



Consolidated Financial Results (Japanese Accounting Standards) for the First Half of Fiscal Year Ending March 31, 2017

November 14, 2016

Listed Company Nippon Manufacturing Service Corporation Listings: Tokyo Stock Exchange
 Securities code 2162 URL <http://www.n-ms.co.jp/>
 Representative (Title) President and CEO (Name) Fumiaki Ono
 Contact (Title) Operating Officer (Name) Shin Nakamura Telephone 03-5333-1711
 Scheduled Date of Filing Quarterly Securities Report November 14, 2016 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, 2017 (April 1, 2016 – September 30, 2016)

(1) Consolidated results of operations (six months)

(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 FY03/2017	28,937	-9.7	688	-22.6	61	-93.5	-92	--
1H FY03/2016	32,043	34.7	890	275.6	944	542.7	510	516.4

Note: Comprehensive income 1H FY03/2017 -432 million yen(-%) 1H FY03/2016 501 million yen(-%)

	Net income per share	Diluted net income per share
	Yen	Yen
1H FY03/2017	-9.38	--
1H FY03/2016	51.70	51.55

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1H FY03/2017	24,976	4,913	18.5
FY03/2016	26,234	5,419	19.5

Reference: Shareholders' equity 1H FY03/2017 4,620million yen FY03/2016 5,103million yen

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY03/2016	—	0.00	—	7.00	7.00
FY03/2017	—	0.00	—	—	—
FY03/2017 (forecast)	—	—	—	5.00	5.00

Note: Revision of the latest released dividend forecast: None

3. Consolidated forecasts for year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(% shows change from previous term)

	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	58,000	-6.7	1,000	-48.5	900	-33.4	600	59.8	60.72

Note: Revision of the latest released business performance forecast: None

* Notes

(1) Changes in significant subsidiaries during the consolidated 1H (six months) under review
(changes in subsidiaries accompanying change 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.: Yes

(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 FY03/2017	10,805,500shares	FY03/2016	10,805,500shares
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(2) Number of treasury shares at end of period

1H FY03/2017	924,772shares	FY03/2016	924,772shares
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(3) Average number of shares outstanding during the period

1H FY03/2017	9,880,728shares	1H FY03/2016	9,878,676shares
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* Statement relating to the execution status for the quarterly review 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.

(Availability of the supplementary documents for quarterly financial results)

The Company plans to hold a results briefing for institutional investors and analysts on Tuesday, December 6, 2016.

The supplementary materials on financial results delivered in the briefing will be disclosed at TDnet immediately after the briefing.

4. Quarterly consolidated financial statements
(1) Quarterly consolidated balance sheet

(Thousand yen)

	FY03/2016 (March 31,2016)	1H FY03/2017 (September 30,2016)
Assets		
Current assets		
Cash and deposits	2,869,948	3,094,164
Notes and accounts receivable - trade	10,487,549	10,149,518
Finished goods	1,736,612	1,033,417
Work in process	446,499	454,643
Raw materials and supplies	3,550,079	3,044,932
Others	1,050,937	1,265,572
Allowance for doubtful accounts	-8,019	-6,542
Total current assets	20,133,608	19,035,707
Non-current assets		
Property, plant and equipment		
Land	1,600,989	1,581,133
Other, net	2,875,045	2,716,107
Total property, plant and equipment	4,476,035	4,297,241
Intangible assets		
Other	560,007	546,022
Total intangible assets	560,007	546,022
Investment and other assets		
Other	1,077,719	1,103,342
Allowance for doubtful accounts	-12,969	-6,119
Total investments and other accounts	1,064,749	1,097,222
Total non-current assets	6,100,792	5,940,485
Total assets	26,234,401	24,976,192
Liability		
Current liability		
Notes and accounts payable - trade	5,299,777	4,218,599
Short-term loans payable	8,823,673	9,982,999
Accounts payable - other	1,532,814	1,360,660
Income tax payable	166,599	143,402
Accrued consumption taxes	209,052	208,112
Provision for bonuses	349,939	434,047
Other	851,285	909,089
Total current liabilities	17,233,142	17,166,911
Non-current liabilities		
Long-term loans payable	2,639,528	2,012,005
Deferred tax liability	88,177	78,709
Provision for directors' retirement benefits	95,616	100,440
Non defined benefit liabilities	442,352	419,868
Other	315,825	284,584
Total non-current liabilities	3,581,499	2,895,608
Total liabilities	20,814,641	20,062,520

