

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

February 13, 2018

Listed Company Nippon Manufacturing Service Corporation Listings: Tokyo Stock Exchange
 Securities code 2162 URL <http://www.n-ms.co.jp/>
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 Scheduled Date of Filing Quarterly Securities Report February 13, 2018 Scheduled date of commencement of dividend payment: —
 Supplementary Documents for Quarterly Financial Results: Yes
 Quarterly Financial Results Briefing: None

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

1. Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2018 (April 1, 2017 – December 31, 2017)

(1) Consolidated results of operations (nine months) (Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q FY03/2018	40,728	(3.3)	980	14.8	1,113	—	924	456.1
3Q FY03/2017	42,115	(10.8)	853	(36.0)	53	(94.5)	166	(29.8)

Note: Comprehensive income 3Q FY03/2018 966 million yen(-%) 3Q FY03/2017 (248) million yen(-%)

	Net income per share	Diluted net income per share
	Yen	Yen
3Q FY03/2018	107.79	107.78
3Q FY03/2017	16.83	16.83

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
3Q FY03/2018	26,356	5,719	20.3
FY03/2017	24,559	4,960	18.9

Reference: Shareholders' equity 3Q FY03/2018 5,359million yen FY03/2017 4,633million yen

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY03/2017	—	0.00	—	7.00	7.00
FY03/2018	—	0.00	—	—	—
FY03/2018 (forecast)	—	—	—	4.50	4.50

Note: Revision of the latest released dividend forecast: Yes

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

(% shows change from previous term)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	53,500	(2.0)	1,200	23.2	1,400	149.2	1,100	122.9	64.10

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

* Notes

- (1) Changes in significant subsidiaries during the consolidated 3Q (nine months) under review (changes in subsidiaries accompanying change in the scope of consolidation): None
- (2) Application of accounting procedures specific to creation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles and changes or restatement of accounting estimates
 - (i) Changes in accounting principles associated with revision of accounting standards, etc.: None
 - (ii) Changes in accounting principles other than (i): None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

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

(1) Number of shares outstanding at end of period (including treasury shares)	3Q FY03/2018	10,805,500shares	FY03/2017	10,805,500shares
(2) Number of treasury shares at end of period	3Q FY03/2018	2,224,863shares	FY03/2017	2,224,772shares
(3) Average number of shares outstanding during the period	3Q FY03/2018	8,580,671shares	3Q FY03/2017	9,880,728shares

* Statement relating to the execution status for the quarterly review procedures

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

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

(Notes concerning the forward-looking statements)

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

(Availability of the supplementary documents for quarterly financial results)

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

4. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Thousand yen)

	FY03/2017 (March 31,2017)	3Q FY03/2018 (December 31,2017)
Assets		
Current assets		
Cash and deposits	3,655,507	5,087,291
Notes and accounts receivable - trade	9,093,721	10,311,271
Finished goods	1,135,329	859,995
Work in process	439,969	495,256
Raw materials and supplies	3,158,808	3,055,523
Others	831,514	839,401
Allowance for doubtful accounts	(6,676)	(7,977)
Total current assets	18,308,174	20,640,762
Non-current assets		
Property, plant and equipment		
Land	1,084,959	1,047,346
Other, net	3,112,445	3,349,306
Total property, plant and equipment	4,197,404	4,396,652
Intangible assets		
Other	526,656	507,695
Total intangible assets	526,656	507,695
Investment and other assets		
Other	1,536,634	820,665
Allowance for doubtful accounts	(9,444)	(9,444)
Total investments and other accounts	1,527,189	811,220
Total non-current assets	6,251,250	5,715,568
Total assets	24,559,425	26,356,330
Liability		
Current liability		
Notes and accounts payable - trade	3,427,983	3,911,220
Short-term loans payable	8,868,006	5,474,303
Accounts payable - other	1,801,804	1,463,501
Income tax payable	155,759	354,609
Accrued consumption taxes	230,479	517,225
Provision for bonuses	351,830	466,269
Other	1,043,653	1,462,458
Total current liabilities	15,879,518	13,649,588
Non-current liabilities		
Long-term loans payable	2,796,816	6,046,257
Deferred tax liability	74,159	68,842
Provision for directors' retirement benefits	105,290	-
Non defined benefit liabilities	425,033	419,050
Other	318,234	453,046
Total non-current liabilities	3,719,533	6,987,196
Total liabilities	19,599,052	20,636,785

