



IBIDEN Co.,Ltd.
ANNUAL REPORT 2016

Year Ended March 31, 2016



IBIDEN Worldwide—IBI-TECHNO without Borders

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.

Global Network

EUROPE



- Electronic Substrate
- Ceramic
- Sales and Others

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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.

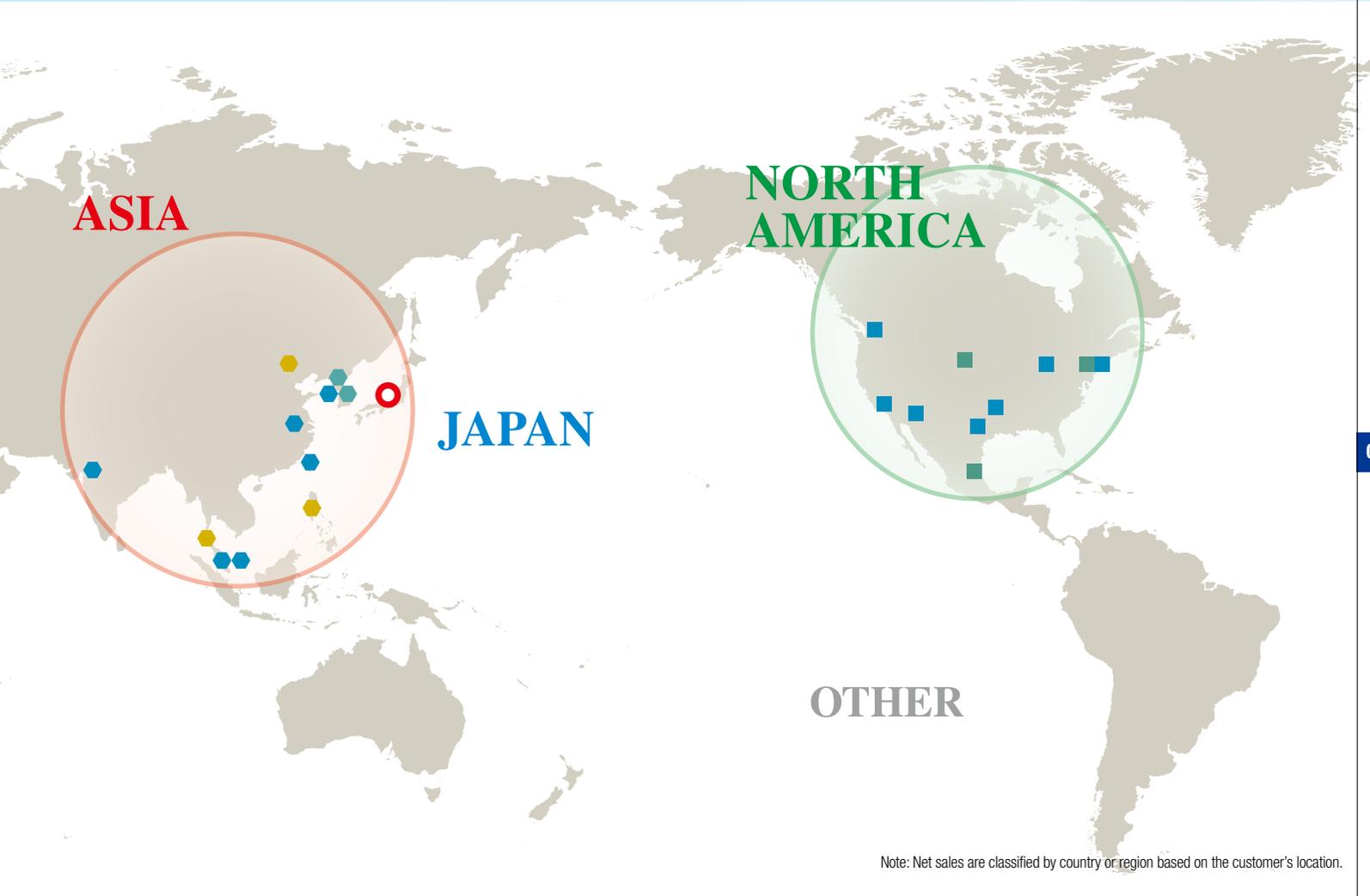
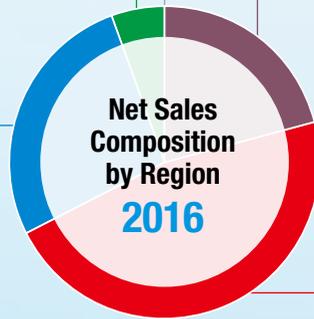
Other 0.0%

North America 5.3%

Japan 26.1%

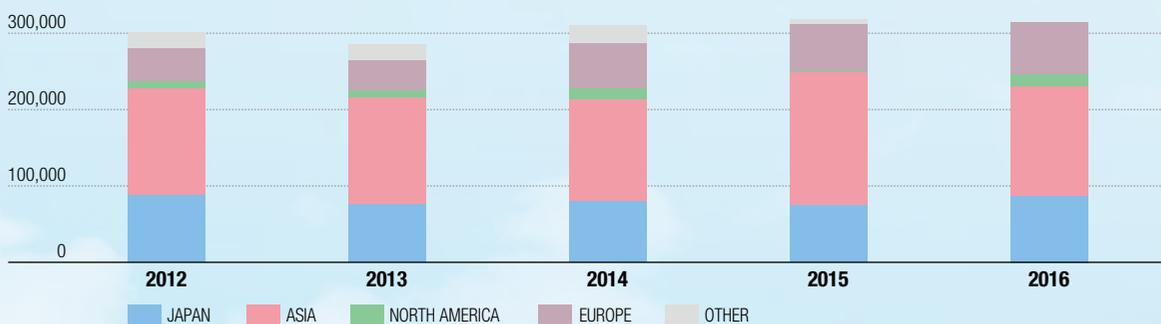
Europe 21.0%

Asia 46.6%



Net Sales by Region

(Millions of Yen)



Toward the Establishment of a Third Source of Revenue

The Group has responded flexibly to changes in the business environment and developed a further collaborative relationship among the Group companies since the fiscal year ended March 31, 2016. To speed up the synergy effect, we have made changes in the business segments on the right. Under the new business segments, we have positioned the Other Operation as a third source of revenue following the Electronics Operation and the Ceramics Operation, and sought to enhance competitiveness. Major businesses in the Other Operation are introduced below.

Housing Materials Business

In April 2016, IBIKEN Co., Ltd. merged with IBIDEN KENSO Co., Ltd. In the coming years, IBIKEN Co., Ltd. will strive to grow its operations with differentiated products such as unique component housing and antiviral melamine decorative laminate. Particularly promising are new products, including antiviral melamine decorative laminate IBI-BOARD Viruhael and antiviral melamine noncombustible decorative laminate Retect Viruhael, on which a photo-catalyst substance is attached to a laminate using a unique technology, reducing viruses by 99% or more in the process. These products, which are optimal for public buildings, such as hospitals, schools, and nursing care facilities, which have strong needs for anti-mass infection measures, have already been introduced to the toilets of a large sports stadium. IBIKEN is also developing and marketing for-sale housing as witnessed by the development of Local Village Ogaki, a residential area based on the concept of “Working in an Urban Area and Living in Nature.”

IBIKEN Co., Ltd.	Established April 1, 2016	Capital ¥96 million
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Retect Viruhael: high pressure laminates with antiviral effect/wall surface, Monde Booth/toilet booth, Stylish Counter/counter



Retect: noncombustible laminates/kitchen counter
IBI TICO: high pressure laminates/cabinet doors



Local Village Ogaki

Construction Business

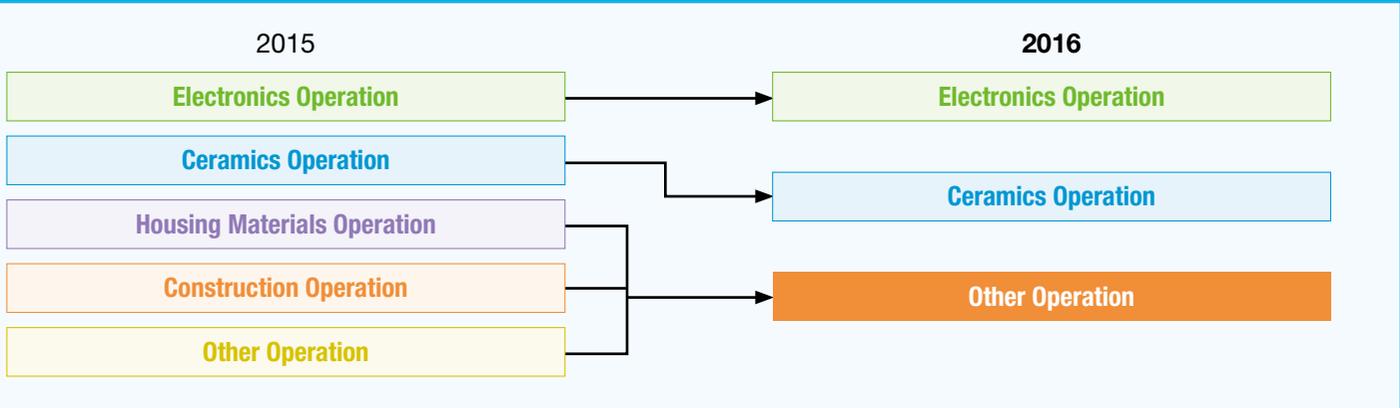
IBIDEN Greentec Co., Ltd. (“IBIDEN Greentec”), an operator primarily engaged in the construction business, provides garden and slope construction services across the country. In the garden construction business, the company specializes in wall and rooftop greening, a type of greening that is thought to be difficult using conventional methods and requires sophisticated expertise. This type of greening is regarded as a highly effective means of reducing the heat island phenomenon, saving energy, and improving a landscape, which are pressing challenges for urban areas. In October 2015, in recognition of its determined efforts and excellent results, IBIDEN Greentec was honored with the Minister of the Environment Award in the rooftop greening category of the 14th Roof, Walls, Special Greening Technology Competition. In the slope construction business, the company pursues operations on the strength of its patented GT Frame Construction Method, designed for disaster prevention and environment preservation, which are present-day challenges.



Roof greening system
(Photo: NODAI Academia Center, Tokyo University of Agriculture)



Wall greening system
(Photo: Toyosu Foresia)
Approximately 44% of the site area is covered with greenery

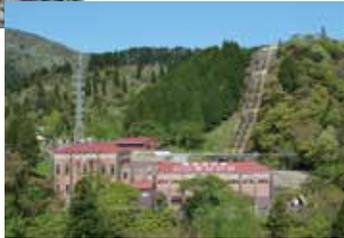


Power Generation Business

The Company has been conducting hydroelectric power generation since its foundation, and currently operates three hydroelectric power plants upstream on the Ibi River. During the fiscal year under review, with the completion of renovation work at the Higashi-Yokoyama Power Plant, all of our power plants became compliant with renewable energy feed in tariffs (FIT), ensuring stable, long-term revenue. We also constructed Japan's largest floating solar power generation plant, located at the lumberyard parking site of IBIDEN's Kinuura Plant. The new plant is expected to reach an annual output of approximately 2,400 MWh, with all the electricity generated sold to the power company. The water floatation devices use the Company's developed lightweight, corrosion-resistant and high-density polyethylene (patent pending), a promising product for the Company's business.



The Japan's largest water floating solar power generation



Higashi-Yokoyama Power Plant

AWARD TOPICS

Awarded the 15th SCQI by Intel Corporation: Electronics Operation (PKG)

IBIDEN was awarded the Supplier Continuance Quality Improvement (SCQI) Award by Intel Corporation for the second consecutive year. This award was granted to IBIDEN for achieving remarkable results in terms of Intel targets and for being deemed to have fulfilled a role as an important leader within the industry in terms of all important items evaluated by quality, cost, supply frameworks, technological prowess, customer service, labor, ethics systems as well as environmental sustainability.



Award

Received the Daimler AG's Supplier Award: Ceramics Operation (DPF)

Daimler AG has honored its suppliers that have achieved collaboration backed by a certain level of performance and partnership. In the "Global Procurement Trucks and Buses" innovation category, the award was granted to our Ceramics Operation for its highly evaluated development of state-of-the-art diesel particulate filters (DPF) and production engineering for high-end trucks.



Award

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, 2016, 2015, 2014, 2013, and 2012

For the year:	Millions of yen					Thousands of U.S. dollars (Note)
	2016	2015	2014	2013	2012	2016
Net sales	¥ 314,119	¥ 318,072	¥ 310,268	¥ 285,947	¥ 300,864	\$ 2,789,195
Operating income	22,571	26,039	23,442	5,420	15,516	200,414
Profit before income taxes	12,129	29,604	25,484	7,356	15,258	107,699
Profit attributable to owners of parent	7,531	19,107	17,479	2,232	10,648	66,870
Comprehensive (loss) income	(14,236)	42,042	40,724	22,885	9,489	(126,405)
EBITDA	66,628	65,467	59,144	48,118	57,903	591,614
Capital expenditures	40,955	56,350	37,731	43,262	47,313	363,660
Depreciation and amortization	44,057	39,428	35,702	42,698	42,387	391,200
Research and development cost	15,204	15,512	15,031	15,125	16,123	134,997
Net cash provided by operating activities	59,499	61,547	50,093	45,101	37,371	528,319
Net cash used in investing activities	(39,439)	(54,888)	(38,364)	(58,325)	(59,292)	(350,193)
Net cash (used in) provided by financing activities	(20,479)	9,835	(6,935)	(11,508)	34,092	(181,846)
Free cash flow	20,060	6,659	11,729	(13,224)	(21,921)	178,126

At year-end:

Total assets	¥ 476,110	¥ 519,847	¥ 462,113	¥ 430,040	¥ 425,871	\$ 4,227,583
Total net assets	331,521	360,092	322,562	286,705	274,900	2,943,713
Interest-bearing debt	70,128	75,855	61,574	63,925	63,738	622,696
Cash and cash equivalents	107,875	110,479	91,679	82,970	104,487	957,871
Total number of shares issued (shares)	150,860,557	150,860,557	150,860,557	150,860,557	150,860,557	

Per share data:

	Yen					U.S. Dollars (Note)
Basic profit attributable to owners of parent	¥ 55.29	¥138.37	¥ 126.58	¥ 15.97	¥ 74.41	\$ 0.49
Diluted profit attributable to owners of parent	—	—	126.15	15.86	73.69	—
Net assets	2,459.63	2,578.85	2,305.93	2,043.29	1,885.53	21.84

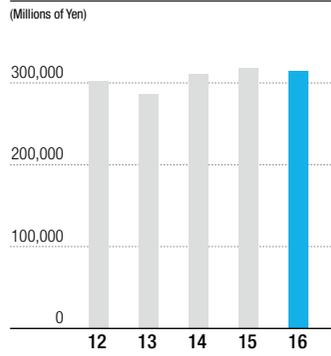
Ratios:

	%				
Equity ratio	68.75%	68.50%	68.91%	65.61%	63.35%
ROE	2.20	5.67	5.82	0.81	3.97
ROA	1.51	3.89	3.92	0.52	2.59
Price earnings ratio (times)	24.89	14.65	16.07	91.78	28.45

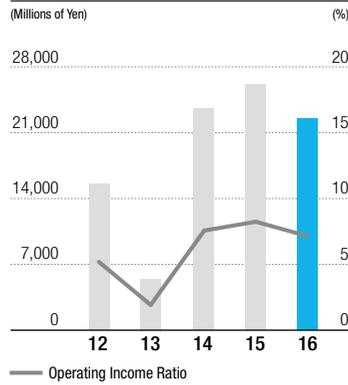
Notes: 1. U.S. dollar amounts have been converted for convenience only at the rate of ¥112.62=US\$1, the rate of exchange on March 31, 2016.