(Thousand yen)

	FY03/2016 (March 31,2016)	1H FY03/2017 (September 30,2016)
Net assets		
Shareholders' equity		
Capital stock	500,690	500,690
Capital surplus	401,262	415,679
Retained earnings	4,451,247	4,289,461
Treasury shares	-289,653	-289,653
Total shareholders' equity	5,063,546	4,916,178
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	99,040	69,662
Foreign currency translation adjustment	-59,519	-365,115
Total other accumulated comprehensive income	39,520	-295,453
Subscription rights to shares	2,809	2,598
Non-controlling interests	313,883	290,349
Total net assets	5,419,760	4,913,672
Total liabilities and net assets	26,234,401	24,976,192

(2) Quarterly consolidated statements of income/quarterly consolidated statement of comprehensive income
(Quarterly consolidated statements of income)
(1H FY03/2017)

(Thousand yen)

	1H FY03/2016 (From April 1, 2015 to September 30, 2015)	1H FY03/2017 (From April 1, 2016 to September 30, 2016)
Net sales	32,043,456	28,937,959
Cost of sales	27,819,521	25,140,897
Gross profit	4,223,934	3,797,062
Selling, general and administrative expenses		
Salaries and bonuses	1,087,697	1,081,556
Provision for bonuses	225,674	114,376
Other	2,020,406	1,912,360
Total selling, general and administrative expenses	3,333,777	3,108,293
Operating income	890,156	688,768
Non-operating income		
Interest income	5,073	12,433
Dividend income	2,146	2,673
Foreign exchange gains	113,736	—
Real estate rent	11,554	7,130
Other	19,853	40,126
Total non-operating income	152,365	62,363
Non-operating expenses		
Interest expenses	42,343	40,022
Foreign exchange losses	—	603,978
Rent cost of real estate	11,124	3,804
Foreign withholding tax	9,595	9,895
Other	34,985	31,884
Total non-operating expenses	98,048	689,685
Ordinary income	944,473	61,546
Extraordinary income		
Gain on sales of non-current assets	1,726	37,797
Subsidies for employment adjustment	23,750	7,860
Other	—	210
Total extraordinary income	25,476	45,867
Extraordinary losses		
Loss on sales of non-current assets	344	—
Loss on retirement of non-current assets	0	6,453
Overseas subsidiaries tax-related losses	31,335	—
Leave allowance	37	6,528
Business structure reform expenses	39,073	18,446
Organization restructuring expenses	—	5,851
Head office relocation expenses	—	47,887
Other	—	1,483
Total extraordinary losses	70,792	86,651
Income before income taxes	899,158	20,762
Income taxes	313,307	104,736
Net income/loss (-)	585,851	-83,973
Profit attributable to owners of parent	75,106	8,661
Profit/Loss (-) attributable to owners of parent	510,745	-92,635

(Quarterly consolidated statement of comprehensive income)
(1H FY03/2017)

(Thousand yen)

	1H FY03/2016 (From April 1, 2015 to September 30, 2015)	1H FY03/2017 (From April 1, 2016 to September 30, 2016)
Net income/loss (-)	585,851	-83,973
Other comprehensive income/loss (-)		
Valuation difference on available-for-sale securities	65,407	-31,032
Foreign currency translation adjustment	-150,212	-317,010
Total other comprehensive income/loss (-)	-84,804	-348,043
Comprehensive income/loss (-)	501,046	-432,016
Comprehensive income attributable to		
Comprehensive income/loss (-) attributable to owners of parent	430,753	-427,609
Comprehensive income/loss (-) attributable to non-controlling interests	70,292	-4,406

