

November 1, 2018

Consolidated Financial Results For the Second Quarter Ended September 30, 2018

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

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

Stock code number: 4062

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

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Submission date of quarterly report: November 6, 2018

(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for FY 2018 Second quarter (From April 1, 2018 to September 30, 2018)

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

	Net sales		Operating income		Ordinary income		Profit 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 2018 Second quarter	144,247	1.6	5,872	(15.0)	7,855	(4.9)	5,508	(15.0)
FY 2017 Second quarter	141,976	10.1	6,909	245.7	8,258	-	6,479	-

Note: Comprehensive income

FY2018 Second quarter: 10,187 million yen (-40.4 %) FY2017 Second quarter: 17,084 million yen (- %)

	Net income Per share	Diluted net income Per share
	<i>Yen</i>	<i>Yen</i>
FY 2018 Second quarter	39.43	—
FY 2017 Second quarter	46.72	—

(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 2018 Second quarter	440,870	293,753	65.4	2,064.31
FY 2017	436,425	286,367	64.4	2,012.60

Note: Equity for reference

As of September 30, 2018: 288,429 million yen As of March 31, 2018: 281,198 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 2018: 140,860,557 shares As of March 31, 2018: 140,860,557 shares

2. Number of treasury stock outstanding:

As of September 30 2018: 1,138,140 shares As of March 31, 2018: 1,142,070 shares

3. Average number of shares:

Second quarter FY2018: 139,719,908 shares Second quarter FY2017: 138,705,740 shares

Consolidated Balance Sheets

	<i>Millions of yen</i>		
	As of Sep 30, 2018	As of Mar 31, 2018	Increase (Decrease)
Assets			
Current assets			
Cash and deposits	114,674	117,760	(3,085)
Notes and accounts receivable – trade	57,568	62,235	(4,667)
Merchandise and finished goods	14,611	12,839	1,772
Work in process	13,487	9,921	3,565
Raw materials and supplies	19,070	17,251	1,819
Other current assets	7,421	6,428	992
Allowance for doubtful accounts	(91)	(101)	9
Total current assets	226,742	226,335	407
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	65,327	66,301	(974)
Machinery, equipment and vehicles	48,151	49,479	(1,328)
Land	19,892	19,831	61
Lease assets	48	60	(11)
Construction in progress	15,259	10,706	4,553
Other - property, plant and equipment	5,051	4,929	121
Total property, plant and equipment	153,730	151,308	2,421
Intangible assets	3,793	3,689	104
Investments and other assets			
Investment securities	52,756	51,954	802
Long-term loans receivable	10	11	(0)
Deferred tax assets	2,635	1,842	793
Other assets	1,462	1,551	(88)
Allowance for doubtful accounts	(261)	(267)	5
Total investments and other assets	56,603	55,091	1,511
Total noncurrent assets	214,127	210,090	4,037
Total assets	440,870	436,425	4,445

(Continued)

	<i>Millions of yen</i>		
	As of Sep 30, 2018	As of Mar 31, 2018	Increase (Decrease)
Liabilities and net assets			
Liabilities			
Current liabilities			
Notes and accounts payable – trade	39,765	39,124	640
Short-term loans payable	20,030	20,005	24
Current portion of bonds	25,000	-	25,000
Accounts payable - other	8,292	12,658	(4,365)
Income taxes payable	2,757	4,429	(1,672)
Accrued bonuses for employees	3,464	3,828	(363)
Accrued bonuses for directors and audit & supervisory board members	-	90	(90)
Note payable - facilities	1,414	1,282	132
Other current liabilities	14,787	12,060	2,727
Total current liabilities	115,512	93,480	22,032
Noncurrent liabilities			
Bonds payable	15,000	40,000	(25,000)
Long-term loans payable	10,000	10,000	-
Lease obligations	55	78	(23)
Deferred tax liabilities for land revaluation	68	68	-
Liability for retirement benefits	550	525	25
Provision for share-based compensation	120	74	45
Deferred income taxes	4,592	4,506	85
Other - noncurrent liabilities	1,216	1,323	(107)
Total long-term liabilities	31,604	56,577	(24,973)
Total liabilities	147,116	150,057	(2,940)
Net assets			
Shareholders' equity			
Capital stock	64,152	64,152	-
Capital surplus	64,579	64,579	-
Retained earnings	126,445	123,735	2,710
Treasury stock	(2,601)	(2,609)	7
Total shareholders' equity	252,576	249,857	2,718
Accumulated other comprehensive income			
Net unrealized holding gain on other securities	21,008	20,247	761
Deferred gains or losses on hedges	(449)	76	(526)
Revaluation reserve for land	160	160	-
Foreign currency translation adjustment	15,133	10,855	4,278
Total accumulated other comprehensive income	35,853	31,340	4,513
Non-controlling interests	5,323	5,169	153
Total net assets	293,753	286,367	7,385
Total liabilities and net assets	440,870	436,425	4,445

