
Comprehensive loss attributable to:			
Owners of parent	**¥(66,109)**	¥(14,449)	**$(589,261)**
Non-controlling interests	**205**	213	**1,828**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

IBIDEN CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2017 and 2016

Millions of yen

	Number of shares in issue (Thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on other securities	Deferred loss (gain) on hedges	Surplus arising from land revaluation	Translation adjustments	Non-controlling interests	Total net assets
Balance at April 1, 2015	150,861	¥64,152	¥68,355	¥210,424	¥(37,115)	¥21,003	¥ (1)	¥157	¥29,126	¥3,991	¥360,092
Cash dividends	—	—	—	(4,833)	—	—	—	—	—	—	(4,833)
Profit attributable to owners of parent	—	—	—	7,531	—	—	—	—	—	—	7,531
Purchases of treasury stock	—	—	—	—	(9,486)	—	—	—	—	—	(9,486)
Retirement of treasury stock	(10,000)	—	(3,776)	(24,523)	28,299	—	—	—	—	—	—
Other changes	—	—	—	—	—	(8,525)	199	3	(13,657)	197	(21,783)
Balance at April 1, 2016	**140,861**	**64,152**	**64,579**	**188,599**	**(18,302)**	**12,478**	**198**	**160**	**15,469**	**4,188**	**331,521**
Cash dividends	**—**	**—**	**—**	**(4,658)**	**—**	**—**	**—**	**—**	**—**	**—**	**(4,658)**
Loss attributable to owners of parent	**—**	**—**	**—**	**(62,849)**	**—**	**—**	**—**	**—**	**—**	**—**	**(62,849)**
Purchases of treasury stock	**—**	**—**	**—**	**—**	**(4)**	**—**	**—**	**—**	**—**	**—**	**(4)**
Retirement of treasury stock	**—**	**—**	**—**	**(0)**	**0**	**—**	**—**	**—**	**—**	**—**	**0**
Other changes	**—**	**—**	**—**	**—**	**—**	**3,509**	**442**	**—**	**(7,258)**	**237**	**(3,070)**
Balance at March 31, 2017	**140,861**	**¥64,152**	**¥64,579**	**¥121,092**	**¥(18,306)**	**¥15,987**	**¥640**	**¥160**	**¥ 8,211**	**¥4,425**	**¥260,940**

IBIDEN CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2017 and 2016

Thousands of U.S. dollars (Note 3)

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on other securities	Deferred gain on hedges	Surplus arising from land revaluation	Translation adjustments	Non-controlling interests	Total net assets
Balance at April 1, 2016	$571,822	$575,625	$1,681,064	$(163,136)	$111,219	$1,763	$1,427	$137,886	$37,326	$2,954,996
Cash dividends	–	–	(41,517)	–	–	–	–	–	–	(41,517)
Loss attributable to owners of parent	–	–	(560,201)	–	–	–	–	–	–	(560,201)
Purchases of treasury stock	–	–	–	(34)	–	–	–	–	–	(34)
Retirement of treasury stock	–	–	(2)	4	–	–	–	–	–	2
Other changes	–	–	–	–	31,284	3,938	–	(64,702)	2,112	(27,368)
Balance at March 31, 2017	**$571,822**	**$575,625**	**$1,079,344**	**$(163,166)**	**$142,503**	**$5,701**	**$1,427**	**$ 73,184**	**$39,438**	**$2,325,878**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

IBIDEN CO., LTD. and Consolidated Subsidiaries
Years ended March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2017	2016	**2017**
Operating activities			
Profit (loss) before income taxes	**¥ (60,772)**	¥ 12,129	**$(541,688)**
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization	**33,148**	44,057	**295,461**
Loss on impairment of fixed assets	**102**	6,403	**913**
Reversal for accrued bonuses for employees	**(283)**	(451)	**(2,519)**
Reversal of allowance for doubtful accounts	**(40)**	(84)	**(358)**
Increase (decrease) in liability for retirement benefits	**4**	(40)	**36**
Interest and dividend income	**(1,558)**	(1,186)	**(13,887)**
Interest expense	**188**	319	**1,674**
Gain on sales of property and equipment	**(197)**	(63)	**(1,753)**
Loss on disposal of property and equipment and other assets	**1,281**	4,058	**11,416**
Gain on sales of investment securities	**—**	(2,194)	**—**
Loss on devaluation of investment securities	**—**	3	**—**
Business structure reform expenses	**59,441**	—	**529,826**
Decrease in notes and accounts receivable	**859**	517	**7,658**
Decrease (increase) in inventories	**2,675**	(252)	**23,844**
(Decrease) increase in notes and accounts payable	**(4,671)**	2,474	**(41,637)**
Other, net	**824**	2,420	**7,348**
Subtotal	**31,001**	68,110	**276,334**
Interest and dividends received	**1,615**	1,212	**14,395**
Interest paid	**(188)**	(319)	**(1,674)**
Income taxes paid	**(4,225)**	(11,892)	**(37,664)**
Income taxes refunded	**610**	2,388	**5,435**
Net cash provided by operating activities	**¥ 28,813**	¥ 59,499	**$ 256,826**

IBIDEN CO., LTD. and Consolidated Subsidiaries
Years ended March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2017	2016	**2017**
Investing activities			
Purchases of property and equipment	**¥ (25,558)**	¥ (42,747)	**$(227,813)**
Proceeds from sales of property and equipment	**182**	80	**1,620**
Purchases of intangible assets	**(1,023)**	(329)	**(9,118)**
Purchases of investment securities	**(38)**	(166)	**(338)**
Proceeds from sales of investment securities	**2**	2,843	**15**
Long-term loans receivable made	**(11)**	(11)	**(97)**
Collection of long-term loans receivable	**19**	2	**166**
Other, net	**147**	889	**1,316**
Net cash used in investing activities	**(26,280)**	(39,439)	**(234,249)**
Financing activities			
Increase (decrease) in short-term borrowings, net	**—**	(2,600)	**—**
Increase in long-term debt	**10,000**	—	**89,135**
Repayment of long-term debt	**(10,065)**	(3,127)	**(89,716)**
Proceeds from issuance of bonds	**15,000**	—	**133,702**
Redemption of bonds	**(15,000)**	—	**(133,702)**
Purchases of treasury stock	**(4)**	(9,483)	**(34)**
Proceeds from sales of treasury stock	**1**	—	**4**
Cash dividends paid to non-controlling interests	**(15)**	(15)	**(136)**
Cash dividends paid	**(4,658)**	(4,833)	**(41,517)**
Repayments of lease obligations	**(94)**	(521)	**(835)**
Other, net	**(300)**	100	**(2,675)**
Net cash (used in) provided by financing activities	**(5,135)**	(20,479)	**(45,774)**
Effect of exchange rate changes on cash and cash equivalents	**(1,171)**	(2,185)	**(10,439)**
Decrease in cash and cash equivalents	**(3,773)**	(2,604)	**(33,636)**
Cash and cash equivalents at beginning of year	**107,875**	110,479	**961,542**
Cash and cash equivalents at end of year (Note 20)	**¥104,102**	¥107,875	**$ 927,906**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

IBIDEN CO., LTD. and Consolidated Subsidiaries
March 31, 2017

1. Basis of Presentation

IBIDEN CO., LTD. (the "Company") and its domestic subsidiaries maintain their books of account in conformity with accounting principles generally accepted in Japan, and its overseas subsidiaries maintain their books of account in conformity with those of their respective countries of domicile.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically for the convenience of readers outside Japan. Furthermore, the notes to the consolidated financial statements include certain information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and its 33 and 34 significant consolidated subsidiaries for the years ended March 31, 2017 and 2016, respectively.

The principles of consolidation are to include significant subsidiaries over which substantial control is exerted either through majority ownership of voting stock and/or by other means. For the years ended March 31, 2017 and 2016, there are no affiliates accounted for by the equity method.

All significant intercompany transactions and accounts have been eliminated in consolidation.

Investments in unconsolidated subsidiaries and affiliates are carried at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written them down.

The financial statements of certain overseas consolidated subsidiaries whose fiscal year end is December 31 have been included in consolidation on the basis of a full fiscal year closing on March 31 for consolidation purposes.

