

November 14, 2016

Consolidated Financial Results For the Second Quarter Ended September 30, 2016

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

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

Stock code number: 4062

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

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Submission date of quarterly report: November 14, 2016

(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for FY 2016 Second quarter (From April 1, 2016 to September 30, 2016)

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

	Net sales		Operating income		Ordinary income (loss)		Profit(loss) attributable to owners of parent	
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%
FY 2016 second quarter	128,973	(18.5)	1,998	(83.8)	(2,213)	-	(45,474)	-
FY 2015 second quarter	158,200	5.1	12,306	31.3	12,873	7.3	11,475	56.9

Note: Comprehensive income

FY2016 second quarter: (68,448) million yen (-%) FY2015 second quarter: 5,960 million yen (63.8 %)

	Net income(loss) Per share	Diluted net income Per share
	<i>Yen</i>	<i>Yen</i>
FY 2016 second quarter	(341.70)	—
FY 2015 second quarter	83.11	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	<i>Millions of yen</i>	<i>Millions of yen</i>	%	<i>Yen</i>
FY 2016 second quarter	390,380	260,391	65.6	1,924.30
FY 2015	476,110	331,520	68.8	2,459.63

Note: Equity for reference

As of September 30, 2016: 256,087 million yen As of March 31, 2016: 327,333 million yen

2. Basis for preparation of quarterly financial results

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

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

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

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

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

2. Changes in accounting policies other than above: No

3. Changes in accounting estimates: No

4. Restatements of financial statements: No

(4) Issued and outstanding capital stock

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

As of September 30 2016: 140,860,557 shares As of March 31, 2016: 140,860,557 shares

2. Number of treasury stock outstanding:

As of September 30 2016: 7,779,394 shares As of March 31, 2016: 7,778,279 shares

3. Average number of shares:

Second quarter FY2016: 133,081,702 shares Second quarter FY2015: 138,084,386 shares

Consolidated Balance Sheets

	<i>Millions of yen</i>		
	As of Sep 30, 2016	As of Mar 31, 2016	Increase (Decrease)
Assets			
Current assets			
Cash and deposits	100,062	104,765	(4,703)
Notes and accounts receivable – trade	48,246	57,578	(9,332)
Short-term investments securities	-	3,199	(3,199)
Merchandise and finished goods	10,682	12,758	(2,075)
Work in process	7,481	9,900	(2,418)
Raw materials and supplies	13,612	14,445	(832)
Deferred tax assets	2,201	2,211	(9)
Other - current assets	6,963	9,043	(2,079)
Allowance for doubtful accounts	(292)	(290)	(2)
Total current assets	188,957	213,612	(24,654)
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	72,665	87,738	(15,072)
Machinery, equipment and vehicles	55,344	86,293	(30,948)
Land	18,926	19,143	(217)
Lease assets	113	146	(32)
Construction in progress	5,718	16,825	(11,107)
Other - property, plant and equipment	4,705	5,780	(1,074)
Total property, plant and equipment	157,474	215,928	(58,453)
Intangible assets	4,081	5,168	(1,086)
Investments and other assets			
Investment securities	37,860	39,060	(1,199)
Long-term loans receivable	45	39	6
Deferred tax assets	465	679	(214)
Other - investments and other assets	1,806	1,935	(129)
Allowance for doubtful accounts	(311)	(313)	2
Total investments and other assets	39,866	41,401	(1,534)
Total noncurrent assets	201,423	262,498	(61,074)
Total assets	390,380	476,110	(85,729)

(Continued)

	<i>Millions of yen</i>		
	As of Sep 30, 2016	As of Mar 31, 2016	Increase (Decrease)
Liabilities and net assets			
Liabilities			
Current liabilities			
Notes and accounts payable – trade	27,675	34,668	(6,993)
Short-term loans payable	30,063	30,065	(1)
Current portion of bonds	-	15,000	(15,000)
Accounts payable - other	9,339	15,405	(6,066)
Income taxes payable	1,524	1,715	(190)
Deferred tax liabilities	85	1	83
Provision for bonuses	3,151	3,507	(356)
Provision for directors' bonuses	-	69	(69)
Notes payable – facilities	1,908	1,560	347
Other - current liabilities	11,342	11,750	(407)
Total current liabilities	85,090	113,743	(28,653)
Noncurrent liabilities			
Bonds payable	40,000	25,000	15,000
Long-term loans payable	31	62	(30)
Lease obligations	97	101	(3)
Deferred tax liabilities for land revaluation	68	68	-
Defined benefit liability	410	464	(54)
Deferred tax liabilities	2,933	3,683	(749)
Other - noncurrent liabilities	1,357	1,465	(108)
Total noncurrent liabilities	44,898	30,845	14,053
Total liabilities	129,989	144,589	(14,600)
Net assets			
Shareholders' equity			
Capital stock	64,152	64,152	-
Capital surplus	64,579	64,579	-
Retained earnings	140,462	188,598	(48,136)
Treasury stock	(18,303)	(18,302)	(1)
Total shareholders' equity	250,890	299,028	(48,137)
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	11,562	12,477	(915)
Deferred losses on hedges	20	197	(177)
Revaluation reserve for land	160	160	-
Foreign currency translation adjustment	(6,546)	15,469	(22,015)
Total accumulated other comprehensive income	5,196	28,304	(23,108)
Non-controlling interests	4,304	4,187	116
Total net assets	260,391	331,520	(71,129)
Total liabilities and net assets	390,380	476,110	(85,729)