2. EBITDA = Operating income + Depreciation and amortization

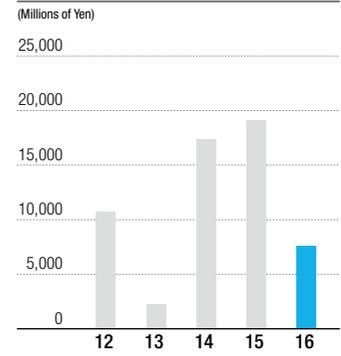
Net Sales



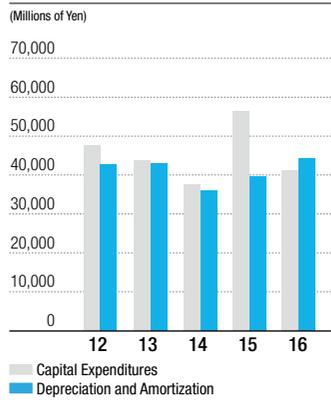
Operating Income/ Operating Income Ratio



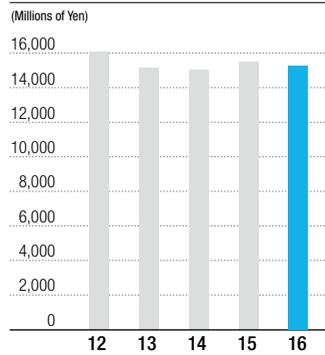
Profit Attributable to Owners of Parent



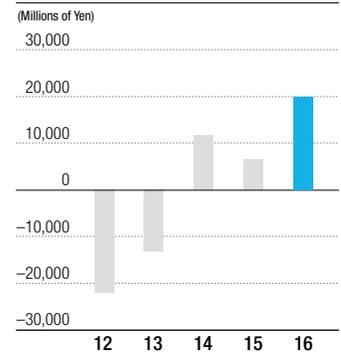
Capital Expenditures/ Depreciation and Amortization



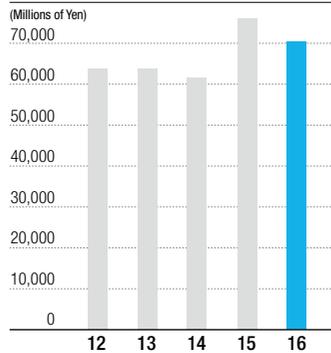
Research and Development Cost



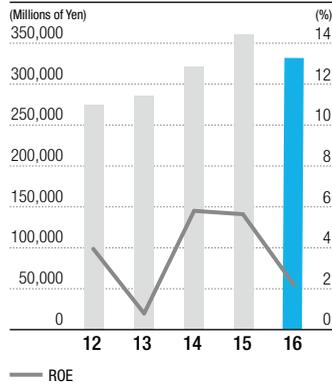
Free Cash Flow



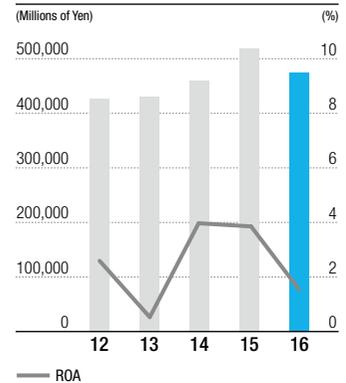
Interest-Bearing Debt



Total Net Assets/ ROE



Total Assets/ ROA



Message from the President



Hiroki Takenaka
President & CEO

Direction of Our Business Management

Striving to build a corporate culture to grow our business continuously under the consolidated medium-term management plan "Challenge IBI-TECHNO 105 Plan"

The fiscal year ended March 31, 2016 marked the halfway point of our consolidated medium-term management plan, "Challenge IBI-TECHNO 105," for the five years started from April 2013. The main focus of our medium-term management plan is to create a corporate culture that enables us to stay ahead of changes in the business environment and continue to grow our businesses over the next 100 years and beyond. As a global supplier, we deliver components to the world's leading manufacturers. While doing so demands world-beating quality and expertise, we have continued to meet all of our customers' requirements and deliver results exceeding expectations, thereby achieving greater customer satisfaction and growing the Company. A source of growth lies in bolstering such manufacturing activity and developing human resources while continuing innovations, which is the essence of our business. These efforts, referred to as IBI-TECHNO innovations, are the foundation of our

business operations. As a specific initiative of IBI-TECHNO innovations under the medium-term management plan, we engage in unique improvement activities, focusing on the "5S," "Jikoutei kanketsu (built-in quality with ownership) activities," and "cross-sectional teamwork activities" based on "Genchi (actual site), Genbutsu (actual thing), and Jigakari (on-site solution of problem)." By proactively solving problems on-site by exercising their creativity, all employees are able to improve their skills and increase their motivation towards work, thus developing human resources. In addition to achieving management goals, we take on the challenges of attaining higher goals by instilling a sense of achievement in employees, while improving teamwork. Through these activities, we aim to promote a positive "spiral up" effect. (See Fig. 1 "Business Model")

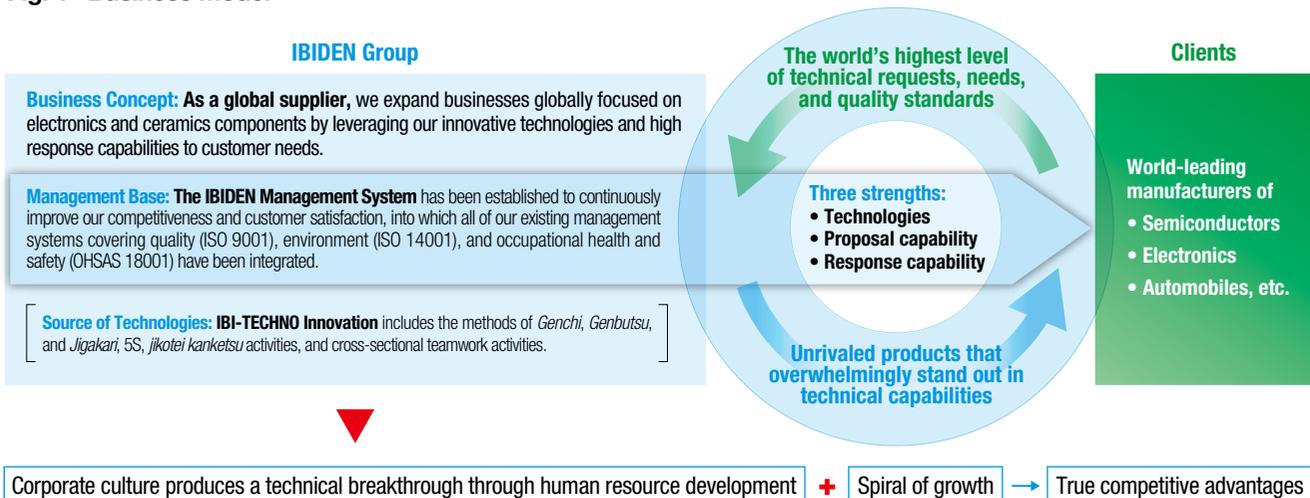
In the medium-term management plan, to respond flexibly to a changing operating environment, we facilitate activities that increase the competitiveness of our businesses with the aim of creating a stable earnings structure consisting of three business segments: Electronics Operation, Ceramics Operation, and Other Operation.

Business Results for the Fiscal Year Ended March 31, 2016

The Other Operation has raised its profile as a third source of revenue amid a generally challenging operating environment

We have facilitated the restructuring of our Electronics Operation in response to the recent expansion of the smartphone and tablet device markets, as well as the shrinking of the PCs market. As part of the effort, we have enhanced our unique technological capabilities and improved production efficiency by integrating package substrate operations for PCs, a small-sized thin substrate operation for smartphones and tablet-type devices, and a printed wiring board (PWB) operation for smartphones and tablet-type devices. However, the business results of the Electronics Operation were very severe due to the further shrinking of the PC market, coupled with a clear slowdown of the high-end smartphone market since the second half of the fiscal year.

Fig. 1 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.

In the Ceramics Operation, as part of our major diesel particulate filter (DPF) business, we started mass production at IBIDEN Mexico Co., Ltd. in June 2015, which is a new production base for DPF used in large vehicles where market expansion is expected in line with the future implementation of more stringent exhaust emission regulations. As a result, we have completed development of a global production framework including Japan and Europe. In addition, we have also facilitated development of a framework that improves our capabilities to propose solutions to customers by leveraging synergies with the AFP and SCR businesses. Although overall sales of the Ceramics Operation remained solid, backed by a robust auto market, operating income declined due to changes in the product mix, impacts of a fall in sales prices, and the costs of launching IBIDEN Mexico Co., Ltd.

In the Other Operation, we merged IBIKEN Co., Ltd. and IBIDEN KENSO Co., Ltd., two of our group companies in Japan, with the aim of further strengthening our housing materials business. Going forward, we will strive to expand our businesses by leveraging products with distinguished features, such as our unique component housing and antiviral melamine decorative laminates. With the completion of renovation work at the Higashi-Yokoyama Power Plant, all of our power plants have become compliant with renewable energy feed in tariffs (FIT). We will continue to solidify the position of the Other Operation as a third source of revenue by expanding businesses with distinguished products and long-term stable earnings through the power business.

Outlook for the Fiscal Year Ending March 31, 2017

Riding out the crisis, while striving to achieve an earnings recovery in the fiscal year ending March 31, 2018 with all employees working as one team to truly enhance competitiveness

During the fiscal year ending March 31, 2017, a continued shrinking of the PCs market and a further slowdown in the high-end smartphone market are forecast in the Electronics Operation. In addition, the launch of fan-out wafer-level packaging (FO-WLP) is expected to significantly impact our CSP business. As a result, a year-on-year decline of about 20% is forecast for the sales of the Electronics Operation.

By leveraging the superiority of our business model as a global supplier, we will strive to achieve a recovery in order intake through efforts to: 1) continue to capture business in cutting-edge fields for

high-end products; 2) expand target segments to include mid-range items using technological expertise developed for high-end products; 3) broaden interfaces with fast-growing customers such as Chinese manufacturers; and, 4) increase uses of technologies, targeting new fast-growing IoT and in-car product segments, in addition to the server module field. (See Fig. 2 “Strategies for Electronics Operation”) The Ceramics Business is likely to see demand grow in the medium-to long-term, driven mainly by large vehicles and construction equipment, as European countries are scheduled to further tighten gas emissions regulations in the coming years. Although the cost of launching the new IBIDEN Mexico plant, in which an advance investment was made, has been weighing heavily on our profits, the plant’s completion marks the conclusion of IBIDEN’s initiative to establish a global production framework, allowing the Company to enter a stage where it will recover its investment. In the Other Operation, we will expand business operations with characteristic new products in collaboration with the technology development side, having the division attain a higher profile as a third source of revenue.

The business environment surrounding us is expected to remain highly challenging and uncertain. However, guided by our medium-term management plan, we will make every effort to strengthen our true competitiveness and overcome a challenging situation, restoring our business performance by the fiscal year ending March 31, 2018, the final year of our medium-term management plan. We will strive to put our business back onto a sustainable growth path towards the next 100 years.

Shareholder Returns

Conducted treasury stock acquisition and share retirement to deliver increased shareholder value

With respect to the year-end dividend for the fiscal year ended March 31, 2016, we have decided to pay ¥20, which is unchanged from the previous fiscal year. As a result, the annual dividend including the interim dividend will be ¥35 per share, which is unchanged from the previous fiscal year. In addition, to implement a flexible capital policy in response to changes in the business environment aimed at increasing shareholder value, we acquired 5,000,000 shares of treasury stock and retired 10,000,000 shares of treasury stock in the fiscal year ended March 31, 2016.

We thank you for your continued support and understanding of the Group.

Fig. 2 Strategies on Electronics Operation



Management Discussion and Analysis

Results for the Year Ended March 31, 2016

During the fiscal year under review, the world economy remained on a modest recovery on the whole, supported by the strong U.S. economy and the recovering European economy. However, there was growing uncertainty about the outlook for the future, due partly to the intensification of terrorism and regional conflicts, and the economic slowdown in China and other emerging countries. The Japanese economy continued on a gradual recovery path in general, reflecting an improvement in the employment environment and corporate earnings despite a flat trend in consumer spending.

In the semiconductor and the electronic components industry, smartphones and tablet-type devices experienced a slowdown in overall market growth reflecting market maturation in China, which had been leading the market growth, and a market slowdown in other emerging countries. In the PC market, sales remained below year-on-year levels. Accordingly, the Electronics Operation continued to face an intensely challenging business environment.

In the automotive exhaust system components industry, automotive sales remained brisk around the world, as the European and North American markets continued to grow gradually due to the economic recovery and weaker crude oil price.

Given this situation, to stay ahead of changes in the business environment, the Group has been establishing a stable earnings structure consisting of three business segments: the Electronics Operation, the Ceramics Operation, and the Other Operation, which integrates the power business and related businesses under the medium-term management plan. In the Electronics Operation, we have boosted our competitiveness through combined technologies and products by integrating the package substrate operation and printed wiring board (PWB) operation. In the Ceramics Operation, we began full-fledged production in June 2015 at IBIDEN Mexico S.A. de C.V., comprising a new production base for diesel particulate filters (DPF) for large vehicles. In addition, to ensure the contribution to medium- to long-term

stable earnings, we proceeded and completed renovation work at the Higashi-Yokoyama Power Plant as scheduled to become compliant with renewable energy feed-in tariffs.

As a result, consolidated net sales amounted to ¥314,119 million, a decrease of ¥3,953 million (1.2%). Operating income totaled ¥22,571 million, down ¥3,468 million (13.3%), and profit attributable to owners of parent for the period stood at ¥7,531 million, down ¥11,576 million (60.6%).