(b) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date and gain or loss on each translation is credited or charged to income.

Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into yen at the rates of exchange in effect at the respective transaction dates. Gain or loss resulting from foreign currency transactions is credited or charged to income in the year in which the gain or loss is recognized for financial reporting purposes.

The balance sheet accounts of the overseas consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date except that the components of net assets excluding non-controlling interests are translated at their historical exchange rates. Revenue and expense accounts are translated into yen at the average rates of exchange in effect during the year. Adjustments resulting from translating financial statements denominated in a foreign currency are not included in the determination of profit attributable to owners of parent, but are reported as translation adjustments and non-controlling interests in net assets in the accompanying consolidated balance sheet.

(c) Cash equivalents

For the purposes of the consolidated statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

(d) Allowance for doubtful accounts

An allowance for doubtful accounts of the Company and its domestic consolidated subsidiaries is provided at an amount principally calculated based on their historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific bad debts from customers experiencing financial difficulties.

An allowance for doubtful accounts of the Company's overseas consolidated subsidiaries is provided at an amount principally calculated based on an estimate of their probable specific bad debts.

(e) Inventories

Inventories of the Company and its domestic consolidated subsidiaries are stated principally at the lower of cost or net selling value, cost being determined primarily by the moving average method. Inventories of the overseas consolidated subsidiaries are stated principally at the lower of cost or market, cost being determined primarily by the first-in, first-out method.

(f) Short-term investments and investment securities

Securities are classified into three categories: trading securities, held-to-maturity debt securities or other securities. Trading securities, consisting of debt and marketable equity securities, are carried at fair value. Gain or loss, both realized and unrealized, is credited or charged to income. Held-to-maturity debt securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of accumulated other comprehensive income (loss). Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(g) Property, plant and equipment and depreciation (other than leased assets)

Depreciation of property, plant and equipment of the Company and its domestic consolidated subsidiaries is calculated principally by the declining-balance method based on the estimated useful lives of the respective assets and the residual value determined by the Company and each domestic consolidated subsidiary.

Depreciation of property, plant and equipment of the overseas consolidated subsidiaries is calculated principally by the straight-line method based on the estimated useful lives of the respective assets and the residual value determined by each overseas consolidated subsidiary.

The principal estimated useful lives are as follows:

Buildings and structures	3 to 75 years
Machinery and equipment	3 to 22 years

Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income as incurred.

(h) Intangible assets included in other assets (other than leased assets)

Amortization of intangible assets is calculated by the straight-line method. Capitalized computer software intended for internal use is amortized over its estimated useful life of five years.

(i) Leases

Leased assets under finance leases are depreciated to their residual value of zero by the straight-line method using the contract term as the useful life.

(j) Accrued bonuses for employees

Accrued bonuses for employees of the Company and its domestic consolidated subsidiaries are provided for the current portion of the estimated amount of bonuses to be paid to the employees in the following year.

(k) Accrued bonuses for directors and audit & supervisory board members

Accrued bonuses for directors and audit & supervisory board members of the Company is provided for the current portion of the estimated amount of bonuses to be paid to the directors and audit & supervisory board members in the following year.

(l) Provision for business structure reform expenses

Accrued expenses for business structure reform are provided for the current portion of the estimated amount to be occurred in the future.

(m) Retirement benefits for employees

Liability for retirement benefits for employees of certain consolidated subsidiaries is provided principally at an amount calculated based on the retirement benefit obligation.

The retirement benefit obligation of certain consolidated subsidiaries is attributed to each year by the straight-line basis over the estimated remaining years of service of the eligible employees. Prior service cost and actuarial gain or loss incurred at certain consolidated subsidiaries are credited or charged to income in the year in which the gain or loss is recognized.

Certain consolidated subsidiaries have adopted a simplified method for the retirement benefits calculation. Under this simplified method, liability for retirement benefits is stated at the amount which would be required to be paid if all eligible employees voluntarily terminated their employment at the balance sheet date.

(n) Income taxes

Deferred tax assets and liabilities have been recognized in the accompanying consolidated financial statements with respect to the differences between the amounts recorded for financial reporting purposes and the tax bases of the assets and liabilities, and were measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(o) Deferred assets

Bond issuance costs are charged to expense as incurred.

(p) Research and development costs

Research and development costs are charged to expense as incurred.

(q) Revenues and related costs

Revenues and the related costs and expenses, except for those from construction contracts, are generally recognized on sales of products at the time of shipment. The Company recognizes revenue by applying the percentage-of-completion method for the construction projects for which the outcome of the construction activity is deemed certain at the end of the reporting period. To estimate the progress of such construction projects, the Company measures the percentage of completion by comparing costs incurred to date with the most recent estimate of total costs required to complete the project (cost to cost basis). For other construction projects where the outcome cannot be reliably measured, the completed-contract method is applied.

(r) Derivatives

Derivatives positions are carried at fair value with any changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred and reported as deferred gain or loss on hedges in a separate component of accumulated other comprehensive income (loss).

(s) Distribution of retained earnings

Under the Corporation Law of Japan (the “Law”), the distribution of retained earnings with respect to a given fiscal year is made by resolution at a meeting of the Board of Directors of the Company held subsequent to the close of such fiscal year. The accounts for that fiscal year do not, therefore, reflect such distributions. (Refer to Note 23.)

3. U.S. Dollar Amounts

The U.S. dollar amounts in the accompanying consolidated financial statements have been translated from yen, solely for convenience and as a matter of arithmetic computation only, at ¥112.19 = U.S.$1.00, the rate of exchange prevailing on March 31, 2017. This translation should not be construed as a representation that the yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Financial Instruments

Status of financial instruments

The Company and its consolidated subsidiaries (collectively, the “Group”) raise funds principally through the issuance of bonds and loans from banks in consideration of plans for capital expenditures. The Group manages temporary cash surpluses through highly liquid financial assets. Furthermore, the Group raises short-term capital through loans from banks. The Group utilizes derivative financial instruments for the purpose of reducing the risk mentioned below and does not enter into derivative transactions for speculative purposes.

Notes and accounts receivable, trade, are exposed to credit risk in relation to customers. In addition, the Group is exposed to foreign currency exchange risk arising from trade receivables denominated in foreign currencies. Short-term investments and investment securities are exposed to market risk. Those securities mainly consist of the shares of other companies with which the Group has business relationships and debt securities through which the Group manages temporary cash surpluses.

Substantially all notes and accounts payable have payment due dates within one year. In addition, the Group is exposed to foreign currency exchange risk arising from those trade payables denominated in foreign currencies.

The Group conducts varied financing activities to acquire necessary funding for working capital investments in property, plant and equipment, and so forth. Borrowings and bonds with floating interest as a part of such financing are exposed to the risk of interest rate fluctuation.

Regarding derivative transactions, the Group enters into forward foreign exchange contracts to reduce the foreign currency exchange risk arising from the receivables and payables denominated in foreign currencies.

In accordance with the internal policies of the Group for managing credit risk (risk of non-performance by any of the counterparties) arising from trade receivables, the Group periodically monitors credit worthiness of customers and takes prompt action on outstanding balances in order to mitigate the credit risks. In addition, the Group only acquires held-to-maturity debt securities with high credit ratings.

For trade receivables and payables denominated in foreign currencies, the Company identifies the foreign currency exchange risk for each currency on a monthly basis and enters into forward foreign exchange contracts to hedge such risk.

In order to mitigate the unfavorable impact caused by foreign currency exchange fluctuations on accounts receivable deriving from forecasted export sales transactions, the Company also enters into forward foreign exchange contracts to the extent it is probable that those forecasted export sales take place.

For short-term investments and investment securities, the Group periodically reviews market prices and the financial position of the issuers who are business counterparties of the Group. In addition, the Group continuously evaluates whether securities other than those classified as held-to-maturity debt securities should be maintained taking into account their fair values and relationships with the counterparty companies.

Derivative transactions are entered into by the division in charge of derivative transactions with the approval from authorized officers in accordance with the internal policies, which set forth delegation of authority and maximum upper limit on positions.