(Concluded)

Consolidated Statements of Income

	<i>Millions of yen</i>		
	Six months ended Sep 30, 2016	Six months ended Sep 30, 2015	Increase (Decrease)
Net sales	128,973	158,200	(29,226)
Cost of sales	102,198	118,521	(16,322)
Gross profit	26,775	39,678	(12,903)
Selling, general and administrative expenses	24,776	27,372	(2,596)
Operating income	1,998	12,306	(10,307)
Non-operating income (expenses)	(4,211)	566	(4,778)
Interest income	172	154	17
Dividends income	714	482	231
Foreign exchange losses, net	(792)	913	(1,706)
Interest expenses	(102)	(158)	56
Depreciation of inactive noncurrent assets	(4,170)	(1,084)	(3,085)
Other, net	(33)	259	(292)
Ordinary income(loss)	(2,213)	12,873	(15,086)
Extraordinary income (loss)	(42,597)	298	(42,896)
Gain on sales of property, plant and equipment	158	12	145
Gain on sales of Investment securities	-	2,136	(2,136)
Gain on liquidation of an affiliate	-	344	(344)
Loss on disposal of property, plant and equipment	(213)	(2,060)	1,847
Impairment loss	(5)	(91)	85
Loss on valuation of investment securities	-	(1)	1
Loss on liquidation of an affiliate	-	(6)	6
Business structure reform expenses	(42,507)	-	(42,507)
Other, net	(29)	(36)	7
Income(loss) before income taxes	(44,810)	13,171	(57,982)
Income taxes	(536)	(1,590)	1,053
Net income(loss)	(45,347)	11,581	(56,928)
Profit attributable to non-controlling interests	(127)	(105)	(21)
Profit(loss) attributable to owners of parent	(45,474)	11,475	(56,950)

Consolidated Statements of Comprehensive Income

	<i>Millions of yen</i>		
	Six months ended Sep 30, 2016	Six months ended Sep 30, 2015	Increase (Decrease)
Net income(loss)	(45,347)	11,581	(56,928)
Other comprehensive income(loss)			
Valuation difference on available-for-sale securities	(909)	(4,982)	4,073
Deferred gains or losses on hedges	(177)	53	(230)
Foreign currency translation adjustments	(22,015)	(692)	(21,323)
Total other comprehensive income (loss)	(23,101)	(5,621)	(17,480)
Comprehensive income (loss)	(68,448)	5,960	(74,409)
(Breakdown)			
Comprehensive income(loss) attributable to owners of parent	(68,582)	5,881	(74,464)
Comprehensive income(loss) attributable to non-controlling interests	133	78	55

Segment Information

FY 2015 second quarter (From April 1, 2015 to September 30, 2015)

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

A summary of net sales and income business segment for six months ended September 30, 2015 was as follows:

<i>Millions of yen</i>							
For six months period ended September 30, 2015							
	Reportable Segment					Adjustment (*2)	Quarterly Consolidated Statements of Income
	Electronics	Ceramics	Total	Others (*1)	Total		
Sales to third parties	76,860	52,825	129,685	28,514	158,200	-	158,200
Inter-segment sales and transfers	13	75	88	3,859	3,948	(3,948)	-
Net sales	76,874	52,900	129,774	32,373	162,148	(3,948)	158,200
Segment income	6,967	2,867	9,834	2,379	12,214	92	12,306

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

*2 The ¥92 million adjustment to segment income is elimination for intersegment transactions.

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

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

(Material impairment loss on non-current assets)

Not applicable

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

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

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

<i>Millions of yen</i>							
For six months period ended September 30, 2016							
	Reportable Segment					Adjustment (*2)	Quarterly Consolidated Statements of Income
	Electronics	Ceramics	Total	Others (*1)	Total		
Sales to third parties	50,800	49,095	99,896	29,076	128,973	-	128,973
Inter-segment sales and transfers	2	61	64	2,432	2,496	(2,496)	-
Net sales	50,803	49,157	100,833	31,509	131,470	(2,496)	128,973
Segment income(loss)	(2,145)	1,273	(871)	2,853	1,982	16	1,998

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

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

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

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

(Material impairment loss on non-current assets)

The Electronics Business segment reported a loss on impairment of production facilities and unutilized assets in the second quarter period, that impairment loss amounted to ¥40,038 million.

Material subsequent events

There are no applicable matters to be reported.