Analysis of Our Financial Condition and Business Performance

Analysis of Our Financial Condition

(1) Assets

Total assets at the year-end amounted to ¥476,110 million, down 8.4%, year on year. Current assets decreased 3.7% to ¥213,612 million, and fixed assets declined 11.9% to ¥262,498 million.

The significant contributing component in current assets was decreases of ¥2,076 million in trade notes and accounts receivable and ¥1,997 million in short-term investments.

The major factors in fixed assets were declines of ¥20,226 million in property, plant and equipment and ¥13,226 million in investment securities.

(2) Liabilities and Net Assets

Total liabilities at the year-end amounted to ¥144,589 million, declining 9.5%, year on year. Current liabilities increased 15.9% to ¥113,744 million, and long-term liabilities fell 49.9% to ¥30,845 million.

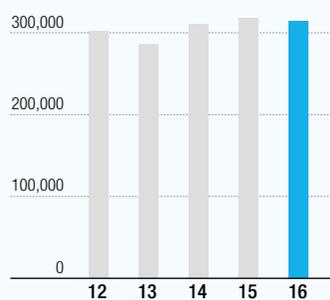
Major factors attributable to the rise in current liabilities included an increase of ¥15,000 million in the current portion of bonds.

The decline in long-term liabilities reflected mainly a decrease of ¥25,127 million in long-term debt including ¥15,000 million in corporate bonds.

Total net assets at the year-end amounted to ¥331,521 million, declining 7.9%, year on year. The decrease was mainly due to such factors as a fall in retained earnings, a decline in net unrealized holding gain on other securities and a

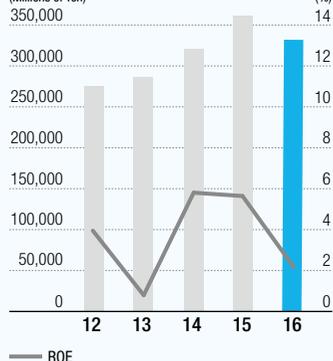
Net Sales

(Millions of Yen)



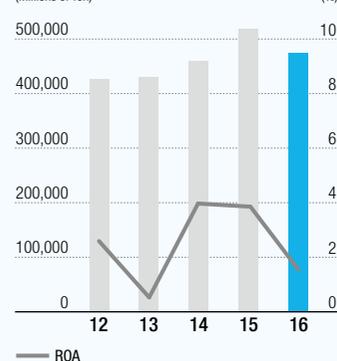
Total Net Assets/ ROE

(Millions of Yen)



Total Assets/ ROA

(Millions of Yen)



decrease in translation adjustments. For further details regarding increases/decreases, please refer to “Consolidated Statement of Changes in Net Assets.”

As a result of the above, the equity ratio at the year-end increased to 68.8% from 68.5% a year ago. Net assets per share fell to ¥2,459.63 from ¥2,578.85.

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 rose 0.5% from the same period in the previous year, to ¥238,346 million due mainly to an increase in depreciation and amortization. The cost-to-sales ratio increased by 1.3 percentage points to 75.9%.

(2) Other Income (Expenses)

In the category of other income and expenses, the Company posted other expenses of ¥11,309 million (net) for the fiscal year under review compared to other income of ¥2,745 million reported one year earlier. The major factors behind the decrease were ¥1,099 million in a foreign exchange gain compared to ¥5,769 million in the previous fiscal year and ¥6,403 million in loss on impairment of fixed assets compared to ¥832 million in the previous fiscal year.

As a result, profit before income taxes fell 59.0% to ¥12,129 million.

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

Income taxes decreased from ¥10,339 million in the previous fiscal year to ¥4,360 million in the fiscal year under review. Consequently, profit declined 59.7% to ¥7,768 million.

(4) Profit Attributable to Noncontrolling Interests

Profit attributable to noncontrolling interests amounted to

¥238 million versus ¥158 million in the previous fiscal year.

(5) Profit Attributable to Owners of Parent

Profit attributable to owners of parent for this period was down 60.6% from the previous fiscal year to ¥7,531 million. Profit attributable to owners of parent per share for this period was ¥55.29 versus ¥138.37 in the previous fiscal year. Return on equity (ROE) was 2.2%, down 3.5 percentage points.

Cash Flow Conditions

Cash and cash equivalents (hereafter “cash”) at the end of the fiscal year under review amounted to ¥107,875 million, down ¥2,604 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 ¥59,499 million, compared with ¥61,547 million in the previous fiscal year. This was primarily attributable to increases of ¥12,129 million in profit before income taxes and ¥44,057 million in depreciation and amortization as well as a decrease of ¥11,892 in income taxes paid.

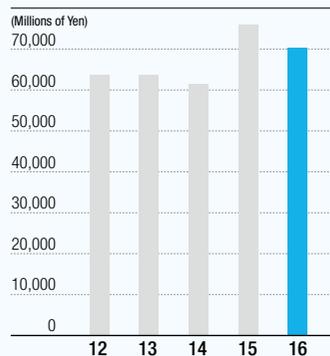
(2) Cash Flow from Investing Activities

Net cash used in investing activities totaled ¥39,439 million, compared with ¥54,888 million in the previous fiscal year. Contributing factors included payment of ¥42,747 million for purchases of property and equipment.

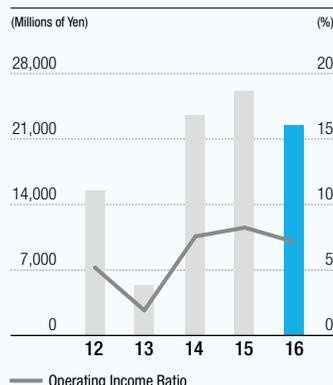
(3) Cash Flow from Financing Activities

Net cash used in financing activities totaled ¥20,479 million, compared with ¥9,835 million in net cash provided during the previous fiscal year. This change reflected decreases of ¥3,127 million in repayment of long-term debt, ¥9,483 in purchases of treasury stock and ¥4,833 million in cash dividends paid.

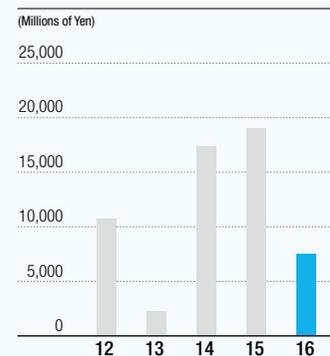
Interest-Bearing Debt



Operating Income/
Operating Income Ratio



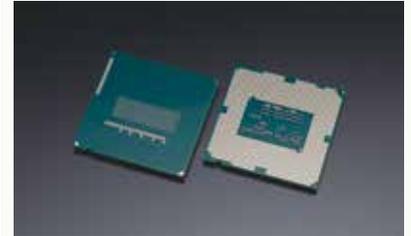
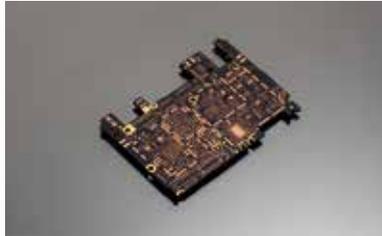
Profit Attributable to Owners of Parent



Electronics Operation

¥147,872 million

47.1%

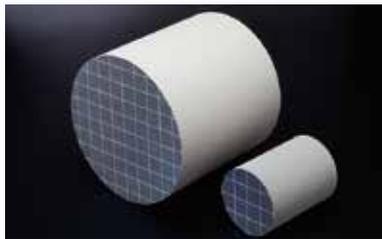


Matching today's high speed of technical innovation, our electronics technology continues to develop new products at the cutting edge of the world electronics field. Our built-up substrates for high-density circuits as well as electronic components and plastic packages for a range of semiconductors are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

Ceramics Operation

¥104,768 million

33.4%



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 fine ceramics products.

Other Operation

¥61,479 million

19.5%

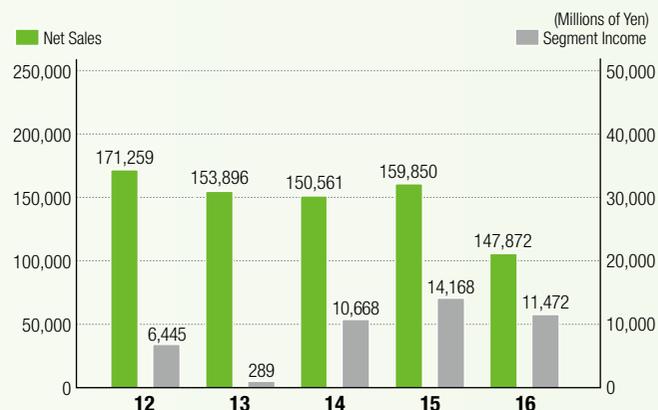


This segment comprises the housing materials business, construction business and other businesses with unique operations, respectively. In the housing materials business, centered on the manufacture and sales of interior-use decorative laminates, we are involved in supplying residential equipment and 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 businesses, 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

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. As of January of 2015, our Electronics Operation underwent an organizational integration to form one operational headquarters, resulting in the establishment of a stable earnings structure supported by three pillars: PKG, CSP and PWB.

Net Sales & Segment Income



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.

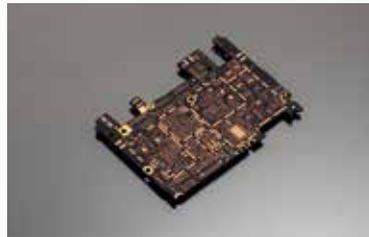


In the construction business, we strive to expand our business by leveraging products with distinguished features such as our unique component housing and antiviral melamine decorative laminates. In the construction business, we use our strength to expand operations in the areas of the slope protection construction and landscape gardening businesses 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 businesses. 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.

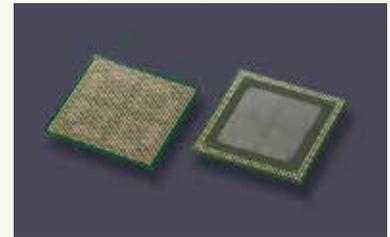


Note: As the Company has changed its segment classification, no data for the years ended March 31, 2014, 2013 and 2012 are shown.

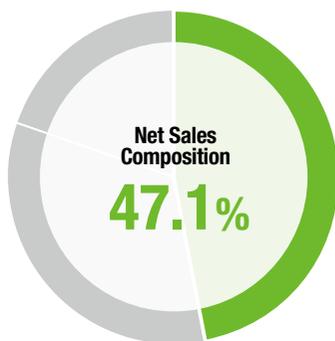
Electronics Operation



FVSS® (Free via stacked up structure)

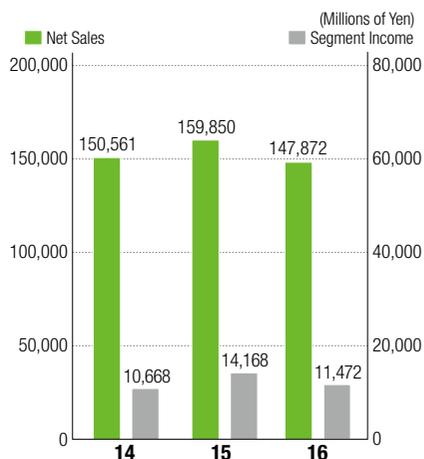


Build up FC-CSP substrate



Net Sales **¥147,872 million**

Segment Income **¥11,472 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.

In the Electronics Operation, sales in the PC market remained sluggish, and sales in smartphones and tablet-type devices market, which has been the driving force of the Electronics Operation, slowed significantly from the second half of the previous fiscal year.

As a result, net sales generated from the Electronics Operation declined 7.5% year on year, to ¥147,872 million. Segment income amounted to ¥11,472 million, down 19.0% from the previous year.



High-performance and high-function package substrate

Ceramics Operation



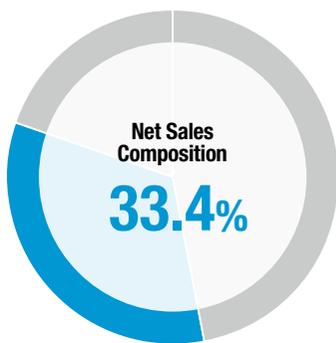
Graphite specialty "EDX-7"



Substrate holding mat

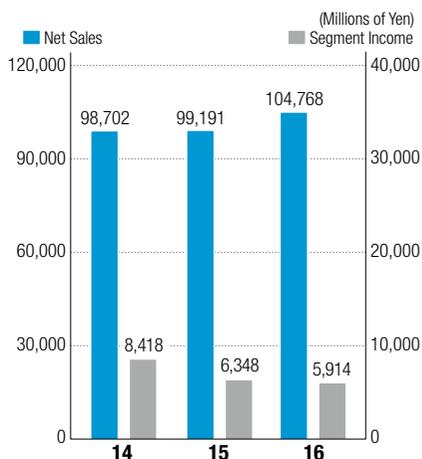


IBI WOOL-E



Net Sales **¥104,768 million**

Segment Income **¥5,914 million**



Main Products

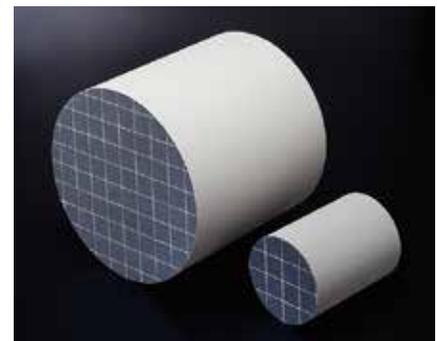
- Diesel particulate filters (DPF)
- Substrate holding mats (AFP)
- NOx reduction catalysts (SCR)
- Graphite specialty products (FGM)
(for semiconductor manufacturing equipment and new energy-related products)
- High temperature insulation wool
- Fine ceramics products

Sales of DPF and substrate holding mats (AFP) expanded from the previous fiscal year due to an increase in the major automobile markets of Europe and North America.

Sales of NOx reduction catalysts (SCR) remained roughly at the same level as the previous year in automotive exhaust system components, despite sluggish sales accompanying the ongoing transitional period for exhaust gas regulations.

Sales of graphite specialty products (FGM) increased from the previous fiscal year, supported by a sales expansion in the midst of a difficult market environment.

Accordingly, consolidated net sales in the Ceramics Operation rose 5.6% year on year, to ¥104,768 million. Segment income totaled ¥5,914 million, down 6.8% from the previous fiscal year, due to start-up costs of IBIDEN Mexico S.A. de C.V., in addition to changes in the product mix of the mainstay DPF and a decline in sales prices.