In order to manage liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates) responsible division prepares and updates its cash flow plans on a timely basis based on reports from each division.

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the notional amounts of derivatives in Note 21, “Derivatives” are not necessarily indicative of the actual market risk involved in the derivative transactions.

Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet and estimated fair value at March 31, 2017 and 2016 are summarized as follows. Financial instruments for which it is extremely difficult to determine the fair value are not included in the following table.

	2017		
	Carrying value	Estimated fair value	Difference
		(Millions of yen)	
Assets:			
Cash and deposits	¥104,182	¥104,182	¥ —
Notes and accounts receivable, trade	56,610	56,610	—
Short-term investments and investment securities	42,454	42,454	—
Long-term loans receivable	30	30	—
Total assets	¥203,276	¥203,276	¥ —
Liabilities:			
Short-term borrowings	¥ 20,000	¥ 20,000	¥ —
Notes and accounts payable, trade	29,264	29,264	—
Notes and accounts payable, other	10,332	10,332	—
Long-term debt, including current portion of long-term debt	50,063	50,120	57
Total liabilities	109,659	109,716	57
Derivative transactions (*)	¥ 1,557	¥ 1,557	¥ —

	2016		
	Carrying value	Estimated fair value	Difference
		(Millions of yen)	
Assets:			
Cash and deposits	¥104,765	¥104,765	¥ —
Notes and accounts receivable, trade	57,579	57,579	—
Short-term investments and investment securities	40,611	40,611	—
Long-term loans receivable	40	38	(2)
Total assets	¥202,995	¥202,993	¥ (2)
Liabilities:			
Short-term borrowings	¥ 20,000	¥ 20,000	¥ —
Notes and accounts payable, trade	34,669	34,669	—
Notes and accounts payable, other	16,966	16,966	—
Long-term debt, including current portion of long-term debt	50,128	50,299	171
Total liabilities	121,763	121,934	171
Derivative transactions (*)	¥ 811	¥ 811	¥ —

	2017		
	Carrying value	Estimated fair value	Difference
		(Thousands of U.S. dollars)	
Assets:			
Cash and deposits	$ 928,619	$ 928,619	$ —
Notes and accounts receivable, trade	504,586	504,586	—
Short-term investments and investment securities	378,420	378,420	—
Long-term loans receivable	270	267	(3)
Total assets	$1,811,895	$1,811,892	$ (3)
Liabilities:			
Short-term borrowings	$ 178,269	$ 178,269	$ —
Notes and accounts payable, trade	260,842	260,842	—
Notes and accounts payable, other	92,093	92,093	—
Long-term debt, including current portion of long-term loans debt	446,232	446,743	511
Total liabilities	977,436	977,947	511
Derivative transactions (*)	$ 13,880	$ 13,880	$ —

* Assets and liabilities arising from derivatives are presented at net value. The amount in parentheses represents a net liability position.

Methods to determine the estimated fair value of financial instruments are as follows:

Carrying value of cash and deposits, notes and accounts receivable, trade, approximates fair value because these items are settled in a short period of time.

Regarding short-term investments and investment securities, the fair value of shares is based on quoted market prices. The fair value of debt securities is based on either quoted market prices or prices provided by financial institutions.

For information on securities classified by holding purpose, please refer to Note 6, “Short-Term Investments and Investment Securities.”

Fair value of long-term loans receivable, classified by the maturity and current credit risk of each loan, is based on the present value of the total of principal and interest discounted by the interest rate determined taking into account that of Japanese government bonds and the credit spreads of each loan. The fair value in the table above includes the current portion of long-term loans receivable.

Carrying value of short-term borrowings and notes and accounts payable, trade and other approximates fair value because these items are settled in a short period of time.

The fair value of long-term debt is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new borrowings were entered into. The fair value in the table above includes the current portion of long-term loans debt.

Regarding fair value of derivatives, please refer to Note 21, “Derivatives.”

Carrying value of financial instruments for which it is extremely difficult to determine the fair value at March 31, 2017 and 2016 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Unlisted equity securities	**¥1,652**	¥1,649	**$14,724**

Redemption schedules for monetary assets at March 31, 2017 and 2016 were as follows:

	2017			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
	(Millions of yen)			
Cash and deposits	**¥104,182**	**¥ —**	**¥—**	**¥—**
Notes and accounts receivable, trade	**56,610**	**—**	**—**	**—**
Long-term loans receivable	**—**	**21**	**9**	**—**
Total	**¥160,792**	**¥21**	**¥ 9**	**¥—**

	2016			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
	(Millions of yen)			
Cash and deposits	¥104,765	¥ —	¥ —	¥—
Notes and accounts receivable, trade	57,579	—	—	—
Long-term loans receivable	—	29	11	—
Total	¥162,344	¥29	¥11	¥—

	2017			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
	(Thousands of U.S. dollars)			
Cash and deposits	**$ 928,619**	**$ —**	**$—**	**$—**
Notes and accounts receivable, trade	**504,586**	**—**	**—**	**—**
Long-term loans receivable	**22**	**187**	**83**	**—**
Total	**$1,433,227**	**$187**	**$83**	**$—**

5. Short-Term Investments and Investment Securities

(a) Marketable securities classified as other securities at March 31, 2017 and 2016 are summarized as follows:

	2017		
	Acquisition cost	Market value reflected in the balance sheet	Difference
	(Millions of yen)		
Securities whose market value reflected in the balance sheet exceeds their acquisition cost:			
Equity securities	**¥18,746**	**¥41,232**	**¥22,486**
Other	**—**	**—**	**—**
Subtotal	**18,746**	**41,232**	**22,486**
Securities whose market value reflected in the balance sheet does not exceed their acquisition cost:			
Equity securities	**1,333**	**1,222**	**(111)**
Other	**—**	**—**	**—**
Subtotal	**1,333**	**1,222**	**(111)**
Total	**¥20,079**	**¥42,454**	**¥22,375**

	Acquisition cost	2016 Market value reflected in the balance sheet	Difference
		(Millions of yen)	
Securities whose market value reflected in the balance sheet exceeds their acquisition cost:			
Equity securities	¥18,629	¥36,090	¥17,461
Other	—	—	—
Subtotal	18,629	36,090	17,461
Securities whose market value reflected in the balance sheet does not exceed their acquisition cost:			
Equity securities	1,403	1,321	(82)
Other	3,200	3,200	—
Subtotal	4,603	4,521	(82)
Total	¥23,232	¥40,611	¥17,379

	Acquisition cost	2017 Market value reflected in the balance sheet	Difference
		(Thousands of U.S. dollars)	
Securities whose market value reflected in the balance sheet exceeds their acquisition cost:			
Equity securities	$167,087	$367,523	$200,436
Other	—	—	—
Subtotal	167,087	367,523	200,436
Securities whose market value reflected in the balance sheet does not exceed their acquisition cost:			
Equity securities	11,889	10,896	(993)
Other	—	—	—
Subtotal	11,889	10,896	(993)
Total	$178,976	$378,419	$199,443

Unlisted equity securities (recorded in the accompanying consolidated balance sheet in the amounts of ¥1,652 million ($14,724 thousand) and ¥1,649 million at March 31, 2017 and 2016, respectively) are not included in the table above because there were no quoted market prices available and it is extremely difficult to determine the fair value.

The Company and certain domestic consolidated subsidiaries have recognized losses on devaluation of investment securities classified as other securities of ¥3 million for the year ended March 31, 2016.

Loss on devaluation of investment securities are recorded for the securities whose market value represents a substantial decline of 50% or more and for those which have declined within a range of 30% or more, but less than 50% if the decline is deemed to be irrecoverable.

