

Consolidated Financial Results (Japanese Accounting Standards) for the First Half of Fiscal Year Ending March 31, 2018

November 13, 2017

Listings: Tokyo Stock Exchange

Listed Company nms Holdings Corporation (nms HD)

Securities code 2162 URL <http://www.n-ms.co.jp/>

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Scheduled Date of Filing Quarterly Securities Report: November 13, 2017

Scheduled date of commencement of dividend payment: —

Supplementary Documents for Quarterly Financial Results: Yes

Quarterly Financial Results Briefing: Yes (for institutional investors and analysts)

(Amounts in millions of yen rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2018 (April 1, 2017 – September 30, 2017)

(1) Consolidated results of operations

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1H FY03/2018	26,939	(6.9)	596	(13.3)	603	880.2	570	—
1H FY03/2017	28,937	(9.7)	688	(22.6)	61	(93.5)	(92)	—

Note: Comprehensive income 1H FY03/2018 517 million yen (-%) 1H FY03/2017 (432) million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
1H FY03/2018	66.54	66.54
1H FY03/2017	(9.38)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1H FY03/2018	25,577	5,268	19.2
FY03/2017	24,559	4,960	18.9

Reference: Shareholders' equity 1H FY03/2018 4,923 million yen FY03/2017 4,633 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY03/2017	—	0.00	—	7.00	7.00
FY03/2018	—	0.00			
FY03/2018 (forecast)			—	7.00	7.00

(Note)

1: The annual dividend for the year ended March 31, 2017 comprises an ordinary dividend of 5.00 yen and a commemorative dividend of 2.00 yen.

2: Revision of the latest released dividend forecast: None

3. Consolidated forecasts for year ending March 2018 (April 1, 2017 to March 31, 2018)

(% shows the year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	53,500	(2.0)	1,200	23.2	1,300	131.4	1,000	102.6	116.54

Note: Revision of the latest released business performance forecast: Yes

* Notes

- (1) Changes in significant subsidiaries during the consolidated 1H (three months) under review
 (changes of specific subsidiaries in accordance with changes in the scope of consolidation): None
- (2) Application of accounting procedures specific to creation of quarterly consolidated financial statements: Yes

- (3) Changes in accounting principles and changes or restatement of accounting estimates
- (i) Changes in accounting principles associated with revision of accounting standards, etc.: None
- (ii) Changes in accounting principles other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of shares outstanding (common shares):

(1) Number of shares outstanding at end of period (including treasury shares)	1H FY03/2018	10,805,500shares	FY03/2017	10,805,500shares
(2) Number of treasury shares at end of period	1H FY03/2018	2,224,863shares	FY03/2017	2,224,772shares
(3) Average number of shares outstanding during the term	1H FY03/2018	8,580,687shares	1H FY03/2017	9,880,728shares

* Statement relating to the execution status for audit procedures

This quarterly financial summary falls outside the scope of the quarterly report review based on the stipulations of the Financial Instruments and Exchange Act. The review procedures for the quarterly consolidated financial statements based on the stipulations of the said Act were conducted at the time when this quarterly financial summary was disclosed.

* Explanations and other special notes concerning the appropriate use of business performance forecasts

(Notes concerning the forward-looking statements)

The results forecasts and forward-looking statements included in this document are based on information that the Company has obtained and certain assumptions that the Company considers reasonable. The Company makes no guarantees with respect to the achievement of its results forecasts or forward-looking statements. Actual results might be significantly different from the forecasts in the document, depending on various factors.