Sic-DPF

Other Operation



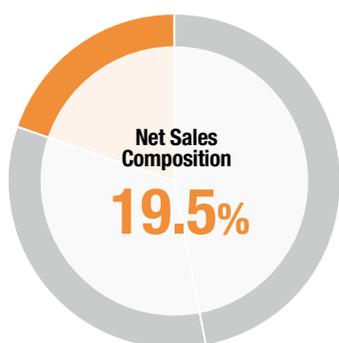
Higashi-Yokoyama Power Plant



The Japan's largest water floating solar power generation

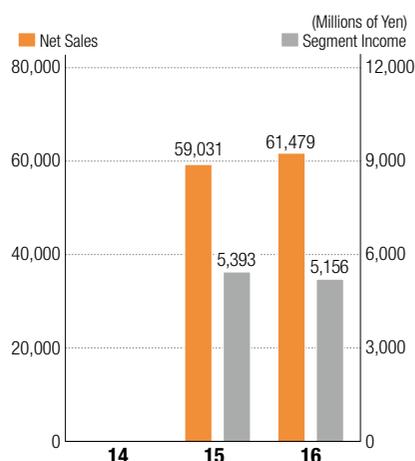


Local Village Ogaki



Net Sales **¥61,479 million**

Segment Income **¥5,156 million**



Note: As the Company has changed its segment classification, no data for the year ended March 31, 2014 is shown.

Main Businesses

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

The laminates-related department succeeded in generating net sales on a par with the previous fiscal year, by redoubling efforts to boost sales of melamine decorative laminates for toilet booths, and noncombustible laminates. Sales of services equipment for housing increased due to a rise in construction of component housing.



Retect Viruhael: high pressure laminates with antiviral effect

The slope protection construction department saw virtually flat sales, as the previous fiscal year, reflecting the completion of large-scale projects as planned.

The landscape gardening department recorded nearly unchanged sales, due to stable demand from public-private partnership projects.

The synthetic resin processing department experienced a drop in sales reflecting lower sales prices, despite higher sales volume.

Consequently, consolidated net sales in the Other Operation totaled ¥61,479 million, up 4.1%, while segment income was ¥5,156 million, down 4.4% from the previous fiscal year.

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 domestic and overseas 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 of the businesses, we are carrying out development of new technologies and products that aim to expand on our existing businesses.

R&D costs of the Group during the fiscal year ended March 2016, on a consolidated basis, amounted to ¥15,204 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 conducting research for module substrates by taking advantage of our features even for applications other than PCs and smartphones.

During the fiscal year under review, R&D costs for this division amounted to ¥9,796 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 geared toward environmental and energy-related areas.

R&D costs for this division amounted to ¥5,329 million in the fiscal year under review.

Other Operation

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

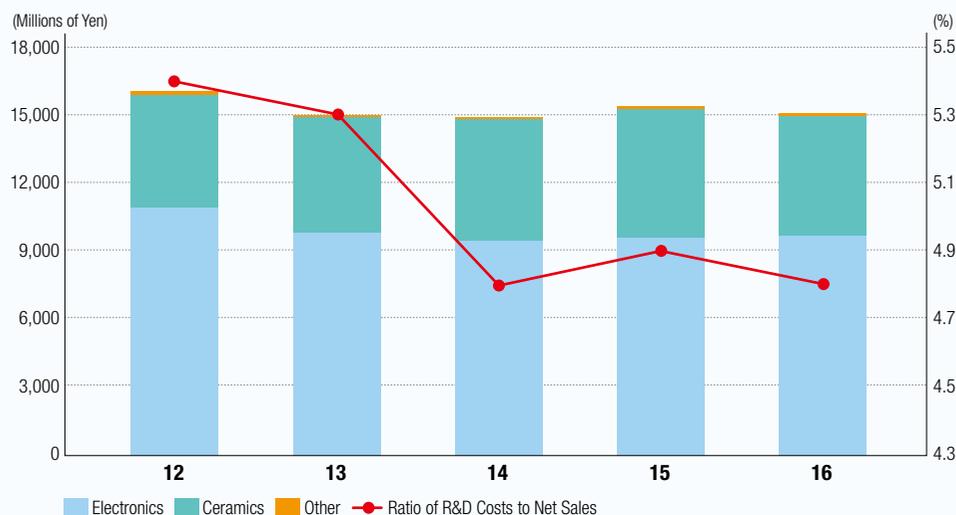
Within the slope-related business, we have been developing materials improvement and methods of construction evolved from patented technology (the GT Frame Method), which makes possible both slope face disaster prevention and full-out surface vegetation.

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 ¥77 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 ¥40,955 million, primarily to establish new facilities to boost production capacity.

Capital expenditures in the Electronics Operation totaled ¥19,066 million, which was used mainly for production facilities for both IC package substrates (¥8,535 million) and PWB (¥10,531 million).

In the Ceramics Operation, the Group spent ¥14,477 million, primarily for production facilities related to DPF (¥7,566 million) and substrate holding mats (AFP) (¥5,728 million).

The Other Operation and corporate were allocated ¥7,412 million.

Required funds were acquired through self-financing.

During the fiscal year under review, no major disposal or removal of facilities took place that would have a noteworthy impact on production capacity.

Major Projects Completed

Segments/bases	Project description
Electronics Operation •Aoyanagi Plant	Established production facilities for FVSS.
Other Operation •Higashi-Yokoyama Power Plant	Updated (renovated) the power generation facilities for Higashi-Yokoyama Power Plant.

Subsidiaries

Electronics Operation •IBIDEN Philippines, Inc.	Established production facilities for next-generation IC package substrates (CSP).
•IBIDEN Electronics Malaysia Sdn. Bhd.	Established production facilities in the second plant building (phase II).
•IBIDEN Electronics (Beijing) Co., Ltd.	Expanded production facilities for FVSS (phase I for FVSS3).
Ceramics Operation •IBIDEN Hungary Kft.	Established the second plant building for AFP in the fourth plant, and utility facilities.
•IBIDEN Mexico, S.A. de C.V.	Established production facilities (the first line) for DPF.

Major Projects Established/Expanded/Updated in Progress

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

Subsidiaries

Electronics Operation •IBIDEN Electronics (Beijing) Co., Ltd.	Established production facilities for next-generation PWB.
Ceramics Operation •IBIDEN Hungary Kft.	Established production facilities for AFP at the second plant building in the fourth plant.
•IBIDEN Mexico, S.A. de C.V.	Established production facilities (the second line) for DPF.

Capital Expenditures and Depreciation and Amortization

¥ 40,955 million

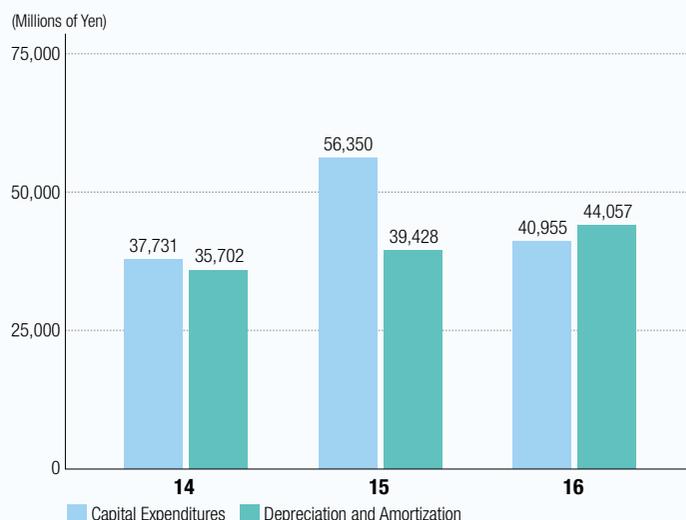
Capital expenditures by geographical areas in the fiscal year under review are summarized as follows:

Electronics-related:

Japan..... ¥7,400 million
Overseas ¥11,700 million

Ceramics-related:

Japan..... ¥1,300 million
Overseas ¥13,100 million



Corporate Governance

Corporate Governance Structure

Overview of Corporate Governance

To ensure fair and highly transparent management, IBIDEN invites two persons to serve as outside directors on the Company's Board of Directors to reflect their advice in the management of the Company. The maximum number of directors is set at 18, while the term of each director is limited to one year to clarify the management accountability of each director, strengthen management practices and enhance the agility needed to implement optimal management practices and respond quickly to the changing business environment. An executive officer system has been introduced to enable swift managerial decision-making and accelerated business execution.

IBIDEN has elected to operate as a company with corporate auditors and a Board of Auditors.

In addition to the corporate governance structure described above, the Company has set up a Management Council to fortify its structure. Composed of parties responsible for management decisions and business execution such as representative directors, directors, executive officers and managing officers, in addition to full-time corporate auditors, the Management Council is authorized to conduct advance deliberations on matters to be placed on the agenda of the Board of Directors and is authorized, under the Company's rules on authorizations, to approve such items. It also deliberates on and decides important matters including management of the progress made in yearly and monthly budgets and managerial issues.

To ensure the appropriateness and fairness of business conducted by the IBIDEN Group companies, IBIDEN has advised the heads of the Group companies to use a structure, designed to advance compliance and risk management, that is similar to its own. At Group information exchange meetings, it keeps abreast of actions advocating compliance and risk management, the status of management and progress made to meet the targets mapped out in their plans for profit generation.

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.

Indicated below is a diagram of the corporate governance system of the Company.

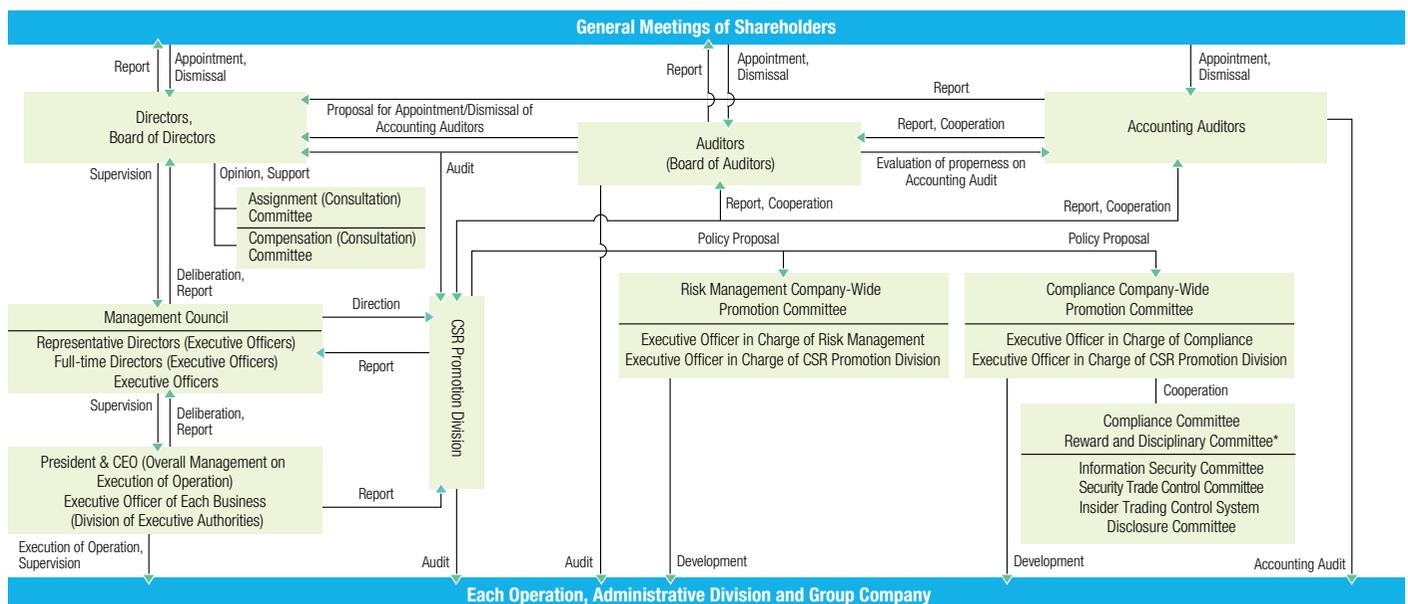
Reasons for Establishment of the Corporate Governance Structure

The IBIDEN Group's corporate governance is conducted effectively and efficiently under the current corporate auditor system. Given the business size and organizational structure of the Group, the Company believes that the current structure is best suited to the Group in terms of achieving the independence of auditing work and the efficiency of corporate governance.

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 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.

The Corporate Governance System



*It shall be held at any time as needed

Status of Internal Audits and Audits by Corporate Auditors

The Company has four corporate auditors, two of whom are outside corporate auditors with no conflict of interest with the Company. Two of the four corporate auditors of the Company are persons who have substantial knowledge of finance and accounting, through obtaining professional qualifications such as certificates to practice tax accounting or public accounting.

Corporate auditors participate in major meetings including those of the Board of Directors and the Management Council to audit the business executed by the directors. In addition, full-time corporate auditors work in cooperation with the CSR Promotion Division, which is the internal auditing organ of the Company, and accounting auditors to perform audits on IBIDEN and its Group companies as required by law and other rules.

Executive officers and others submit reports at the request of the corporate auditors in compliance with the Rules of the Board of Auditors and the Corporate Auditors' Auditing Rules set forth by the Board of Auditors.

The Company has also created an Audit Group in CSR Promotion Division (comprising seven members), which is responsible for executing internal audits. Corporate auditors and CSR Promotion Division have forged mutual close cooperation including regular exchange of information and opinions with accounting auditors to ensure greater effectiveness of the audit structure of the Group.

Outside Directors and Outside Corporate Auditors

As stated in the preceding section, the Company has a governance structure that includes two outside directors and two outside corporate auditors. 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 and outside corporate auditors, when electing any of its outside directors or outside corporate auditors, 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.

Shozo Saito, who serves as IBIDEN's outside director, is outside director of TOKYO SEIMITSU CO., LTD. No special relationship exists between the said company and IBIDEN. Chiaki Yamaguchi, who serves as IBIDEN's outside director, is representative director and president of Towa Real Estate Co., Ltd. No special relationship exists between the said company and IBIDEN.

Fumio Kato, representative of Fumio Kato Certified Tax Accountant Office, serves as outside corporate auditor. No special relationship exists between the said company and IBIDEN. The outside corporate auditor, Masaki Horie is representative of Masaki Horie Certified Tax Accountant 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. Outside corporate auditors express their opinions based on their professional expertise in taxation and financial matters at the Board of Directors and the Board of Auditors meetings and provide fair and objective advice to the Company's directors. The Company believes that the aforementioned outside directors and the outside corporate auditors, who have

demonstrated their independence, have successfully undertaken their responsibilities expected of them by the Company.

Number of Meetings Convened by Principal Management Bodies

Board of Directors	12
Board of Auditors	15
Outside director attendance at Board of Directors' meetings	96%
Outside corporate auditor attendance at Board of Auditors' meetings	100%
Outside corporate auditor attendance at Board of Directors' meetings	100%

Overview of Limited Liability Agreements

We have entered into limited liability agreements with outside directors and outside auditors 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.