(b) The proceeds from sales of, and gross realized gain and loss on, other securities for the years ended March 31, 2017 and 2016 are summarized as follows:

	Proceeds	2017 Gross realized gain	Gross realized loss
		(Millions of yen)	
Equity securities	¥ 2	¥—	¥(1)
Other	—	—	—
Total	¥ 2	¥—	¥(1)

	Proceeds	2016 Gross realized gain	Gross realized loss
		(Millions of yen)	
Equity securities	¥ 649	¥2,194	¥—
Other	4,001	—	—
Total	¥4,650	¥2,194	¥—

	Proceeds	2017 Gross realized gain	Gross realized loss
		(Thousands of U.S. dollars)	
Equity securities	$15	$—	$(10)
Other	—	—	—
Total	$15	$—	$(10)

6. Short-Term Borrowings and Long-Term Debt

Short-term borrowings and the current portion of long-term debt at March 31, 2017 and 2016 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Short-term borrowings	**¥20,000**	¥20,000	**$178,269**
Current portion of long-term debt	**57**	25,065	**508**
	¥20,057	¥45,065	**$178,777**

The weighted-average annual interest rates applicable to short-term borrowings outstanding at March 31, 2017 and 2016 were 0.12% and 0.22%, respectively.

Long-term debt at March 31, 2017 and 2016 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Debt without collateral:			
Loans from banks due April 2017 through October 2020, at average interest rates of 0.20% and 0.30% per annum at March 31, 2017 and 2016, respectively	**¥10,063**	¥10,128	**$ 89,694**
Bonds in yen due September 2016 at rate of 0.495%	**—**	15,000	**—**
Bonds in yen due April 2019 at rate of 0.294%	**25,000**	25,000	**222,836**
Bonds in yen due August 2021 at rate of 0.120%	**15,000**	—	**133,702**
Subtotal	**¥50,063**	¥50,128	**$446,232**
Less current portion	**(57)**	(25,065)	**(508)**
	¥50,006	¥25,063	**$445,724**

The aggregate annual maturities of long-term debt subsequent to March 31, 2017 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2018	¥ 57	$ 508
2019	6	51
2020	25,000	222,836
2021	10,000	89,135
2022 and thereafter	15,000	133,702
	¥50,063	$446,232

7. Assets Pledged as Collateral

Assets pledged as collateral for accounts payable and other current liabilities of ¥53 million ($468 thousand) at March 31, 2017 were as follows:

	Millions of yen	Thousands of U.S. dollars
Investment securities	¥14	$121

8. Lease Obligations

The aggregate annual maturities of lease obligations subsequent to March 31, 2017 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2018	¥110	$ 984
2019	59	530
2020	16	138
2021	7	67
2022 and thereafter	4	32
	¥196	$1,751

9. Retirement Benefits

The Company and certain domestic consolidated subsidiaries have defined contribution plans for retirement benefits. Other domestic consolidated subsidiaries have defined benefit plans, including lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

Certain consolidated subsidiaries calculate the liability for retirement benefits based on the simplified method.

The changes in the retirement benefit obligation for the years ended March 31, 2017 and 2016 are summarized as follows (excluding retirement benefit obligations based on the simplified method):

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Retirement benefit obligation at the beginning of the year	**¥457**	¥495	**$4,073**
Service cost	**22**	26	**200**
Interest cost	**9**	9	**77**
Foreign currency translation difference	**(26)**	(9)	**(228)**
Others	**(2)**	(64)	**(19)**
Retirement benefit obligation at the end of the year	**¥460**	¥457	**$4,103**

The changes in the retirement benefit obligation under the simplified method for the years ended March 31, 2017 and 2016 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Retirement benefit obligation at the beginning of the year	**¥ 8**	¥ 9	**$71**
Service cost	**1**	4	**9**
Benefit paid	**(0)**	(5)	**(3)**
Retirement benefit obligation at the end of the year	**¥ 9**	¥ 8	**$77**

The balance of retirement benefit obligation and plan assets at fair value at March 31, 2017 and 2016 and liabilities recognized in the consolidated balance sheet at March 31, 2017 and 2016 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Unfunded retirement benefit obligation*	**¥469**	¥465	**$4,180**
Net amount of liabilities and assets recognized in consolidated balance sheet	**469**	465	**4,180**
Liability for retirement benefits	**469**	465	**4,180**
Asset for retirement benefits	**—**	—	**—**
Net amount of liabilities and assets recognized in consolidated balance sheet	**¥469**	¥465	**$4,180**

* Certain domestic consolidated subsidiaries have calculated their retirement benefit obligation based on the simplified method.

The components of retirement benefit expenses for the years ended March 31, 2017 and 2016 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Service cost	**¥23**	¥ 30	**$210**
Interest cost	**9**	9	**77**
Amortization of actuarial loss	**(2)**	(26)	**(19)**
Retirement benefit expenses	**¥30**	¥ 13	**$268**

The actuarial assumption used in accounting for the above plans was as follows:

	2017	2016
Discount rates	**1.9-2.1%**	1.9%

The required contributions to defined contribution plans of the Company and certain consolidated subsidiaries were ¥1,534 million ($13,675 thousand) and ¥1,581 million for the years ended March 31, 2017 and 2016, respectively.

10. Income Taxes

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants' taxes and enterprise taxes, which, in the aggregate, resulted in statutory tax rates of approximately 32.3% for the year ended March 31, 2016. Income taxes of the overseas consolidated subsidiaries are based generally on the tax rate applicable in their respective countries of incorporation.

The effective tax rates for the year ended March 31 2016 differed from the statutory tax rates for the following reasons:

	2017	2016
Statutory tax rates	**—%**	32.3%
Effect of:		
Elimination of dividend income received from overseas consolidated subsidiaries	**—**	27.6
Permanently non-deductible expenses	**—**	2.3
Tax effect of retained earnings in overseas consolidated subsidiaries	**—**	(2.6)
Income taxes refunded	**—**	(18.6)
Change in statutory income tax rate	**—**	4.3
Difference between statutory tax rate in Japan and income tax rates applied at overseas consolidated subsidiaries	**—**	(17.1)
Tax credits	**—**	(12.8)
Permanently non-taxable dividends received	**—**	(27.3)
Valuation allowance	**—**	43.8
Other, net	**—**	4.1
Effective tax rates	**—%**	36.0%

Due to loss before income tax for the year ended March 31 2017, Note of effect of income tax is omit.

The significant components of deferred tax assets and liabilities at March 31, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Deferred tax assets:			
Depreciation	**¥ 4,600**	¥ 3,508	**$ 41,004**
Tax loss carryforwards	**606**	719	**5,401**
Accrued bonuses	**1,012**	1,101	**9,021**
Intercompany profit on sales of property, plant and equipment	**572**	576	**5,101**
Loss on devaluation of investment securities	**646**	638	**5,758**
Loss on valuation of shares of subsidiaries	**23,565**	701	**210,045**
Loss on devaluation of inventories	**349**	458	**3,113**
Loss on impairment of fixed assets	**843**	305	**7,512**
Provision for doubtful accounts	**153**	100	**1,365**
Other	**876**	542	**7,805**
Gross deferred tax assets	**33,222**	8,648	**296,125**
Less: valuation allowance	**(27,138)**	(2,978)	**(241,891)**
Total deferred tax assets	**6,084**	5,670	**54,234**
Deferred tax liabilities:			
Net unrealized holding gain on other securities	**(6,148)**	(4,584)	**(54,801)**
Net unrealized gain on land revaluation resulting from inclusion of a subsidiary in consolidation	**(741)**	(741)	**(6,605)**
Reserve for depreciation for tax purposes	**(40)**	(42)	**(354)**
Tax effect of retained earnings in overseas consolidated subsidiaries	**(754)**	(1,097)	**(6,721)**
Surplus arising from land revaluation	**(68)**	(68)	**(609)**
Total deferred tax liabilities	**(7,751)**	(6,532)	**(69,090)**
Net deferred tax liabilities	**¥ (1,667)**	¥ (862)	**$ (14,856)**

11. Shareholders' Equity

The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

Retained earnings include the legal reserve provided in accordance with the Law. The legal reserve of the Company included in retained earnings at March 31, 2017 and 2016 amounted to ¥3,548 million ($31,630 thousand) and ¥3,548 million, respectively.

The Law further provides that, in general, an amount equal to the entire amount of the paid-in capital for new share issuances be transferred to the common stock account; however, an amount equal to or less than 50% of the entire amount may be transferred to the capital surplus account.