(3) Quarterly consolidated statement of cash flows

(Thousand yen)

	1H FY03/2016 (From April 1, 2015 to September 30, 2015)	1H FY03/2017 (From April 1, 2016 to September 30, 2016)
Cash flows from operating activities		
Income before income taxes	899,158	20,762
Depreciation	277,571	316,682
Increase (decrease) in allowance for doubtful accounts	-2,010	-103
Increase (decrease) in provision for bonuses	255,158	102,871
Increase (decrease) in provision for directors' retirement benefits	-14,913	4,824
Increase (decrease) in net defined benefit liability	11,686	-22,483
Interest and dividend income	-7,219	-15,106
Interest expenses	42,343	40,022
Loss (gain) on sales of fixed assets	-1,381	-37,797
Subsidies for employment adjustment	-23,750	-7,860
Leave allowance	37	6,528
Gain on reversal of subscription rights to shares	—	-210
Overseas subsidiaries tax-related losses	31,335	—
Business structure reform expenses	39,073	18,446
Head office relocation expenses	—	47,887
Organizational restructuring expenses	—	5,851
Decrease (increase) in notes and accounts receivable - trade	-964,077	-323,900
Decrease (increase) in accounts receivable-other	70,203	-102,411
Decrease (increase) in inventories	-28,411	723,539
Increase (decrease) in notes and accounts payable - trade	14,056	-244,093
Increase (decrease) in accounts payable - other	-200,663	-98,031
Increase (decrease) in accrued expenses	87,013	93,904
Increase (decrease) in accrued consumption taxes	-306,779	9,519
Increase (decrease) in deposits received	-20,491	5,139
Other	-27,791	-67,110
Subtotal	130,148	476,873
Interest and dividend income received	7,266	13,381
Interest expenses paid	-41,916	-39,289
Income taxes paid	-239,208	-140,228
Income taxes refund	—	187,541
Subsidies for employment adjustment received	23,750	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	-37	-6,528
Compensation expenses paid	-144,875	—
Overseas subsidiaries tax-related losses paid	-10,051	—
Net cash provided by (used in) operating activities	-274,924	427,425

(Thousand yen)

	1H FY03/2016 (From April 1, 2015 to September 30, 2015)	1H FY03/2017 (From April 1, 2016 to September 30, 2016)
Cash flows from investing activities		
Payments into time deposits	-91,792	-33,498
Proceeds from withdrawal of time deposits	30,168	70,420
Purchase of property, plant and equipment	-381,182	-282,372
Proceeds from sales of property, plant and equipment	1,951	59,246
Purchase of intangible assets	-5,071	-20,897
Purchase of investment securities	—	-3,207
Purchase of investments in subsidiaries	—	-39,219
Purchase of stocks of affiliates	—	-41,400
Payments for lease and guarantee deposits	-22,493	-66,441
Proceeds from collection of lease and guarantee deposits	373	30,559
Payments of loans receivable	-57,280	-351,697
Collection of loans receivable	1,472	56,895
Proceeds from cancellation of insurance funds	—	91,900
Other	-4,719	10,748
Net cash provided by (used in) investing activities	-528,575	-518,963
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	357,782	1,492,191
Proceeds from long-term loans payable	1,120,000	100,000
Repayments of long-term loans payable	-1,653,279	-892,682
Purchase of investments in subsidiaries resulting in no change in scope of consolidation	—	-2,235
Increase (decrease) in finance lease obligations	-14,674	-60,523
Proceeds from sales of treasury shares	443,046	—
Purchase of treasury shares	-78	—
Cash dividends paid	-43,779	-68,996
Other	391	—
Net cash provided by (used in) financing activities	209,408	567,754
Effect of exchange rate change on cash and cash equivalents	-27,015	-214,293
Net increase (decrease) in cash and cash equivalents	-621,105	261,923
Cash and cash equivalents at beginning of period	3,859,148	2,748,634
Cash and cash equivalents at end of period	3,238,042	3,010,557