Under these agreements, outside auditors are subject to the higher of either ¥18 million or the minimum limited amount set forth 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.

Corporate Audit

We have concluded a corporate 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 seven 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 the Company's directors and executive officers comprises monthly compensation and bonuses. The monthly compensation for directors is calculated based on the directors' job positions, within the limits approved by the general meeting of shareholders, and is approved by the board of directors. Bonus allotments for directors 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 is approved by the board of directors. In determining this compensation, broad consideration is given to a suitable balance with the monthly compensation for directors, assessments of individual 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 officer's contribution to the company's business results and other factors. Compensation Consultation Committee including outside directors as committee members, prior to a resolution of the board of directors, deliberates on compensation and bonus of the board of directors, 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, 2016 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)	¥366	¥291	—	¥75	—	13
Corporate auditors (not including outside corporate auditors)	67	67	—	—	—	3
Outside directors and outside corporate auditors	43	43	—	—	—	6

Notes:

- 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.
- 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.
- Although bonuses for directors amounted to ¥113 million based on the above calculation, recognizing the severe operating environment and the difficulties in the Company's severe performance during the fiscal year, bonuses for directors totaling ¥75 million were approved by the Board of Directors' meeting held on May 16, 2016.
- 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.
- 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.

(c) Board policies and procedures in determining the compensation of the directors

The compensation for the Company's directors comprises monthly compensation and bonuses. The monthly compensation for directors is calculated based on the directors' job positions, within the limits approved by the general meeting of shareholders, and is approved by the board of directors. Bonus allotments for directors 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.

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 Corporate Managers and the Assignment of Director and Corporate Auditor Candidates by the Board of Directors

Corporate manager and director candidates 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 corporate management team/board of directors overall. Corporate auditor candidates 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. A corporate auditor candidate with the consent of the board of auditors is selected by resolution of the board of directors in comply with policies above. Assignment Consultation Committee including outside directors as committee members, prior to a resolution of board of directors, deliberates on assignment such corporate director candidates and corporate auditor candidates and reports 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: ¥36,562 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, 2016)

Directors



*President & CEO,
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 (to present)
Jan. 2015 In charge of R&D Operation (to present)
Mar. 2016 In charge of affiliates and subsidiaries (to present)



*Representative Director &
Executive Vice Presidents*
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 (to present)
Mar. 2016 Operation Manager of Ceramics Operation (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 (to present)
Jan. 2015 Director of IBIDEN Electronics (Beijing) Co., Ltd. (to present)
Mar. 2016 Representative Director, Vice President (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 (to present)
Jun. 2015 Director & Managing Officer
Mar. 2016 Representative Director, Vice President (to present)
Mar. 2016 Integrated management of Quality, Engineering and Production (to present)



*Director & Executive
Managing Officer*
Takayuki TAKAGI

Date of Birth: January 13, 1951

Apr. 1975 Joined IBIDEN Co., Ltd.
Jun. 2003 Director (June 2005 Resigned from Director)
Jun. 2005 Corporate Officer
Apr. 2008 Managing Officer
Apr. 2012 Executive Managing Officer (to present)
Jan. 2015 Operation Manager of Strategic Manufacturing Operation (to present)
Jan. 2015 In charge of CSR Promotion (to present)
Jan. 2015 In charge of Energy Control Division (to present)
Jun. 2015 Director & Executive Managing Officer (to present)



*Director & Executive
Managing Officer*
Masahiko IKUTA

Date of Birth: August 19, 1962

Apr. 1985 Joined IBIDEN Co., Ltd.
Apr. 2008 Executive
Apr. 2011 Corporate Officer
Oct. 2013 In charge of FGM Operation (to present)
Oct. 2013 In charge of IR, Operation Manager of Strategic Corporate Planning Operation (to present)
Jun. 2014 Director & Managing Officer
Mar. 2016 Director & Executive Managing Officer (to present)



*Director & Senior Managing
Officer*
Sotaro ITO

Date of Birth: January 16, 1962

Apr. 1986 Joined IBIDEN Co., Ltd.
Apr. 2008 Corporate Officer
Apr. 2010 Operation Manager of PWB Operation
Jun. 2011 Director & Managing Officer (June 2013 Resigned from Director)
Oct. 2015 Director Manager of DPF Division of Ceramics Operation (to present), Division Manager of DPF Sales Division of Ceramics Operation
Mar. 2016 Managing Officer (to present)
Mar. 2016 Deputy Operation Manager of Ceramics Operation (to present)
Jun. 2016 Director (to present)



*Director & Senior Managing
Officers*
Koji KAWASHIMA

Date of Birth: September 15, 1963

Apr. 1987 Joined IBIDEN Co., Ltd.
Apr. 2008 Executive
Apr. 2010 Corporate Officer
Apr. 2010 Operation Manager of PKG Operation
Jun. 2010 Director & Managing Officer (June 2012 Resigned from Director)
Jan. 2014 Deputy Operation Manager of Strategic Corporate Planning Operation (to present)
Jan. 2015 Division Manager of HR&GA Division of Strategic Corporate Planning Operation (to present)
Mar. 2016 Managing Officer (to present)
Jun. 2016 Director (to present)



Director & Managing Officer
Kazushige OHNO

Date of Birth: October 05, 1966

Apr. 1991 Joined IBIDEN Co., Ltd.
Feb. 2006 Waseda University PhD (Engineering)
Apr. 2008 Executive
Apr. 2012 Corporate Officer
Apr. 2013 Operations Manager of R&D Operation
Jun. 2013 Director & Managing Officer (to present)
Oct. 2015 Deputy Operation Manager of Ceramics Operation (to present)
Mar. 2016 Division Manager of SCR Division of Ceramics Operation (to present)



Outside Director
Shozo SAITO

Date of Birth: July 9, 1956

- Jun. 2007 Executive Officer, Corporate Vice President of Toshiba Corporation
- Jun. 2010 Executive Officer, Corporate Executive Vice President of Toshiba Corporation
- Jun. 2012 Director, Representative Executive Officer, Corporate Senior Executive Vice President of Toshiba Corporation
- Jun. 2013 Outside Director of IBIDEN Co., Ltd. (to present)
- Jun. 2013 Executive Adviser of Toshiba Corporation (to present)
- Jun. 2015 Outside Director of Tokyo Seimitsu Co., Ltd. (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)

Auditors



Standing Auditor
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 (to present)



Standing Auditor
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 (to present)



Outside Corporate Auditor
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. (to present)
- Jun. 2015 Outside Corporate Auditor of IBIDEN Co., Ltd. (to present)



Outside Corporate Auditor
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 Corporate Auditor of IBIDEN Co., Ltd. (to present)



Substitute Outside Corporate Auditor
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. (to present)

Executive Officers

President & CEO

Hiroki Takenaka

Executive Vice Presidents

Takeshi Aoki

Tsuyoshi Nishida

Kozo Kodama

Executive Managing Officers

Takayuki Takagi

Masahiko Ikuta

Senior Managing Officers

Sotaro Ito

Koji Kawashima

Managing Officers

Kazushige Ohno

Syuichi Kubo

Honchin Endo

Yasuji Hiramatsu

CSR Management

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



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. For items which can be improved during the following fiscal year, the relevant departments develop improvement strategies within the action policy. IBIDEN has been awarded “Prime” status by oekom research AG*, a Germany-based CSR rating agency, in its CSR rating. (As of June 2016)

* 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.



■ Internal Control

Compliance Promotion Activities

IBIDEN has established the IBIDEN employees' code of conduct and implements activities aimed to promote awareness of it. We also set targets for voluntary compliance activities and carry them out at respective business locations each year. We aim to enhance the level of these compliance activities by organizing them at a number of different business locations.



■ Environmental Management

Measures to Develop Clean Energy

We have been conducting hydroelectric power generation since its 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. We will continue to utilize hydroelectric power as a source of clean energy.

Hydroelectric power generated in fiscal year 2015

111,682 Mwh

Equivalent to the annual energy consumption of about 31,000 households.



Higashi-Yokoyama power plant

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 CO₂ reduction activities as well as our product-making system.

Global target for fiscal years 2013 to 2017:

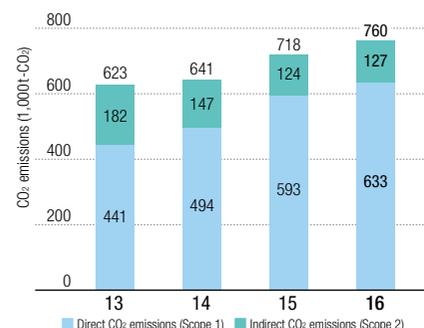
3% (fiscal year 2017) compared to actual CO₂ emissions for fiscal year 2012.

Notes:

*1: CO₂ emissions show figures covering production-related locations in Japan and overseas. With regard to the CO₂ 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: CO₂ emissions indicate emissions from all production bases related to production in Japan and overseas.

Trends of CO₂ emissions*1 [IBIDEN Group]



■ 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.

Respect for Worker Rights

We believe it is important to work on the issue of human rights with the entire supply chain and thus cooperate with our direct suppliers in dealing with such issues. In IBIDEN Group Supplier CSR guidelines, we specifically request that labor-related human rights be observed, including bans of child labor and forced labor.

Occupational Health and Safety

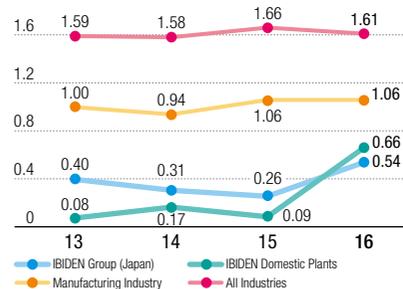
Mainly through the occupational health and safety activities requiring the participation of all our employees, we have achieved an occupational accident frequency rate* of the domestic Group companies at a level below the national manufacturing industry average.

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



Educational training

Occupational accident frequency rate (IBIDEN and Domestic Group companies)



■ 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, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 5)
	2016	2015	2016
Assets			
Current assets:			
Cash and deposits (Notes 6 and 21).....	¥ 104,765	¥ 106,646	\$ 930,256
Short-term investments (Notes 6, 7 and 21)	3,200	5,197	28,411
Notes and accounts receivable (Note 6):			
Trade	57,579	59,655	511,268
Allowance for doubtful accounts.....	(290)	(347)	(2,578)
Inventories:			
Merchandise and finished goods	12,758	13,201	113,284
Work in process	9,900	9,866	87,909
Raw materials and supplies	14,446	14,938	128,268
Deferred income taxes (Note 12)	2,211	2,877	19,635
Other current assets	9,043	9,739	80,300
Total current assets	213,612	221,772	1,896,753
Property, plant and equipment:			
Land (Note 16).....	19,144	19,056	169,987
Buildings and structures (Notes 14 and 15)	183,541	183,649	1,629,744
Machinery and equipment (Notes 14 and 15).....	441,654	444,089	3,921,632
Leased assets	1,826	2,727	16,220
Construction in progress (Note 14)	16,826	31,393	149,404
	662,991	680,914	5,886,987
Accumulated depreciation	(447,063)	(444,760)	(3,969,667)
Property, plant and equipment, net	215,928	236,154	1,917,320
Investments and other assets:			
Investment securities (Notes 6, 7 and 9):			
Unconsolidated subsidiaries and affiliates	892	892	7,918
Other	38,169	51,395	338,915
Long-term loans receivable (Note 6)	40	32	351
Deferred income taxes (Note 12)	680	1,311	6,036
Other assets	7,103	8,631	63,076
Allowance for doubtful accounts.....	(314)	(340)	(2,786)
Total investments and other assets	46,570	61,921	413,510
Total assets (Note 23)	¥ 476,110	¥ 519,847	\$ 4,227,583

	Millions of yen		Thousands of U.S. dollars (Note 5)
	2016	2015	2016
Liabilities and net assets			
Current liabilities:			
Short-term borrowings and current portion of long-term debt (Notes 6 and 8)	¥ 45,065	¥ 25,665	\$ 400,153
Notes and accounts payable (Notes 6 and 9):			
Trade	34,669	31,882	307,841
Other	16,966	18,150	150,646
Lease obligations (Note 10)	145	341	1,285
Accrued expenses	6,436	6,318	57,152
Income taxes payable (Note 12)	1,303	6,457	11,572
Deferred income taxes (Note 12)	2	36	14
Accrued bonuses for employees	3,508	3,958	31,145
Accrued bonuses for directors and audit & supervisory board members	77	167	684
Other current liabilities	5,573	5,192	49,486
Total current liabilities	113,744	98,166	1,009,978
Long-term liabilities:			
Long-term debt (Notes 6 and 8)	25,063	50,190	222,543
Lease obligations (Note 10)	101	359	899
Liability for retirement benefits (Note 11)	465	504	4,127
Deferred income taxes (Note 12)	3,751	8,969	33,310
Other long-term liabilities	1,465	1,567	13,013
Total long-term liabilities	30,845	61,589	273,892
Net assets:			
Shareholders' equity (Note 13):			
Common stock:			
Authorized – 230,000,000 shares			
Issued – 140,860,557 shares in 2016			
and 150,860,557 shares in 2015			
	64,152	64,152	569,638
Capital surplus	64,579	68,355	573,428
Retained earnings	188,599	210,424	1,674,645
Less treasury stock, at cost	(18,302)	(37,115)	(162,513)
Total shareholders' equity	299,028	305,816	2,655,198
Accumulated other comprehensive income (loss):			
Net unrealized holding gain on other securities	12,478	21,003	110,794
Deferred gain (loss) on hedges (Note 22)	198	(1)	1,756
Surplus arising from land revaluation (Note 16)	160	157	1,422
Translation adjustments	15,469	29,126	137,360
Total accumulated other comprehensive income	28,305	50,285	251,332
Non-controlling interests	4,188	3,991	37,183
Total net assets (Note 19)	331,521	360,092	2,943,713
Total liabilities and net assets	¥476,110	¥519,847	\$4,227,583

See accompanying notes to consolidated financial statements.