Treasury stock

Movements in treasury stock during the years ended March 31, 2017 and 2016 are summarized as follows:

	Number of shares			
	2017			
	March 31, 2016	Increase	Decrease	March 31, 2017
Treasury stock:				
Common stock	**7,778,279**	**2,620**	**204**	**7,780,695**

	Number of shares			
	2016			
	March 31, 2015	Increase	Decrease	March 31, 2016
Treasury stock:				
Common stock	12,775,618	5,002,661	10,000,000	7,778,279

12. Loss on Impairment of Fixed Assets

Fixed assets are grouped based on business segments. The production facilities which cannot contribute to the revenue initially expected due to reconsideration of production system and restructuring of business structure and the carrying values of the idle assets which are not anticipated to be utilized in the future due to reconsideration of production system have been reduced to their respective recoverable amounts.

Losses on impairment of fixed assets for the years ended March 31, 2017 and 2016 are summarized as follows:

2017				
Location	Classification	Description	Millions of yen	Thousands of U.S. dollars
Ogaki City, Gifu Prefecture	**Buildings and structures**	**Idle**	**¥ 3,480**	**$ 31,019**
Ogaki City, Gifu Prefecture	**Construction in Progress**	**Idle**	**¥ 434**	**$ 3,866**
Godo Town, Gifu Prefecture	**Buildings and structures**	**Idle**	**¥ 517**	**$ 4,606**
Ibigawa Town, Gifu Prefecture	**Buildings and structures**	**Idle**	**¥ 4**	**$ 36**
Batangas, Republic of Philippines	**Machinery and equipment**	**Idle**	**¥ 2,563**	**$ 22,846**
Batangas, Republic of Philippines	**Construction in Progress**	**Idle**	**¥ 611**	**$ 5,450**
Batangas, Republic of Philippines	**Others**	**Idle**	**¥ 58**	**$ 519**
Courtenay, France	**Machinery and equipment**	**Production Facilities**	**¥ 1,253**	**$ 11,172**
Penang, Malaysia	**Buildings and structures**	**Production Facilities**	**¥ 7,758**	**$ 69,148**
Penang, Malaysia	**Machinery and equipment**	**Production Facilities**	**¥21,555**	**$192,127**
Penang, Malaysia	**Construction in Progress**	**Production Facilities**	**¥ 8,266**	**$ 73,680**
Penang, Malaysia	**Others**	**Production Facilities**	**¥ 530**	**$ 4,720**
Pohang, South Korea	**Construction in Progress**	**Idle**	**¥ 102**	**$ 913**

2016				
Location	Classification	Description	Millions of yen	Thousands of U.S. dollars
Ogaki City, Gifu Prefecture	Buildings and structures	Idle	¥ 79	$ 705
Ogaki City, Gifu Prefecture	Construction in Progress	Idle	¥ 14	$ 122
Thessaloniki, Hellenic Republic	Buildings and structures	Idle	¥ 37	$ 324
Thessaloniki, Hellenic Republic	Land	Idle	¥ 10	$ 92
Batangas, Republic of Philippines	Construction in Progress	Idle	¥ 654	$ 5,804
Courtenay, France	Machinery and equipment	Idle	¥ 72	$ 642
Penang, Malaysia	Machinery and equipment	Idle	¥ 237	$ 2,106
Penang, Malaysia	Construction in Progress	Idle	¥5,297	$47,038
Penang, Malaysia	Others	Idle	¥ 3	$ 23

The recoverable amounts were measured at estimated net selling value. The carrying values of production facilities and idle assets have been reduced to ¥1 ($0.01) for the years ended March 31, 2017 and 2016, respectively.

The decrease amount of ¥47,131 million ($420,102 thousand) for the year ended March 31, 2017 was recorded as impairment loss ¥102 million ($913 thousand) and business structure reform expenses ¥47,029 million ($419,189 thousand).

13. Business Structure Reform Expenses

The detail of business structure reform expenses for the years ended March 31, 2017 were as follows;

Item	Millions of yen	Thousands of U.S. dollars
Impairment loss on fixed assets for electric business reform	¥38,108	$339,676
Impairment loss on fixed assets for ceramic business reform	1,254	11,172
Impairment loss on unutilized assets in corporate assets	7,667	68,341
Evaluation loss on inventories	2,548	22,710
Reconciliation expense	12,412	110,637

14. Temporarily Unutilized Property and Equipment

The following property and equipment included in property, plant and equipment in the accompanying consolidated balance sheet are temporarily unutilized at March 31, 2017 and 2016.

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Buildings and structures	**¥82**	¥19,634	**$730**
Machinery and equipment	**5**	25,538	**49**
Other	**0**	372	**0**

15. Land Revaluation

A consolidated subsidiary revalued its land held for business use in accordance with the "Land Revaluation Law" and the amended "Land Revaluation Law" at March 31, 2002. As a result, the consolidated subsidiary recognized a gain on land revaluation and recorded a deferred tax liability related to this gain. The resulting gain, net of the relevant tax effect, has been accounted for under accumulated other comprehensive income (loss) as surplus arising from land revaluation. The method followed for this land revaluation was determined in accordance with the "Land Valuation Tax Law" as stipulated in the "Enforcement Act Concerning Land Revaluation" and other regulations.

As of March 31, 2017 the fair value of this land was ¥288 million ($2,567 thousand) less than its carrying value after revaluation.

16. Selling, General and Administrative Expenses

The components of selling, general and administrative expenses for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Salaries	¥11,208	¥11,780	$ 99,902
Provision for employees' bonuses	1,055	1,151	9,406
Provision for directors' and audit & supervisory board members' bonuses	—	69	—
Provision for employees' retirement benefit expenses	192	221	1,708
Research and development costs	14,112	15,204	125,786
Other	22,110	24,777	197,078
Total	¥48,677	¥53,202	$433,880

17. Other Income (Expenses)

The components of "Other, net" in "Other income (expenses)" for the years ended March 31, 2017 and 2016 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
(Loss) gain on sales of investment securities	¥ (1)	¥ 2,194	$ (10)
Loss on devaluation of investment securities	—	(3)	—
Loss on sales and disposal of property, plant and equipment, net	(294)	(3,923)	(2,621)
Loss on impairment of fixed assets	(102)	(6,403)	(913)
Foreign exchange (loss) gain, net	(1,714)	1,099	(15,276)
Depreciation of inactive fixed assets	(4,533)	(4,065)	(40,401)
Loss on liquidation of subsidiaries and affiliates	—	(6)	—
Business structure reform expenses	(61,989)	—	(552,536)
Other, net	(651)	(202)	(5,804)
Total	¥(69,284)	¥(11,309)	$(617,561)

18. Amounts per Share

	Yen		U.S. dollars
	2017	2016	2017
Basic profit (loss) attributable to owners of parent	¥ (472.26)	¥ 55.29	$ (4.21)
Net assets	1,927.53	2,459.63	17.18
Cash dividends applicable to the year	35.00	35.00	0.31

Basic profit (loss) attributable to owners of parent per share for the years ended March 31, 2017 and 2016 has been computed based on the profit (loss) attributable to the shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year. Amounts per share of net assets have been computed based on the number of shares of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends approved by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

Financial data for the computation of basic profit (loss) attributable to owners of parent per share for the years ended March 31, 2017 and 2016 in the table above is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Profit (loss) attributable to owners of parent	¥(62,849)	¥7,531	$(560,201)

	Thousands of shares	
	2017	2016
Weighted-average number of shares of common stock outstanding during the year	133,081	136,209

Financial data for the computation of net assets per share at March 31, 2017 and 2016 in the above table is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Total net assets	¥260,940	¥331,521	$2,325,878
Deductions from total net assets:			
Non-controlling interests	(4,425)	(4,188)	(39,438)
Total net assets attributable to common stockholders	¥256,515	¥327,333	$2,286,440

	Thousands of shares	
	2017	2016
Number of shares of common stock used in the calculation of net assets per share	133,079	133,082