(Concluded)

Consolidated Statements of Income

	<i>Millions of yen</i>		
	Six months ended Sep 30, 2018	Six months ended Sep 30, 2017	Increase (Decrease)
Net sales	144,247	141,976	2,271
Cost of sales	114,251	110,432	3,819
Gross profit	29,996	31,544	(1,547)
Selling, general and administrative expenses	24,124	24,635	(510)
Operating income	5,872	6,909	(1,036)
Non-operating income (expenses)	1,983	1,349	633
Interest income	136	241	(104)
Dividends income	572	452	119
Share of profit of entities accounted for using equity method	1	2	(1)
Foreign exchange gain(losses), net	526	682	(155)
Interest expenses	(76)	(75)	(0)
Share issuance cost-NOE	-	(80)	80
Other, net	822	126	696
Ordinary income	7,855	8,258	(402)
Extraordinary income (loss)	368	1,604	(1,236)
Gain on sales of property, plant and equipment	6	74	(67)
Gain on sales of investment securities	936	-	936
Reversal of provision for business structure reform expenses	-	2,692	(2,692)
Loss on disposal of property, plant and equipment	(476)	(1,135)	658
Impairment loss	-	(19)	19
Loss on disaster	(69)	-	(69)
Other, net	(28)	(7)	(20)
Income before income taxes	8,223	9,862	(1,639)
Income taxes	(2,577)	(3,272)	694
Net income	5,645	6,590	(944)
Profit attributable to non-controlling interests	(137)	(110)	(26)
Profit attributable to owners of parent	5,508	6,479	(970)

Consolidated Statements of Comprehensive Income

	<i>Millions of yen</i>		
	Six months ended Sep 30, 2018	Six months ended Sep 30, 2017	Increase (Decrease)
Net income(loss)	5,645	6,590	(944)
Other comprehensive income(loss)			
Net unrealized holding gain (loss) on other securities	775	4,082	(3,307)
Deferred gains or losses on hedges	(526)	(750)	224
Foreign currency translation adjustments	4,292	7,161	(2,869)
Total other comprehensive income (loss)	4,541	10,494	(5,952)
Comprehensive income (loss)	10,187	17,084	(6,897)
 (Breakdown)			
Comprehensive income(loss) attributable to owners of parent	10,022	17,004	(6,982)
Comprehensive income(loss) attributable to non-controlling interests	165	80	85

(Continued)

Segment Information

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

(1) Sales and profit information of each Segment

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

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

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

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

*3 Segment income is reconciled to operating income 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 2018 second quarter (From April 1, 2018 to September 30, 2018)

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

A summary of net sales and income business segment for six months ended September 30, 2018 was as follows:

<i>Millions of yen</i>							
For six months period ended September 30, 2018							
	Reportable Segment				Total	Adjustment (*2)	Quarterly Consolidated Statements of Income(*3)
	Electronics	Ceramics	Total	Others (*1)			
Sales to third parties	60,156	52,359	112,516	31,731	144,247	-	144,247
Intersegment sales and transfers	1	176	177	3,443	3,621	(3,621)	-
Net sales	60,158	52,535	112,694	35,175	147,869	(3,621)	144,247
Segment income	972	3,391	4,363	1,594	5,957	(85)	5,872

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

*2 The ¥(85) million adjustment to segment income includes elimination for intersegment transactions and expenses that cannot be allocated to business segments.

*3 Segment income is reconciled to operating income 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

Additional information

“Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.”(ASBJ Statement No.28, February 16, 2018) and other standards have been adopted from the beginning of the first quarter, whereby deferred tax assets are presented under investments and other assets, while deferred tax liabilities are presented under long-term liabilities.