Consolidated Statement of Income

IBIDEN CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 5)
	2016	2015	2016
Net sales (Note 23).....	¥314,119	¥318,072	\$2,789,195
Cost of sales	238,346	237,242	2,116,375
Gross profit.....	75,773	80,830	672,820
Selling, general and administrative expenses (Note 17).....	53,202	54,791	472,406
Operating income (Note 23).....	22,571	26,039	200,414
Other income (expenses):			
Interest and dividend income.....	1,186	1,189	10,532
Interest expense	(319)	(369)	(2,834)
Other, net (Note 18).....	(11,309)	2,745	(100,413)
Profit before income taxes	12,129	29,604	107,699
Income taxes (Note 12):			
Current.....	(4,233)	(9,681)	(37,586)
Deferred	(127)	(658)	(1,133)
	(4,360)	(10,339)	(38,719)
Profit.....	7,769	19,265	68,980
Profit attributable to:			
Non-controlling interests.....	(238)	(158)	(2,110)
Owners of parent (Note 19).....	¥ 7,531	¥ 19,107	\$ 66,870

See accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

IBIDEN CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 5)
	2016	2015	2016
Profit.....	¥ 7,769	¥19,265	\$ 68,980
Other comprehensive (loss) income:			
Net unrealized holding (loss) gain on other securities	(8,550)	9,626	(75,920)
Deferred gain (loss) on hedges.....	199	(1)	1,767
Surplus arising from land revaluation.....	3	85	32
Translation adjustments	(13,657)	13,067	(121,264)
Total other comprehensive (loss) income (Note 20)	(22,005)	22,777	(195,385)
Comprehensive (loss) income	¥(14,236)	¥42,042	\$(126,405)
Comprehensive (loss) income attributable to:			
Owners of parent.....	¥(14,449)	¥41,827	\$(128,295)
Non-controlling interests	213	215	1,890

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

IBIDEN CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2016 and 2015

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 gain (loss) on hedges	Surplus arising from land revaluation	Translation adjustments	Stock acquisition rights	Non- controlling interests	Total net assets
Balance at April 1, 2014.....	150,861	¥64,152	¥68,355	¥195,459	¥(37,111)	¥11,433	¥ —	¥ 71	¥ 16,060	¥353	¥3,790	¥322,562
Cash dividends	—	—	—	(4,142)	—	—	—	—	—	—	—	(4,142)
Profit attributable to owners of parent	—	—	—	19,107	—	—	—	—	—	—	—	19,107
Purchases of treasury stock	—	—	—	—	(4)	—	—	—	—	—	—	(4)
Sales of treasury stock	—	—	0	—	0	—	—	—	—	—	—	0
Other changes	—	—	—	—	—	9,570	(1)	86	13,066	(353)	201	22,569
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 March 31, 2016.....	140,861	¥64,152	¥64,579	¥188,599	¥(18,302)	¥12,478	¥198	¥160	¥ 15,469	¥ —	¥4,188	¥331,521

IBIDEN CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2016 and 2015

Thousands of U.S. dollars (Note 5)

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on other securities	Deferred gain (loss) on hedges	Surplus arising from land revaluation	Translation adjustments	Non- controlling interests	Total net assets
Balance at April 1, 2015.....	\$569,638	\$606,947	\$1,868,441	\$(329,562)	\$186,495	\$ (11)	\$1,390	\$ 258,623	\$35,440	\$3,197,401
Cash dividends	—	—	(42,914)	—	—	—	—	—	—	(42,914)
Profit attributable to owners of parent	—	—	66,870	—	—	—	—	—	—	66,870
Purchases of treasury stock	—	—	—	(84,222)	—	—	—	—	—	(84,222)
Retirement of treasury stock	—	(33,519)	(217,752)	251,271	—	—	—	—	—	—
Other changes	—	—	—	—	(75,701)	1,767	32	(121,263)	1,743	(193,422)
Balance at March 31, 2016.....	\$569,638	\$573,428	\$1,674,645	\$(162,513)	\$110,794	\$1,756	\$1,422	\$ 137,360	\$37,183	\$2,943,713

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

IBIDEN CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 5)
	2016	2015	2016
Operating activities			
Profit before income taxes	¥ 12,129	¥ 29,604	\$ 107,699
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization	44,057	39,428	391,200
Loss on impairment of fixed assets.....	6,403	832	56,856
(Reversal) provision for accrued bonuses for employees	(451)	115	(4,002)
Reversal of allowance for doubtful accounts	(84)	(201)	(745)
(Decrease) increase in liability for retirement benefits	(40)	1	(352)
Interest and dividend income	(1,186)	(1,189)	(10,532)
Interest expense	319	369	2,834
Gain on sales of property and equipment	(63)	(193)	(563)
Loss on disposal of property and equipment and other assets	4,058	1,436	36,034
Gain on sales of investment securities	(2,194)	—	(19,478)
Loss on devaluation of investment securities	3	1	23
Decrease (increase) in notes and accounts receivable.....	517	(745)	4,593
(Increase) decrease in inventories	(252)	594	(2,241)
Increase (decrease) in notes and accounts payable	2,474	(2,073)	21,966
Other, net	2,420	(3,046)	21,488
Subtotal.....	68,110	64,933	604,780
Interest and dividends received.....	1,212	1,169	10,765
Interest paid	(319)	(357)	(2,833)
Income taxes paid	(11,892)	(4,198)	(105,594)
Income taxes refunded	2,388	—	21,201
Net cash provided by operating activities.....	¥ 59,499	¥ 61,547	\$ 528,319

IBIDEN CO., LTD. and Consolidated Subsidiaries

Years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 5)
	2016	2015	2016
Investing activities			
Purchases of property and equipment	¥ (42,747)	¥ (54,803)	\$ (379,570)
Proceeds from sales of property and equipment.....	80	116	711
Purchases of intangible assets.....	(329)	(545)	(2,923)
Purchases of investment securities	(166)	(52)	(1,474)
Proceeds from sales of investment securities.....	2,843	0	25,245
Long-term loans receivable made.....	(11)	—	(95)
Collection of long-term loans receivable.....	2	7	14
Other, net	889	389	7,899
Net cash used in investing activities.....	(39,439)	(54,888)	(350,193)
Financing activities			
(Decrease) increase in short-term borrowings, net	(2,600)	4,504	(23,086)
Increase in long-term debt.....	—	10,000	—
Repayment of long-term debt.....	(3,127)	(206)	(27,768)
Proceeds from issuance of bonds.....	—	25,000	—
Redemption of bonds.....	—	(25,000)	—
Purchases of treasury stock.....	(9,483)	(4)	(84,207)
Proceeds from sales of treasury stock	—	0	—
Cash dividends paid to non-controlling interests	(15)	(15)	(135)
Cash dividends paid	(4,833)	(4,142)	(42,914)
Repayments of lease obligations.....	(521)	(302)	(4,624)
Other, net	100	—	888
Net cash (used in) provided by financing activities.....	(20,479)	9,835	(181,846)
Effect of exchange rate changes on cash and cash equivalents	(2,185)	2,306	(19,401)
(Decrease) increase in cash and cash equivalents	(2,604)	18,800	(23,121)
Cash and cash equivalents at beginning of year.....	110,479	91,679	980,992
Cash and cash equivalents at end of year (Note 21).....	¥107,875	¥110,479	\$ 957,871

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

IBIDEN CO., LTD. and Consolidated Subsidiaries

March 31, 2016

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 34 and 39 significant consolidated subsidiaries for the years ended March 31, 2016 and 2015, 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, 2016 and 2015, 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. Finance leases that do not transfer ownership of the leased assets to the lessee starting on or before March 31, 2008 are primarily accounted for as operating leases.

(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) 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.

(m) 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.

(n) Deferred assets

Bond issuance costs are charged to expense as incurred.

(o) Research and development costs

Research and development costs are charged to expense as incurred.

(p) 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.

(q) 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).

(r) 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 24.)

3. Accounting Change

Change in Accounting for Business Combinations and Consolidated Financial Statements

The Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan ("ASBJ") Statement No.21 revised on September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22 revised on September 13, 2013) and "Accounting Standard for Business Divestitures" (ASBJ Statement No.7 revised on September 13, 2013) effective from April 1, 2015.

With the application of the above standards, any differences resulting from changes in ownership interests in its subsidiaries are accounted for as changes in capital surplus as long as the parent company retains control over its subsidiaries and acquisition related costs are charged to expenses for the period in which the costs are incurred and the related services received.

For business combinations occurring on or after April 1, 2015, if the initial accounting for the business combination has not been completed by the issuance of the consolidated financial statements subsequent to the businesses combination, provisional amounts are disclosed in the consolidated financial statements for any items for which the accounting is incomplete. Any adjustments to the provisional amounts based on new information or facts and circumstances are reflected in the consolidated financial statements as if the accounting for the business combination had been completed at the acquisition date. In addition, the presentation method of net income was amended, and "minority interests" were changed to "non-controlling interests."

4. Accounting Standards Issued but Not Yet Effective

Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No.26, March 28, 2016)

On March 28, 2016, the ASBJ issued "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26 revised on March 28, 2016) which basically transferred the accounting guidance included in the Japanese Institute of Certified Public Accountants Audit Committee Report No.66 "Audit Treatment on Determining the Recoverability of Deferred Tax Assets" (JICPA Report No.66) to the ASBJ. The ASBJ basically continues to apply the framework of the JICPA Report No.66, whereby companies are categorized into five categories and deferred tax assets are calculated based on each of these categories. However, the ASBJ conducted a necessary review regarding the partial accounting treatments for the categorizing criteria and recoverability of deferred tax assets and established the guidance in applying "Accounting Standard for Tax Effect Accounting" (Business Accounting Council of Japan), regarding the recoverability for deferred tax assets.

The following accounting treatments for the categorizing criteria and recoverability of deferred tax assets were reviewed and changed:

(1) Classification is clarified for entities that do not meet the criteria for any of the five categories.

In order to reflect this change in presentation, certain accounts in the prior year's consolidated financial statements have been reclassified to conform to the current period's presentation.

"Accounting Standard for Business Combinations" and related guidance were applied in accordance with the transitional treatment specified in Section 58-2(4) of "Accounting Standard for Business Combinations," Section 44-5(4) of "Accounting Standard for Consolidated Financial Statements," and Section 57-4(4) of "Accounting Standard for Business Divestitures," with prospective application of these accounting standards effective from April 1, 2015.

Cash flow related to the acquisition or sale of shares of a subsidiary by the Company, where such acquisition or sale would not result in a change in the scope of consolidation, is to be included in "Cash flows from financing activities."

Cash flow related to the acquisition related costs of shares of a subsidiary by the Company, where such acquisition would result in a change in the scope of consolidation and cash flow related to the acquisition or sale related costs of shares of a subsidiary by the Company, where such acquisition or sale would not result in a change in the scope of consolidation, are to be included in "Cash flows from operating activities."

These changes had no impact on the consolidated financial statements and amounts per share for the year ended March 31, 2016.

- (2) Criteria for classifying entities as "Category 2" or "Category 3" is changed from ordinary income to taxable income in the absence of infrequent or unusual events.
- (3) For "Category 2" entities, deferred tax assets attributable to deductible temporary differences for which scheduling the timing of the reversals is not possible are considered to be realizable if certain conditions are met. Under Audit Committee Report No.66, deferred tax assets are considered to be realizable to the extent not exceeding the amount based on a scheduling of future reversals of temporary differences.
- (4) For "Category 3" entities, the future period of estimated taxable income can be estimated in excess of five years if certain conditions are met. Under Audit Committee Report No.66, the future estimable period is generally limited to five years.
- (5) For entities classified as "Category 4," they can be treated as "Category 2" or "Category 3" if certain conditions are met and such entities can use the methods of measurement of deferred tax assets stipulated in "Category 2" or "Category 3."

The Company expects to adopt the revised implementation guidance effective from April 1, 2016.

The Company is currently evaluating the effect of adopting the revised accounting guidance on the consolidated financial statements.

Notes to Consolidated Financial Statements (continued)

5. 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 ¥112.62 = U.S.\$1.00, the rate of exchange

prevailing on March 31, 2016. 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.

6. 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, 2016 and 2015 are summarized as follows. Financial instruments for which it is extremely difficult to determine the fair value are not included in the following table.

	Carrying value	2016	
		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	¥ —

	2015		
	Carrying value	Estimated fair value (Millions of yen)	Difference
Assets:			
Cash and deposits	¥106,646	¥106,646	¥ —
Notes and accounts receivable, trade	59,655	59,655	—
Short-term investments and investment securities	55,635	55,635	—
Long-term loans receivable	32	30	(2)
Total assets	¥221,968	¥221,966	¥ (2)
Liabilities:			
Short-term borrowings	¥ 22,600	¥ 22,600	¥ —
Notes and accounts payable, trade	31,882	31,882	—
Notes and accounts payable, other	18,150	18,150	—
Long-term debt, including current portion of long-term debt	53,255	53,388	133
Total liabilities	125,887	126,020	133
Derivative transactions (*)	¥ 116	¥ 116	¥ —

	2016		
	Carrying value	Estimated fair value (Thousands of U.S. dollars)	Difference
Assets:			
Cash and deposits	\$ 930,256	\$ 930,256	\$ —
Notes and accounts receivable, trade	511,268	511,268	—
Short-term investments and investment securities	360,606	360,606	—
Long-term loans receivable	351	337	(14)
Total assets	\$1,802,481	\$1,802,467	\$ (14)
Liabilities:			
Short-term borrowings	\$ 177,588	\$ 177,588	\$ —
Notes and accounts payable, trade	307,841	307,841	—
Notes and accounts payable, other	150,646	150,646	—
Long-term debt, including current portion of long-term loans debt	445,108	446,625	1,517
Total liabilities	1,081,183	1,082,700	1,517
Derivative transactions (*)	\$ 7,205	\$ 7,205	\$ —

* 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 the 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 7, "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 22, "Derivatives."

Carrying value of financial instruments for which it is extremely difficult to determine the fair value at March 31, 2016 and 2015 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unlisted equity securities	¥1,649	¥1,849	\$14,638

Notes to Consolidated Financial Statements (continued)

Redemption schedules for monetary assets at March 31, 2016 and 2015 were as follows:

	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	¥—

	2015			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
	(Millions of yen)			
Cash and deposits	¥106,646	¥—	¥—	¥—
Notes and accounts receivable, trade.....	59,655	—	—	—
Long-term loans receivable.....	—	20	12	—
Total	¥166,301	¥20	¥12	¥—

	2016			
	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	\$ 930,256	\$ —	\$ —	\$—
Notes and accounts receivable, trade.....	511,268	—	—	—
Long-term loans receivable.....	—	260	91	—
Total	\$1,441,524	\$260	\$91	\$—

7. Short-Term Investments and Investment Securities

(a) Marketable securities classified as other securities at March 31, 2016 and 2015 are summarized as follows:

	2016		
	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	¥18,629	¥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

	2015		
	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	¥20,335	¥50,434	¥30,098
Other	—	—	—
Subtotal	20,335	50,434	30,098
Securities whose market value reflected in the balance sheet does not exceed their acquisition cost:			
Equity securities	4	3	(1)
Other	5,198	5,198	—
Subtotal	5,202	5,201	(1)
Total	¥25,537	¥55,635	¥30,098

	2016		
	Acquisition cost	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	\$165,416	\$320,458	\$155,042
Other	—	—	—
Subtotal	165,416	320,458	155,042
Securities whose market value reflected in the balance sheet does not exceed their acquisition cost:			
Equity securities	12,462	11,737	(725)
Other	28,411	28,411	—
Subtotal	40,873	40,148	(725)
Total	\$206,289	\$360,606	\$154,317

Unlisted equity securities (recorded in the accompanying consolidated balance sheet in the amounts of ¥1,649 million (\$14,638 thousand) and ¥1,849 million at March 31, 2016 and 2015, 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 securi-

ties of ¥3 million (\$23 thousand) and ¥1 million for the years ended March 31, 2016 and 2015, respectively.