19. Other Comprehensive Income

The following table presents reclassification adjustments and tax effects for other comprehensive income (loss) for the years ended March 31, 2017 and 2016:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Net unrealized holding gain (loss) on securities:			
Amount arising during the year	**¥ 4,995**	¥(10,526)	**$ 44,525**
Reclassification adjustments for loss (gain) realized in the statement of income	**1**	(2,193)	**10**
Before tax effect	**4,996**	(12,719)	**44,535**
Tax effect	**(1,464)**	4,169	**(13,056)**
Net unrealized holding gain (loss) on securities	**3,532**	(8,550)	**31,479**
Deferred gain on hedges:			
Amount arising during the year	**915**	283	**8,156**
Reclassification adjustments for (gain) loss realized in the statement of income	**(283)**	2	**(2,522)**
Before tax effect	**632**	285	**5,634**
Tax effect	**(190)**	(86)	**(1,696)**
Deferred gain on hedges	**442**	199	**3,938**
Surplus arising from land revaluation:			
Tax effect	**—**	3	**—**
Surplus arising from land revaluation:	**—**	3	**—**
Translation adjustments:			
Amount arising during the year	**(7,259)**	(12,673)	**(64,702)**
Reclassification adjustments for (gain) realized in the statement of income	**—**	(984)	**—**
Translation adjustments	**(7,259)**	(13,657)	**(64,702)**
Total	**¥(3,285)**	¥(22,005)	**$(29,285)**

20. Supplementary Cash Flow Information

A reconciliation of cash and cash equivalents in the accompanying consolidated statement of cash flows and cash and deposits in the accompanying consolidated balance sheet is presented as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Cash and deposits	**¥104,182**	¥104,765	**$928,619**
Short-term investments	**—**	3,200	**—**
Time deposits with maturities in excess of three months	**(80)**	(90)	**(713)**
Cash and cash equivalents	**¥104,102**	¥107,875	**$927,906**

21. Derivatives

Derivative financial instruments such as forward foreign exchange contracts are utilized by the Company principally in order to manage the risk arising from adverse fluctuation in foreign currency exchange rates. The Company has established a control environment which includes policies and procedures for risk assessment, including an assessment of the effectiveness of hedging, and for the approval, reporting and monitoring of transactions involving derivatives. The Company does not hold or issue derivatives for speculative purposes.

The Company is exposed to certain market risk arising from forward foreign exchange contracts. The Company is also exposed to the risk of credit loss in the event of non-performance by any of the counterparties to forward foreign exchange contracts; however, the Company does not anticipate non-performance by any of these counterparties, all of whom are financial institutions with high credit ratings.

Summarized below are the notional amounts and estimated fair value of the derivatives positions outstanding at March 31, 2017 and 2016, for which hedge accounting has not been applied. There were no derivatives with maturities over one year at March 31, 2017 and 2016.

	2017		
	Notional amount	Estimated fair value	Unrealized gain
		(Millions of yen)	
Forward foreign exchange contracts:			
Sell:			
U.S. dollars	**¥13,800**	**¥546**	**¥546**
Euros	**4,287**	**96**	**96**
Total	**¥18,087**	**¥642**	**¥642**

	2016		
	Notional amount	Estimated fair value	Unrealized gain
		(Millions of yen)	
Forward foreign exchange contracts:			
Sell:			
U.S. dollars	¥3,878	¥276	¥276
Euros	4,369	252	252
Total	¥8,247	¥528	¥528

Notes to Consolidated Financial Statements (continued)

	2017		
	Notional amount	Estimated fair value	Unrealized gain
	(Thousands of U.S. dollars)		
Forward foreign exchange contracts:			
Sell:			
U.S. dollars	$123,006	$4,870	$4,870
Euros	32,903	854	854
Total	$155,909	$5,724	$5,724

Summarized below are the notional amounts and estimated fair value of the derivatives positions outstanding at March 31, 2017 for which hedge accounting has been applied.

Method of hedge accounting	Transaction	Hedged item	2017 Notional amount	2017 Estimated fair value
			(Millions of yen)	
Deferral hedge accounting	Forward foreign exchange contracts:	Accounts receivable		
	Sell:			
	U.S. dollars		¥19,882	¥747
	Euros		¥ 7,731	¥168

There were no derivatives with maturities over one year at March 31, 2017.

Method of hedge accounting	Transaction	Hedged item	2017 Notional amount	2017 Estimated fair value
			(Thousands of U.S. dollars)	
Deferral hedge accounting	Forward foreign exchange contracts:	Accounts receivable		
	Sell:			
	U.S. dollars		$177,215	$6,656
	Euros		$ 68,913	$1,500

Estimated fair value is based on the prices obtained from financial institutions.

22. Segment Information

Overview of reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Company's Board of Directors to make decisions about resource allocation and to assess the business performances of those segments.

The Group classifies the Company and its subsidiaries identified by the respective products and services they provide. Each company plans comprehensive domestic and overseas strategies for its products and conducts related business activities.

Based on the Group's primary business activities, the reportable segments include "Electronics" and "Ceramics." The main products or services of those segments are as follows:

Electronics segment:

This reportable segment includes the business of manufacturing and sales of printed wiring boards and package substrates.

Ceramics segment:

This reportable segment includes the business of manufacturing and sales of environment-related ceramics products, graphite specialty products, fine ceramics products and ceramics fiber.

Method of calculating sales, income (loss), assets and other items for the reportable segments

The method of accounting for reportable segments is the same as described in Note 2. "Summary of Significant Accounting Policies." The income of reportable segments is calculated on the basis of operating income in the consolidated statement of income. Intersegment sales are basically recorded at same prices used in transactions with third parties.

A summary of net sales, income (loss), assets and other items by reportable segment for the years ended March 31, 2017 and 2016 is as follows:

	Millions of yen 2017						
	Reportable Segments						
	Electronics	Ceramics	Total	Other	Total	Adjustment	Consolidated Financial Statements
Sales to third parties	¥99,225	¥101,323	¥200,548	¥65,912	¥266,460	¥ —	¥266,460
Inter-segment sales and transfers	5	123	128	5,069	5,197	(5,197)	—
Net sales	¥99,230	¥101,446	¥200,676	¥70,981	¥271,657	¥ (5,197)	¥266,460
Segment income (loss)	¥ (3,649)	¥ 4,322	¥ 673	¥ 6,538	¥ 7,211	¥ (69)	¥ 7,142
Segment assets	85,295	94,579	179,874	65,472	245,346	160,437	405,783
Depreciation and amortization	19,643	9,920	29,563	2,947	32,510	638	33,148
Increase in property, plant and equipment and intangible assets	12,867	6,467	19,334	2,024	21,358	669	22,027

	Millions of yen						
	2016						
	Reportable Segments						Consolidated Financial Statements
	Electronics	Ceramics	Total	Other	Total	Adjustment	
Sales to third parties	¥147,872	¥104,768	¥252,640	¥61,479	¥314,119	¥ —	¥314,119
Inter-segment sales and transfers	23	148	171	8,654	8,825	(8,825)	—
Net sales	¥147,895	¥104,916	¥252,811	¥70,133	¥322,944	¥ (8,825)	¥314,119
Segment income	¥ 11,472	¥ 5,914	¥ 17,386	¥ 5,156	¥ 22,542	¥ 29	¥ 22,571
Segment assets	121,260	103,558	224,818	67,026	291,844	184,266	476,110
Depreciation and amortization	31,332	9,501	40,833	1,830	42,663	1,394	44,057
Increase in property, plant and equipment and intangible assets	21,384	14,587	35,971	7,124	43,095	448	43,543

	Thousands of U.S. dollars						
	2017						
	Reportable Segments						Consolidated Financial Statements
	Electronics	Ceramics	Total	Other	Total	Adjustment	
Sales to third parties	**$884,436**	**$903,137**	**$1,787,573**	**$587,503**	**$2,375,076**	**$ —**	**$2,375,076**
Inter-segment sales and transfers	**42**	**1,094**	**1,136**	**45,182**	**46,318**	**(46,318)**	**—**
Net sales	**$884,478**	**$904,231**	**$1,788,709**	**$632,685**	**$2,421,394**	**$ (46,318)**	**$2,375,076**
Segment income (loss)	**$ (32,525)**	**$ 38,523**	**$ 5,998**	**$ 58,274**	**$ 64,272**	**$ (612)**	**$ 63,660**
Segment assets	**760,272**	**843,022**	**1,603,294**	**583,584**	**2,186,878**	**1,430,051**	**3,616,929**
Depreciation and amortization	**175,089**	**88,418**	**263,507**	**26,266**	**289,773**	**5,688**	**295,461**
Increase in property, plant and equipment and intangible assets	**114,687**	**57,649**	**172,336**	**18,036**	**190,372**	**5,964**	**196,336**

Other in the above table includes housing materials, construction, the manufacturing of foamed-resin products, processing of agricultural and marine products, operations of gas stations, software development and network design that are not included in a reportable segment.