4. Consolidated financial statements

(1) Consolidated balance sheet

	(Thousand yen)	
	FY03/2017 (March 31,2017)	1H FY03/2018 (September 30,2017)
Assets		
Current assets		
Cash and deposits	3,655,507	4,215,939
Notes and accounts receivable - trade	9,093,721	10,416,275
Finished goods	1,135,329	955,884
Work in process	439,969	489,278
Raw materials and supplies	3,158,808	3,108,561
Others	831,514	741,541
Allowance for doubtful accounts	(6,676)	(7,790)
Total current assets	18,308,174	19,919,690
Non-current assets		
Property, plant and equipment		
Land	1,084,959	1,047,346
Other, net	3,112,445	3,315,155
Total property, plant and equipment	4,197,404	4,362,502
Intangible assets		
Other	526,656	570,528
Total intangible assets	526,656	570,528
Investment and other assets		
Other	1,536,634	734,089
Allowance for doubtful accounts	(9,444)	(9,444)
Total investments and other accounts	1,527,189	724,644
Total non-current assets	6,251,250	5,657,675
Total assets	24,559,425	25,577,365
Liability		
Current liability		
Notes and accounts payable - trade	3,427,983	3,493,378
Short-term loans payable	8,868,006	5,735,029
Accounts payable - other	1,801,804	1,539,546
Income tax payable	155,759	226,819
Accrued consumption taxes	230,479	350,160
Provision for bonuses	351,830	467,789
Other	1,043,653	1,343,233
Total current liabilities	15,879,518	13,155,958
Non-current liabilities		
Long-term loans payable	2,796,816	6,249,814
Deferred tax liability	74,159	68,659
Provision for directors' retirement benefits	105,290	-
Non defined benefit liabilities	425,033	415,001
Other	318,234	419,029
Total non-current liabilities	3,719,533	7,152,504
Total liabilities	19,599,052	20,308,462
(Thousand yen)		
	FY03/2017 (March 31,2017)	1H FY03/2018 (September 30,2017)
Net assets		
Shareholders' equity		
Capital stock	500,690	500,690
Capital surplus	415,679	415,679
Retained earnings	4,875,592	5,238,825
Treasury shares	(909,753)	(909,838)
Total shareholders' equity	4,882,208	5,245,356
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	118,859	(5,094)
Foreign currency translation adjustment	(367,915)	(316,769)
Total other accumulated comprehensive income	(249,056)	(321,864)
Non-controlling interests	327,220	345,411
Total net assets	4,960,373	5,268,903
Total liabilities and net assets	24,559,425	25,577,365

(2) Quarterly consolidated statements of income/quarterly consolidated statement of comprehensive income
(Quarterly consolidated statements of income) (1H FY03/2018)

(Thousand yen)

	1H FY03/2017 (From April 1, 2016 to September 30, 2016)	1H FY03/2018 (From April 1, 2017 to September 30, 2017)
Net sales	28,937,959	26,939,419
Cost of sales	25,140,897	23,177,971
Gross profit	3,797,062	3,761,448
Selling, general and administrative expenses		
Salaries and bonuses	1,081,556	1,061,694
Provision for bonuses	114,376	125,956
Other	1,912,360	1,976,898
Total selling, general and administrative expenses	3,108,293	3,164,548
Operating income	688,768	596,899
Non-operating income		
Interest income	12,433	7,737
Dividend income	2,673	1,395
Real estate rent	7,130	10,316
Other	—	172,620
Total non-operating income	40,126	26,412
Non-operating expenses	62,363	218,482
Interest expenses	40,022	57,024
Foreign exchange losses	603,978	123,868
Rent cost of real estate	3,804	5,394
Foreign withholding tax	9,895	4,937
Other	31,884	20,852
Total non-operating expenses	689,685	212,077
Ordinary income	61,546	603,304
Extraordinary income		
Gain on sales of non-current assets	37,797	59,064
Subsidies for employment adjustment	7,860	—
Gain on sale of investment securities	—	161,747
Other	210	453
Total extraordinary income	45,867	221,265
Extraordinary losses		
Loss on disposal of property	6,453	65
Leave allowance	6,528	—
Business structure reform expenses	18,446	—
Organization restructuring expenses	5,851	—
Head office relocation expenses	47,887	—
Loss on liquidation of subsidiaries	—	39,689
Other	1,483	2,914
Total extraordinary losses	86,651	42,670
Income before income taxes	20,762	781,900
Income taxes	104,736	187,930
Net income/loss (-)	(83,973)	593,969
Profit attributable to owners of parent	8,661	22,972
Profit/Loss (-) attributable to owners of parent	(92,635)	570,997

(Quarterly consolidated statement of comprehensive income)

(1H FY03/2018)

(Thousand yen)

	1H FY03/2017 (From April 1, 2016 to September 30, 2016)	1H FY03/2018 (From April 1, 2017 to September 30, 2017)
Net income/loss (-)	(83,973)	593,969
Other comprehensive income/loss (-)		
Valuation difference on available-for-sale securities	(31,032)	(130,933)
Foreign currency translation adjustment	(317,010)	54,002
Total other comprehensive income/loss (-)	(348,043)	(76,930)
Comprehensive income/loss (-)	(432,016)	517,038
Comprehensive income attributable to		
Comprehensive income/loss (-) attributable to owners of parent	(427,609)	498,189
Comprehensive income/loss (-) attributable to non-controlling interests	(4,406)	18,849