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, 2016 and 2015 are summarized as follows:

	2016		
	Proceeds	Gross realized gain	Gross realized loss
	(Millions of yen)		
Equity securities.....	¥ 649	¥2,194	¥0
Other	4,001	—	—
Total	¥4,650	¥2,194	¥0

	2015		
	Proceeds	Gross realized gain	Gross realized loss
	(Millions of yen)		
Equity securities.....	¥ 0	¥—	¥—
Other	10,000	—	—
Total	¥10,000	¥—	¥—

	2016		
	Proceeds	Gross realized gain	Gross realized loss
	(Thousands of U.S. dollars)		
Equity securities.....	\$ 5,769	\$19,478	\$0
Other	35,524	—	—
Total	\$41,293	\$19,478	\$0

8. Short-Term Borrowings and Long-Term Debt

Short-term borrowings and the current portion of long-term debt at March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Short-term borrowings.....	¥20,000	¥22,600	\$177,588
Current portion of long-term debt	25,065	3,065	222,565
	¥45,065	¥25,665	\$400,153

The weighted-average annual interest rates applicable to short-term borrowings outstanding at March 31, 2016 and 2015 were 0.22% and 0.49%, respectively.

Notes to Consolidated Financial Statements (continued)

Long-term debt at March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Debt without collateral:			
Loans from banks due April 2017 through March 2018, at average interest rates of 0.30% and 0.70% per annum at March 31, 2016 and 2015, respectively.....	¥ 10,128	¥13,255	\$ 89,931
Bonds in yen due September 2016 at rate of 0.495%.....	15,000	15,000	133,191
Bonds in yen due April 2019 at rate of 0.294%	25,000	25,000	221,986
Subtotal	¥ 50,128	¥53,255	\$ 445,108
Less current portion.....	(25,065)	(3,065)	(222,565)
	¥ 25,063	¥50,190	\$ 222,543

The aggregate annual maturities of long-term debt subsequent to March 31, 2016 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2017	¥25,065	\$222,565
2018	57	506
2019	6	51
2020	25,000	221,986
2021 and thereafter.....	—	—
	¥50,128	\$445,108

9. Assets Pledged as Collateral

Assets pledged as collateral for accounts payable of ¥91 million (\$807 thousand) at March 31, 2016 were as follows:

	Millions of yen	Thousands of U.S. dollars
Investment securities	¥8	\$74

10. Lease Obligations

The aggregate annual maturities of lease obligations subsequent to March 31, 2016 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2017	¥145	\$1,285
2018	71	625
2019	16	144
2020	11	100
2021 and thereafter.....	3	30
	¥246	\$2,184

11. 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, 2016 and 2015 are summarized as follows (excluding retirement benefit obligations based on the simplified method):

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Retirement benefit obligation at the beginning of the year	¥495	¥491	\$4,398
Service cost.....	26	29	234
Interest cost	9	13	76
Foreign currency translation difference.....	(9)	(42)	(78)
Others	(64)	4	(573)
Retirement benefit obligation at the end of the year	¥457	¥495	\$4,057

The changes in the retirement benefit obligation under the simplified method for the years ended March 31, 2016 and 2015 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Retirement benefit obligation at the beginning of the year	¥ 9	¥12	\$81
Service cost.....	4	0	33
Benefit paid	(5)	(3)	(44)
Retirement benefit obligation at the end of the year	¥ 8	¥ 9	\$70

The balance of retirement benefit obligation and plan assets at fair value at March 31, 2016 and 2015 and liabilities recognized in the consolidated balance sheet at March 31, 2016 and 2015 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unfunded retirement benefit obligation*	¥465	¥504	\$4,127
Net amount of liabilities and assets recognized in consolidated balance sheet.....	465	504	4,127
Liability for retirement benefits.....	465	504	4,127
Asset for retirement benefits	—	—	—
Net amount of liabilities and assets recognized in consolidated balance sheet.....	¥465	¥504	\$4,127

* 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, 2016 and 2015 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Service cost.....	¥ 30	¥29	\$ 267
Interest cost	9	13	76
Amortization of actuarial (gain) loss.....	(26)	4	(228)
Retirement benefit expenses.....	¥ 13	¥46	\$ 115

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

	2016	2015
Discount rates	1.9%	2.8%

The required contributions to defined contribution plans of the Company and certain consolidated subsidiaries were ¥1,581 million (\$14,038 thousand) and ¥1,665 million for the years ended March 31, 2016 and 2015, respectively.

12. 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% and 34.8% for the years ended March 31, 2016 and 2015, respectively. 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 years ended March 31, 2016 and 2015 differed from the statutory tax rates for the following reasons:

	2016	2015
Statutory tax rates	32.3%	34.8%
Effect of:		
Elimination of dividend income received from overseas consolidated subsidiaries	27.6	2.5
Permanently non-deductible expenses.....	2.3	0.8
Tax effect of retained earnings in overseas consolidated subsidiaries.....	(2.6)	1.2
Income taxes refunded.....	(18.6)	—
Change in statutory income tax rate.....	4.3	2.6
Difference between statutory tax rate in Japan and income tax rates applied at overseas consolidated subsidiaries	(17.1)	(5.7)
Tax credits.....	(12.8)	(4.1)
Permanently non-taxable dividends received.....	(27.3)	(3.1)
Valuation allowance.....	43.8	3.7
Other, net.....	4.1	2.2
Effective tax rates	36.0%	34.9%

The "Act for Partial Amendment of the Income Tax Act, etc." and the "Act for Partial Amendment of the Local Tax Act, etc." were enacted on March 29, 2016.

In line with these revisions, the statutory tax rates used in the calculation of deferred tax assets and deferred tax liabilities changed from 31.5% to 30.1% for temporary differences expected to be realized during the period from April

1, 2016 to March 31, 2018, and to 29.9% for temporary differences expected to be realized from April 1, 2018.

As a result of these changes in statutory tax rates, net deferred tax assets (after netting with deferred tax liabilities) decreased by ¥521 million (\$4,625 thousand) and income taxes-deferred increased by ¥521 million (\$4,625 thousand) as of and for the year ended March 31, 2016.

Notes to Consolidated Financial Statements (continued)

The significant components of deferred tax assets and liabilities at March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deferred tax assets:			
Depreciation.....	¥ 3,508	¥ 3,430	\$ 31,148
Tax loss carryforwards.....	719	915	6,380
Accrued bonuses.....	1,101	1,259	9,778
Intercompany profit on sales of property, plant and equipment.....	576	706	5,119
Loss on devaluation of investment securities.....	638	695	5,666
Loss on devaluation of inventories.....	458	465	4,068
Loss on impairment of fixed assets.....	305	706	2,709
Provision for doubtful accounts.....	100	232	885
Other.....	1,243	983	11,040
Gross deferred tax assets.....	8,648	9,391	76,793
Less: valuation allowance.....	(2,978)	(3,003)	(26,445)
Total deferred tax assets.....	5,670	6,388	50,348
Deferred tax liabilities:			
Net unrealized holding gain on other securities.....	(4,584)	(8,862)	(40,698)
Net unrealized gain on land revaluation resulting from inclusion of a subsidiary in consolidation.....	(741)	(741)	(6,579)
Reserve for depreciation for tax purposes.....	(42)	(49)	(376)
Tax effect of retained earnings in overseas consolidated subsidiaries.....	(1,097)	(1,409)	(9,741)
Surplus arising from land revaluation.....	(68)	(72)	(607)
Total deferred tax liabilities.....	(6,532)	(11,133)	(58,001)
Net deferred tax liabilities.....	¥ (862)	¥ (4,745)	\$ (7,653)

13. 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, 2016 and 2015 amounted to ¥3,548 million (\$31,510 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, 2016 and 2015 are summarized as follows:

	Number of shares			
	March 31, 2015	2016		March 31, 2016
		Increase	Decrease	
Treasury stock:				
Common stock.....	12,775,618	5,002,661	10,000,000	7,778,279
	Number of shares			
	March 31, 2014	2015		March 31, 2015
		Increase	Decrease	
Treasury stock:				
Common stock.....	12,771,301	2,377	60	12,775,618

The increase in treasury stock (5,002,661 common shares) for the year ended March 31, 2016 was due to the purchase of 5,000,000 shares on the Tokyo Stock Exchange based on the resolution of the Board of Directors' meeting held on October 30, 2015, and the purchase of 2,661 fractional shares.

The decrease of 10,000,000 common shares for the year ended March 31, 2016 was due to retirement of treasury stock.

14. Loss on Impairment of Fixed Assets

Fixed assets are grouped based on business segments. The carrying values of the idle assets which are not anticipated to be utilized in the future and whose market values decreased from their carrying values have been reduced to their respective recoverable amounts.

Losses on impairment of fixed assets for the years ended March 31, 2016 and 2015 are summarized as follows:

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	Other	Idle	¥ 3	\$ 23

2015				
Location	Classification	Description	Millions of yen	
Godo Town, Gifu Prefecture	Buildings and structures	Idle	¥ 594	
Godo Town, Gifu Prefecture	Machinery and equipment	Idle	¥ 199	
Godo Town, Gifu Prefecture	Others	Idle	¥ 0	
Beijing, People's Republic of China	Machinery and equipment	Idle	¥ 13	
Thessaloniki, Hellenic Republic	Land	Idle	¥ 26	

The recoverable amounts were measured at estimated net selling value. The carrying values of idle assets have been reduced to ¥1 (\$0.01) for the years ended March 31, 2016 and 2015, respectively.

Notes to Consolidated Financial Statements (continued)

15. 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, 2016 and 2015.

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Buildings and structures	¥19,634	¥5,012	\$174,342
Machinery and equipment	25,538	6,095	226,759
Other	372	154	3,305

16. 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, 2016, the fair value of this land was ¥304 million (\$2,699 thousand) less than its carrying value after revaluation.

17. Selling, General and Administrative Expenses

The components of selling, general and administrative expenses for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Salaries	¥11,780	¥12,344	\$104,602
Provision for employees' bonuses	1,151	929	10,221
Provision for directors' and audit & supervisory board members' bonuses	69	167	613
Provision for employees' retirement benefit expenses	221	303	1,965
Research and development costs	15,204	15,512	134,997
Other	24,777	25,536	220,008
Total	¥53,202	¥54,791	\$472,406

18. Other Income (Expenses)

The components of "Other, net" in "Other income (expenses)" for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Gain on sales of investment securities	¥ 2,194	¥ —	\$ 19,478
Loss on devaluation of investment securities	(3)	(1)	(23)
Loss on sales and disposal of property and equipment, net	(3,923)	(982)	(34,832)
Loss on impairment of fixed assets	(6,403)	(832)	(56,856)
Foreign exchange gain, net	1,099	5,769	9,757
Depreciation of inactive fixed assets	(4,065)	(1,241)	(36,098)
Loss on liquidation of subsidiaries and affiliates	(6)	(25)	(53)
Gain on reversal of stock acquisition rights	—	353	—
Other, net	(202)	(296)	(1,786)
Total	¥(11,309)	¥ 2,745	\$(100,413)

19. Amounts per Share

	Yen		U.S. dollars
	2016	2015	2016
Basic profit attributable to owners of parent.....	¥ 55.29	¥ 138.37	\$ 0.49
Net assets	2,459.63	2,578.85	21.84
Cash dividends applicable to the year.....	35.00	35.00	0.31

Basic profit attributable to owners of parent per share for the years ended March 31, 2016 and 2015 has been computed based on the profit 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 attributable to owners of parent per share for the years ended March 31, 2016 and 2015 in the table above is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Profit attributable to owners of parent	¥7,531	¥19,107	\$66,870

	Thousands of shares	
	2016	2015
Weighted-average number of shares of common stock outstanding during the year.....	136,209	138,086

Financial data for the computation of net assets per share at March 31, 2016 and 2015 in the above table is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Total net assets	¥331,521	¥360,092	\$2,943,713
Deductions from total net assets:			
Non-controlling interests.....	(4,188)	(3,991)	(37,183)
Total net assets attributable to common stockholders	¥327,333	¥356,101	\$2,906,530

	Thousands of shares	
	2016	2015
Number of shares of common stock used in the calculation of net assets per share.....	133,082	138,084

Notes to Consolidated Financial Statements (continued)

20. Other Comprehensive Income

The following table presents reclassification adjustments and tax effects for other comprehensive income (loss) for the years ended March 31, 2016 and 2015:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Net unrealized holding (loss) gain on securities:			
Amount arising during the year	¥(10,526)	¥12,274	\$ (93,461)
Reclassification adjustments for gain realized in the statement of income	(2,193)	—	(19,477)
Before tax effect	(12,719)	12,274	(112,938)
Tax effect	4,169	(2,648)	37,018
Net unrealized holding (loss) gain on securities	(8,550)	9,626	(75,920)
Deferred gain (loss) on hedges:			
Amount arising during the year	283	(1)	2,513
Reclassification adjustments for loss realized in the statement of income	2	—	17
Before tax effect	285	(1)	2,530
Tax effect	(86)	0	(763)
Deferred gain (loss) on hedges	199	(1)	1,767
Surplus arising from land revaluation:			
Tax effect	3	85	32
Surplus arising from land revaluation:	3	85	32
Translation adjustments:			
Amount arising during the year	(12,673)	13,028	(112,525)
Reclassification adjustments for (gain) loss realized in the statement of income	(984)	39	(8,739)
Translation adjustments	(13,657)	13,067	(121,264)
Total	¥(22,005)	¥22,777	\$(195,385)

21. 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
	2016	2015	2016
Cash and deposits	¥104,765	¥106,646	\$930,256
Short-term investments	3,200	5,197	28,411
Time deposits with maturities in excess of three months	(90)	(1,364)	(796)
Cash and cash equivalents	¥107,875	¥110,479	\$957,871

22. 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, 2016 and 2015, for which hedge accounting has not been applied. There were no derivatives with maturities over one year at March 31, 2016 and 2015.