The adjustments of segment income (loss) in the amount of ¥69 million ($612 thousand) and ¥ 29 million for the years ended March 31, 2017 and 2016, respectively, are elimination of intersegment transactions.

Segment income corresponds to operating income in the consolidated statement of income.

Related information

Geographical information

Net sales to third parties by countries or areas grouped according to geographical classification for the years ended March 31, 2017 and 2016 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Japan	**¥ 82,414**	¥ 85,160	**$ 734,593**
Asia (excluding Japan)	**95,722**	146,330	**853,212**
North America	**25,747**	16,753	**229,493**
Europe	**62,453**	65,875	**556,668**
Other	**124**	1	**1,110**
Consolidated	**¥266,460**	¥314,119	**$2,375,076**

Property, plant and equipment by countries or geographical areas at March 31, 2017 and 2016 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2016	**2017**
Japan	**¥ 64,340**	¥ 74,867	**$ 573,490**
Asia (excluding Japan)	**47,083**	96,958	**419,673**
North America	**9,936**	7,813	**88,564**
Europe	**29,794**	36,290	**265,567**
Consolidated	**¥151,153**	¥215,928	**$1,347,294**

Major customer information

Sales to a major customer for the years ended March 31, 2017 and 2016 are as follows:

	Millions of yen		Thousands of U.S. dollars
Customer Name	**2017**	2016	**2017**
Intel Corp.	**¥52,508**	¥65,738	**$468,029**

Loss on impairment of fixed assets
Loss on impairment of fixed assets by reportable segment for the years ended March 31, 2017 and 2016 are summarized as follows:

	Millions of yen						
	2017						
	Reportable Segments						
	Electronics	Ceramics	Total	Other	Total	Corporate and Elimination	Consolidated Financial Statements
Loss on impairment of fixed assets	**¥38,108**	**¥1,254**	**¥39,362**	**¥—**	**¥39,362**	**¥7,769**	**¥47,131**

	Millions of yen						
	2016						
	Reportable Segments						
	Electronics	Ceramics	Total	Other	Total	Corporate and Elimination	Consolidated Financial Statements
Loss on impairment of fixed assets	¥—	¥—	¥—	¥—	¥—	¥6,403	¥6,403

	Thousands of U.S. dollars						
	2017						
	Reportable Segments						
	Electronics	Ceramics	Total	Other	Total	Corporate and Elimination	Consolidated Financial Statements
Loss on impairment of fixed assets	**$339,676**	**$11,172**	**$350,848**	**$—**	**$350,848**	**$69,254**	**$420,102**

Amortization amount and remaining balance of goodwill
Amortization amount and remaining balances of goodwill by reportable segment for the years ended and as of March 31, 2017 and 2016 are summarized as follows:

	Millions of yen						
	2017						
	Reportable Segments						
	Electronics	Ceramics	Total	Other	Total	Corporate and Elimination	Consolidated Financial Statements
Goodwill:							
Amortization amount	**¥—**	**¥905**	**¥905**	**¥—**	**¥905**	**¥—**	**¥905**
Remaining balance	**—**	**229**	**229**	**—**	**229**	**—**	**229**

	Millions of yen						
	2016						
	Reportable Segments						
	Electronics	Ceramics	Total	Other	Total	Corporate and Elimination	Consolidated Financial Statements
Goodwill:							
Amortization amount	¥—	¥1,011	¥1,011	¥—	¥1,011	¥—	¥1,011
Remaining balance	—	1,216	1,216	—	1,216	—	1,216

	Thousands of U.S. dollars						
	2017						
	Reportable Segments						
	Electronics	Ceramics	Total	Other	Total	Corporate and Elimination	Consolidated Financial Statements
Goodwill:							
Amortization amount	**$—**	**$8,068**	**$8,068**	**$—**	**$8,068**	**$—**	**$8,068**
Remaining balance	**—**	**2,038**	**2,038**	**—**	**2,038**	**—**	**2,038**

23. Subsequent Event

Cash dividends

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2017, was approved at a meeting of the Board of Directors held on May 15, 2017:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥20 = ($0.18) per share)	¥2,662	$23,724

Capital and business alliance with Denso Corporation

The company passed resolutions at a meeting of the Board of Directors held on April 27, 2017 to enter into a capital and business alliance with DENSO CORPORATION (“DENSO”) and dispose of treasury stock through a third-party allotment and made a capital and business alliance contract with DENSO on the same day. In addition, the company has disposed of treasury stock on May 17, 2017.

(1) Purpose and reasons for the Alliance

Under the business alliance between the company and DENSO, the company decided the company and DENSO unite the technologies of each group, create advanced, new technologies and know-how in response to further strengthened environmental regulation in automobile sector and “functional vehicle products”, “future mobility products” and “other new-generation products” which are preparing for new-generation automobile and provide innovation and creation of new values and agreed with the business alliance.

Furthermore, in the process of discussion on business alliance, each company decided it is important that DENSO holds the stock of the company and each company build up the long-term partnership in order to maximize the effect of business alliance, each company decided to implement capital alliance at the same time as business alliance.

(2) Outline of business alliance

The outline of business alliance which the company agreed on with DENSO as of April 27, 2017 is follows;

① Collaborative research and development of functional vehicle products

② Collaborative research and development of future mobility products

③ Collaborative research and development of new-generation products

(3) Outline of capital alliance

The Company disposed of 6,825,900 treasury stocks (the proportion of voting rights after this treasury stock disposition: 4.88%, the proportion of total number of outstanding stocks: 4.85% (as of March 31, 2017)) and allot them to DENSO.

Disposition of treasury Stock

(1) Due date of disposition: May 17, 2017
(2) The number of common shares to be disposed: 6,825,900 shares
(3) Amount to be paid for the treasury stock: ¥1,758 per share
(4) Total amount to be paid: ¥11,999,932,200
(5) Offering method: Third-party allotment
(6) Allottee: DENSO
(7) Others: Each of the above items is effective based on the securities registration statement under Financial Statement and Exchange Act

Report of Independent Auditors

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Independent Auditor's Report

The Board of Directors
IBIDEN Co., Ltd.

We have audited the accompanying consolidated financial statements of IBIDEN Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2017, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of IBIDEN Co., Ltd. and its consolidated subsidiaries as at March 31, 2017, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note 23 to the consolidated financial statements, which describes that the Company passed resolutions at a meeting of the Board of Directors held on April 27, 2017 to dispose of treasury stock through a third-party allotment and disposed of treasury stock on May 17, 2017. Our opinion is not qualified in respect of this matter.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 16, 2017
Nagoya, Japan

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A member firm of Ernst & Young Global Limited

Group Companies

Domestic Base

IBIDEN Greentec Co., Ltd.
3-55, Gama-cho, Ogaki, Gifu 503-0021, Japan
Tel: 0584-81-6111

IBIDEN Chemical Co., Ltd.
300, Aoyanagi-cho, Ogaki, Gifu 503-8503, Japan
Tel: 0584-89-7491

IBIKEN Co., Ltd.
1-60, Gama-cho, Ogaki, Gifu 503-8561, Japan
Tel: 0584-74-3355

IBIDEN Graphite Co., Ltd.
300, Aoyanagi-cho, Ogaki, Gifu 503-8503, Japan
Tel: 0584-89-6425

IBIDEN Industries Co., Ltd.
1-197, Uchiwara, Ogaki, Gifu 503-0936, Japan
Tel: 0584-89-0777

TAK Co., Ltd.
4-35-12, Kono, Ogaki, Gifu 503-0803, Japan
Tel: 0584-75-6501

IBIDEN Jushi Co., Ltd.
360, Shirotori, Ikeda-cho, Ibi-gun, Gifu 503-2413, Japan
Tel: 0585-45-2405