(3) Quarterly consolidated statement of cash flows

(Thousand yen)

	1H FY03/2017 (From April 1, 2016 to September 30, 2016)	1H FY03/2018 (From April 1, 2017 to September 30, 2017)
Cash flows from operating activities		
Income before income taxes	20,762	781,900
Depreciation	316,682	347,552
Increase (decrease) in allowance for doubtful accounts	(231)	1,196
Increase (decrease) in provision for bonuses	101,123	108,591
Increase (decrease) in provision for directors' retirement benefits	4,824	(105,290)
Increase (decrease) in net defined benefit liability	(22,483)	(10,031)
Interest and dividend income	(15,106)	(9,133)
Interest expenses	40,022	57,024
Foreign exchange losses (gains)	283,321	11,151
Loss (gain) on sales of fixed assets	(37,797)	(57,251)
Loss (gain) on sales of stocks of investment securities	—	(161,747)
Subsidies for employment adjustment	(7,860)	—
Leave allowance	6,528	—
Gain on reversal of subscription rights to shares	(210)	—
Business structure reform expenses	18,446	—
Head office relocation expenses	47,887	—
Organizational restructuring expenses	5,851	—
Decrease (increase) in notes and accounts receivable - trade	(432,414)	(1,258,270)
Decrease (increase) in accounts receivable-other	(103,069)	(601)
Decrease (increase) in inventories	645,399	45,500
Increase (decrease) in notes and accounts payable - trade	(322,090)	230,307
Increase (decrease) in accounts payable - other	(105,711)	(291,566)
Increase (decrease) in accrued expenses	90,374	154,496
Increase (decrease) in accrued consumption taxes	8,881	137,436
Increase (decrease) in deposits received	4,850	121,698
Other	(71,109)	(71,383)
Subtotal	476,873	31,579
Interest and dividend income received	13,381	18,355
Interest expenses paid	(39,289)	(56,292)
Income taxes paid	(140,228)	(65,368)
Income taxes refund	187,541	—
Subsidies for employment adjustment received	7,860	—
Head office relocation expenses paid	(47,887)	—
Organization restructuring expenses paid	(5,851)	—
Business structure reform expenses paid	(18,446)	—
Leave allowance paid	(6,528)	—
Net cash provided by (used in) operating activities	427,425	(71,725)

(Thousand yen)

	1H FY03/2017 (From April 1, 2016 to September 30, 2016)	1H FY03/2018 (From April 1, 2017 to September 30, 2017)
Cash flows from investing activities		
Payments into time deposits	(33,498)	(33,967)
Proceeds from withdrawal of time deposits	70,420	401,841
Purchase of property, plant and equipment	(282,372)	(540,511)
Proceeds from sales of property, plant and equipment	59,246	419,222
Purchase of intangible assets	(20,897)	(30,507)
Purchase of investment securities	(3,207)	—
Proceeds from sales of investment securities	—	232,744
Purchase of investments in subsidiaries	(39,219)	(15,000)
Purchase of stocks of affiliates	(41,400)	(49)
Payments for lease and guarantee deposits	(66,441)	(13,188)
Proceeds from collection of lease and guarantee deposits	30,559	6,830
Payments of loans receivable	(351,697)	(30,310)
Collection of loans receivable	56,895	469
Proceeds from cancellation of insurance funds	91,900	—
Other	10,748	105,257
Net cash provided by (used in) investing activities	(518,963)	502,829
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,492,191	(2,627,700)
Proceeds from long-term loans payable	100,000	4,000,000
Repayments of long-term loans payable	(892,682)	(1,007,554)
Purchase of investments in subsidiaries resulting in no change in scope of consolidation	(2,235)	—
Proceeds from sale and lease-back of equipment	—	194,081
Increase (decrease) in finance lease obligations	(60,523)	(52,244)
Purchase of treasury shares	—	(85)
Cash dividends paid	(68,996)	(59,796)
Net cash provided by (used in) financing activities	567,754	446,700
Effect of exchange rate change on cash and cash equivalents	(214,293)	(98,917)
Net increase (decrease) in cash and cash equivalents	261,923	778,886
Cash and cash equivalents at beginning of period	2,748,634	3,253,069
Increase in cash and cash equivalents from newly consolidated subsidiary	—	103,813
Cash and cash equivalents at end of period	3,010,557	4,135,769