	2016		Unrealized gain
	Notional amount	Estimated fair value	
	(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
	2015		Unrealized gain
	Notional amount	Estimated fair value	
	(Millions of yen)		
Forward foreign exchange contracts:			
Sell:			
U.S. dollars	¥1,815	¥ 13	¥ 13
Euros	1,405	103	103
Total	¥3,220	¥116	¥116

	2016		
	Notional amount	Estimated fair value	Unrealized gain
(Thousands of U.S. dollars)			
Forward foreign exchange contracts:			
Sell:			
U.S. dollars	\$34,433	\$2,456	\$2,456
Euros	33,536	2,237	2,237
Total	\$67,969	\$4,693	\$4,693

Summarized below are the notional amounts and estimated fair value of the derivatives positions outstanding at March 31, 2016 for which hedge accounting has been applied.

Method of hedge accounting	Transaction	Hedged item	2016	
			Notional amount	Estimated fair value
(Millions of yen)				
Deferral hedge accounting	Forward foreign exchange contracts: Sell: Euros	Accounts receivable	¥3,178	¥283

There were no derivatives with maturities over one year at March 31, 2016.

Method of hedge accounting	Transaction	Hedged item	2016	
			Notional amount	Estimated fair value
(Thousands of U.S. dollars)				
Deferral hedge accounting	Forward foreign exchange contracts: Sell: Euros	Accounts receivable	\$28,215	\$2,513

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

23. 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.

The reportable segments formerly classified as "Housing materials" and "Construction" in previous years were included in "Other" because these segments became immaterial during the year ended March 31, 2016. The segment information for the year ended March 31, 2015 has been restated to reflect these changes.

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, assets and other items by reportable segment for the years ended March 31, 2016 and 2015 is as follows:

	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

Notes to Consolidated Financial Statements (continued)

Millions of yen
2015

	Reportable Segments					Adjustment	Consolidated Financial Statements
	Electronics	Ceramics	Total	Other	Total		
Sales to third parties	¥159,850	¥ 99,191	¥259,041	¥59,031	¥318,072	¥ —	¥318,072
Inter-segment sales and transfers	2	144	146	8,064	8,210	(8,210)	—
Net sales	¥159,852	¥ 99,335	¥259,187	¥67,095	¥326,282	¥ (8,210)	¥318,072
Segment income	¥ 14,168	¥ 6,348	¥ 20,516	¥ 5,393	¥ 25,909	¥ 130	¥ 26,039
Segment assets.....	140,312	100,990	241,302	60,716	302,018	217,829	519,847
Depreciation and amortization	27,350	8,648	35,998	1,748	37,746	1,682	39,428
Increase in property, plant and equipment and intangible assets	48,256	8,237	56,493	1,334	57,827	1,303	59,130

Thousands of U.S. dollars
2016

	Reportable Segments					Adjustment	Consolidated Financial Statements
	Electronics	Ceramics	Total	Other	Total		
Sales to third parties	\$1,313,019	\$930,274	\$2,243,293	\$545,902	\$2,789,195	\$ —	\$2,789,195
Inter-segment sales and transfers	205	1,310	1,515	76,842	78,357	(78,357)	—
Net sales	\$1,313,224	\$931,584	\$2,244,808	\$622,744	\$2,867,552	\$ (78,357)	\$2,789,195
Segment income	\$ 101,861	\$ 52,506	\$ 154,367	\$ 45,785	\$ 200,152	\$ 262	\$ 200,414
Segment assets.....	1,076,718	919,536	1,996,254	595,152	2,591,406	1,636,177	4,227,583
Depreciation and amortization	278,212	84,364	362,576	16,246	378,822	12,378	391,200
Increase in property, plant and equipment and intangible assets	189,878	129,525	319,403	63,263	382,666	3,981	386,647

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 and software development, network design and construction that are not included in a reportable segment.

The adjustments of segment income in the amount of ¥29 million (\$262 thousand) and ¥130 million for the years ended March 31, 2016 and 2015, 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, 2016 and 2015 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Japan	¥ 85,160	¥ 75,186	\$ 756,175
Asia (excluding Japan)	146,330	174,369	1,299,327
North America	16,753	369	148,753
Europe	65,875	61,266	584,931
Other	1	6,882	9
Consolidated	¥314,119	¥318,072	\$2,789,195

Property, plant and equipment by countries or geographical areas at March 31, 2016 and 2015 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Japan	¥ 74,867	¥ 72,879	\$ 664,777
Asia (excluding Japan)	96,958	123,320	860,930
North America	7,813	7,744	69,381
Europe	36,290	32,211	322,232
Consolidated	¥215,928	¥236,154	\$1,917,320

Major customer information

Sales to a major customer for the years ended March 31, 2016 and 2015 are as follows:

Customer Name	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Intel Corp.	¥65,738	¥73,985	\$583,712

Loss on impairment of fixed assets

Loss on impairment of fixed assets by reportable segment for the years ended March 31, 2016 and 2015 are summarized as follows:

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

Millions of yen							
2015							
	Reportable Segments					Corporate and Elimination	Consolidated Financial Statements
	Electronics	Ceramics	Total	Other	Total		
Loss on impairment of fixed assets.....	¥—	¥—	¥—	¥—	¥—	¥832	¥832

Thousands of U.S. dollars							
2016							
	Reportable Segments					Corporate and Elimination	Consolidated Financial Statements
	Electronics	Ceramics	Total	Other	Total		
Loss on impairment of fixed assets.....	\$—	\$—	\$—	\$—	\$—	\$56,856	\$56,856

Amortization amount and remaining balance of goodwill

Amortization amount and remaining balance of goodwill by reportable segment for the years ended and as of March 31, 2016 and 2015 are summarized as follows:

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

Millions of yen							
2015							
	Reportable Segments					Corporate and Elimination	Consolidated Financial Statements
	Electronics	Ceramics	Total	Other	Total		
Goodwill:							
Amortization amount	¥—	¥1,056	¥1,056	¥—	¥1,056	¥—	¥1,056
Remaining balance.....	—	2,237	2,237	—	2,237	—	2,237

Thousands of U.S. dollars							
2016							
	Reportable Segments					Corporate and Elimination	Consolidated Financial Statements
	Electronics	Ceramics	Total	Other	Total		
Goodwill:							
Amortization amount	\$—	\$ 8,973	\$ 8,973	\$—	\$ 8,973	\$—	\$ 8,973
Remaining balance.....	—	10,797	10,797	—	10,797	—	10,797

24. 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, 2016, was approved at a meeting of the Board of Directors held on May 16, 2016:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥20 = (\$0.18) per share).....	¥2,661	\$23,633



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, 2016, 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, 2016, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

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 5.

June 17, 2016
Nagoya, Japan

Ernst & Young Shik'a Nikon LLC

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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

NORTH AMERICA

IBIDEN U.S.A. Corp. (Head Office)

3900 Freedom Circle #130 Santa Clara,
CA 95054, U.S.A.
Tel: +1-408-991-9801

Micro Mech, Inc.

33 Turnpike Road, Ipswich, MA 01938, U.S.A.
Tel: +1-978-356-2966

IBIDEN México, S.A. de C.V.

Av. América 100 Parque Industrial, Desarrollo
Logistik II Laguna de San Vicente Villa de Reyes,
San Luis Potos C.P. 79526
Tel: +52-444-834-8430

EUROPE

IBIDEN Europe B.V. (Head office)

Polarisavenue 85f 2132 JH Hoofddorp,
The Netherlands
Tel: +31-23-554-3180

IBIDEN Hungary Kft.

2336 Dunavarsany, Ipari Park, Neumann
Janos u.1, Hungary
Tel: +36-24-501-300

IBIDEN DPF France S.A.S.

24, Route de Joigny 45320 Courtenay, France
Tel: +33-2-3897-2650

IBIDEN Porzellanfabrik Frauenthal GmbH.

Gamserstrasse 38, 8523 Frauental, Austria
Tel: +43-3462-2000

ASIA

IBIDEN Electronics (Beijing) Co., Ltd.

15#, Rongchang East Street, BDA, Beijing 100176, P.R.C.
Tel: +86-10-6788-2288

IBIDEN Electronics (Shanghai) Co., Ltd.

1/FA, Building 73, No. 17 Hancheng Road,
China (Shanghai) Pilot Free Trade Zone, Pudong,
Shanghai, P.R.C.
Tel: +86-21-5046-5200

IBIDEN Asia Holdings Pte., Ltd.

31 Kaki Bukit Road 3 #06-22 Techlink Singapore 417818
Tel: +65-6296-0096

IBIDEN Singapore Pte. Ltd.

31 Kaki Bukit Road 3 #06-22 Techlink Singapore 417818
Tel: +65-6296-0096

IBIDEN Taiwan Co., Ltd.

8F-5, No. 366 Bóai 2nd Rd., Zuoying Dist., Kaohsiung City
81358, Taiwan
Tel: +886-7-550-8599

IBIDEN Graphite Korea Co., Ltd.

41, 75 South Road Yeongil Industrial Complex,
Heunghae-eup, Buk-gu, Pohang-si, Gyeongsangbuk-do,
37948, Korea
Tel: +82-54-271-3000

IBIDEN Korea Co., Ltd.

#1314, Hi Brand Bldg, 13F, 215, Yangjae-Dong,
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 Data

Trade name	IBIDEN CO., LTD.
Established	November 25, 1912
Capital	¥64,152 million
Number of employees	Consolidated: 14,290 Non-consolidated: 3,614
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: 34 (15 in Japan, 19 overseas)

Stock Information

Fiscal year-end	March 31
Annual meeting of shareholders	June
Independent Auditors	Ernst & Young ShinNihon 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 7,778,279 shares of treasury stock)
Number of shareholders	32,391

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>



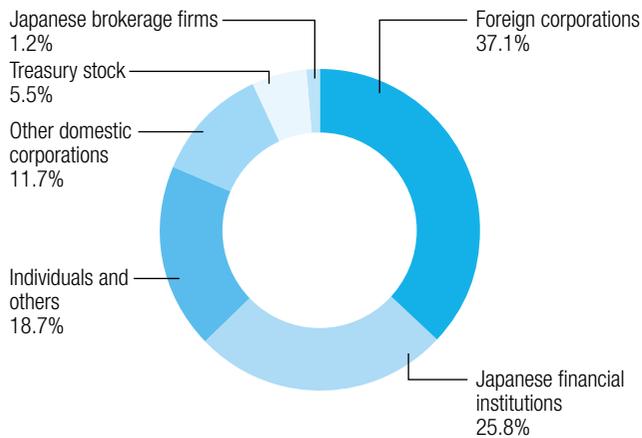
Top page of IR website

Principal Shareholders

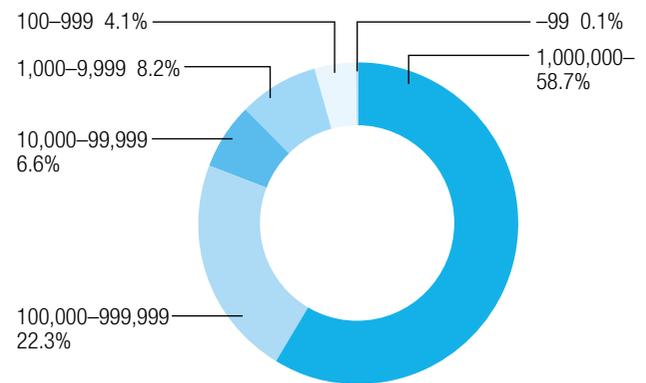
Name of Shareholder	Number of Shares (thousands)	Percentage
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	8,171	6.14
Toyota Industries Corporation	6,221	4.67
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,045	3.79
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	4,796	3.60
OM 04 SSB Client Omnibus	4,627	3.48
The Juroku Bank, Ltd.	4,130	3.10
The Ogaki Kyoritsu Bank, Ltd.	4,120	3.10
Japan Trustee Services Bank, Ltd. (Trust Account)	3,477	2.61
IBIDEN Business Partners' Shareholding Association	3,272	2.46
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	2,956	2.22

Note: The Company holds 7,778,279 shares of treasury stock, which is excluded from the major shareholders listed above.

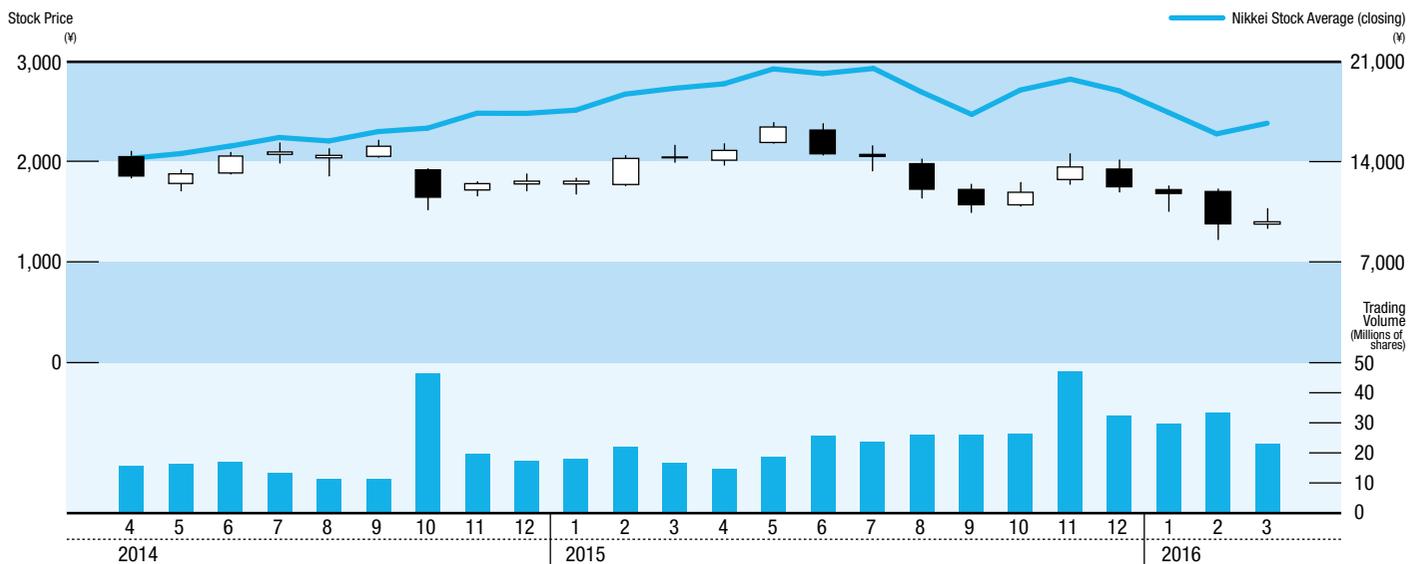
Breakdown by Type of Shareholder



Breakdown by Size of Holding



Stock Price Range and Trading Volume (Common Stock)



IBIDEN Co.,Ltd.

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