IBIDEN Bussan Co., Ltd.
339, Arisato, Motosu, Gifu 501-0415, Japan
Tel: 058-324-1151

IBIDEN Engineering Co., Ltd.
1122, Kido-cho, Ogaki, Gifu 503-0973, Japan
Tel: 0584-75-2301

IBIDEN CAREER TECHNO Corp.
300, Aoyanagi-cho, Ogaki, Gifu 503-8503, Japan
Tel: 0584-89-7435

Global Base

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Seoch-gu, Seoul, 137-924, Korea
Tel: +82-2-2155-3400

IBIDEN Philippines, Inc.
First Philippine Industrial Park Brgy.
Sta. Anastacia, Sto. Tomas, Batangas, Philippines
Tel: +63-43-405-5250

IBIDEN Electronics Malaysia Sdn. Bhd.
No. 1049, Jalan Perindustrian Bukit Minyak 8,
Kawasan Perindustrian Bukit Minyak
14100 Simpang Ampat, Penang, Malaysia
Tel: +60-4-504-9999

Corporate Information (As of March 31, 2017)

Corporate Data

Trade name	IBIDEN CO., LTD.
Established	November 25, 1912
Capital	¥64,152 million
Number of employees	Consolidated: 13,961 Non-consolidated: 3,544
Plants	
Head office	2-1, Kanda-cho, Ogaki City, Gifu 503-8604, Japan
Tokyo branch	Marunouchi Bldg. 29F, 2-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-6329, Japan
Plants	Gifu Prefecture: Ogaki, Ogaki Central, Aoyanagi, Gama, Ogaki-Kita, Godo Aichi Prefecture: Kinuura
Number of subsidiaries	Consolidated subsidiaries: 33 (14 in Japan, 19 overseas)

Stock Information

Fiscal year-end	March 31
Annual meeting of shareholders	June
Independent Auditors	KPMG AZSA LLC
Domestic stock exchange listings	Tokyo, Nagoya
Date of record for dividend payout	Interim dividend: September 30 Year-end dividend: March 31
Authorized shares	230,000,000
Shares issued and outstanding	140,860,557 (including 7,780,695 shares of treasury stock)
Number of shareholders	27,770

Disclosure of Financial Information

IBIDEN takes steps to disclose information at appropriate times to shareholders and investors in a fair, accurate, and easy-to-understand manner. Pursuant to the Timely Disclosure Rule of the Tokyo Stock Exchange, our information disclosure standards require the disclosure of information relevant to our operations, scope of business, and assets that could significantly affect investment judgments, as well as any changes or suspension of important corporate information that has already been published. Our policy is to disclose such information proactively and fairly. We will also disclose corporate information that could significantly influence investment judgments even if the Timely Disclosure Rule does not apply, as accurately, promptly and appropriately as possible.

Website for shareholders and investors
http://www.ibiden.com/ir/index.html

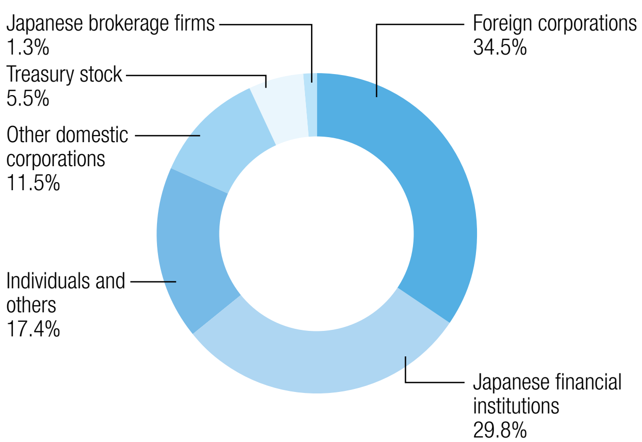
Top page of IR website

Principal Shareholders

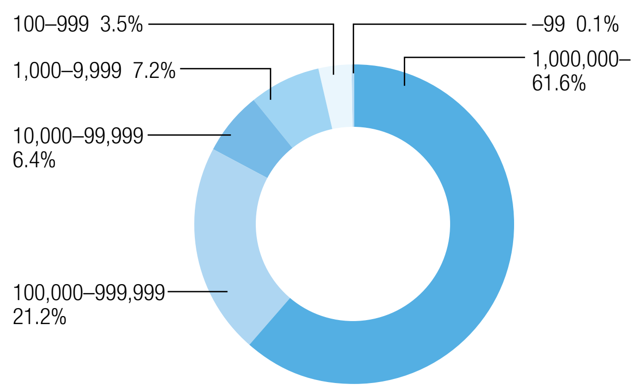
Name of Shareholder	Number of Shares (thousands)	Percentage
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	9,137	6.87
Japan Trustee Services Bank, Ltd. (Trust Account)	6,531	4.91
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,296	4.73
Toyota Industries Corporation	6,221	4.68
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	5,593	4.20
The Juroku Bank, Ltd.	4,130	3.10
The Ogaki Kyoritsu Bank, Ltd.	4,120	3.10
IBIDEN Business Partners' Shareholding Association	3,558	2.67
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	3,262	2.45
IBIDEN Employees' Shareholding Association	2,804	2.11

Note: The Company holds 7,780,695 shares of treasury stock, which is excluded from the major shareholders listed above.

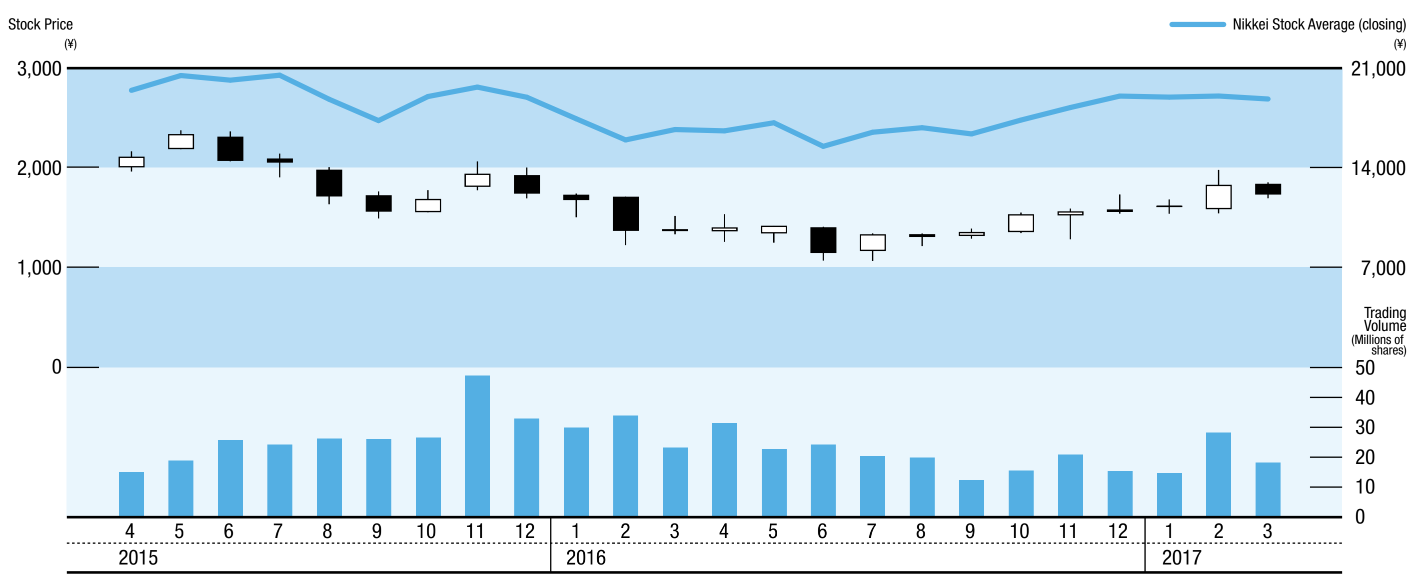
Breakdown by Type of Shareholder



Breakdown by Size of Holding



Stock Price Range and Trading Volume (Common Stock)



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