(Thousand yen)

	FY03/2017 (March 31,2017)	3Q FY03/2018 (December 31,2017)
Net assets		
Shareholders' equity		
Capital stock	500,690	500,690
Capital surplus	415,679	415,679
Retained earnings	4,875,592	5,592,704
Treasury shares	(909,753)	(909,838)
Total shareholders' equity	4,882,208	5,599,235
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	118,859	(6,056)
Foreign currency translation adjustment	(367,915)	(233,876)
Total other accumulated comprehensive income	(249,056)	(239,933)
Non-controlling interests	327,220	360,243
Total net assets	4,960,373	5,719,545
Total liabilities and net assets	24,559,425	26,356,330

(2) Quarterly consolidated statements of income/quarterly consolidated statement of comprehensive income
(Quarterly consolidated statements of income) (3Q FY03/2018)

(Thousand yen)

	3Q FY03/2017 (From April 1, 2016 to December 31, 2016)	3Q FY03/2018 (From April 1, 2017 to December 31, 2017)
Net sales	42,115,758	40,728,605
Cost of sales	36,675,722	34,895,896
Gross profit	5,440,036	5,832,708
Selling, general and administrative expenses		
Salaries and bonuses	1,598,253	1,648,489
Provision for bonuses	163,341	171,364
Other	2,824,824	3,032,706
Total selling, general and administrative expenses	4,586,418	4,852,559
Operating income	853,617	980,149
Non-operating income		
Interest income	17,981	13,720
Dividend income	2,673	2,685
Real estate rent	10,696	20,047
Consumption tax gain	—	269,041
Other	47,611	32,511
Total non-operating income	78,962	338,005
Non-operating expenses		
Interest expenses	60,216	95,963
Foreign exchange losses	768,038	59,108
Rent cost of real estate	5,706	16,564
Foreign withholding tax	19,081	6,505
Other	26,187	26,045
Total non-operating expenses	879,230	204,186
Ordinary income	53,349	1,113,968
Extraordinary income		
Gain on sales of non-current assets	622,979	59,913
Subsidies for employment adjustment	7,860	—
Gain on sales of investment securities	—	161,747
Other	210	—
Total extraordinary income	631,050	221,661
Extraordinary losses		
Loss on retirement of non-current assets	6,676	15,340
Leave allowance	6,528	—
Loss on liquidation of subsidiaries	224,891	34,842
Business structure reform expenses	21,721	—
Organization restructuring expenses	18,849	—
Head office relocation expenses	47,871	—
Other	12,983	4,299
Total extraordinary losses	339,522	54,482
Income before income taxes	344,876	1,281,147
Income taxes	140,745	324,184
Net income/loss (-)	204,130	956,962
Profit attributable to owners of parent	37,830	32,085
Profit/Loss (-) attributable to owners of parent	166,300	924,876

(Quarterly consolidated statement of comprehensive income) (3Q FY03/2018)

(Thousand yen)

	3Q FY03/2017 (From April 1, 2016 to December 31, 2016)	3Q FY03/2018 (From April 1, 2017 to December 31, 2017)
Net income/loss (-)	204,130	956,962
Other comprehensive income/loss (-)		
Valuation difference on available-for-sale securities	(5,579)	(131,948)
Foreign currency translation adjustment	(446,616)	141,566
Total other comprehensive income/loss (-)	(452,196)	9,617
Comprehensive income/loss (-)	(248,065)	966,580
Comprehensive income attributable to		
Comprehensive income/loss (-) attributable to owners of parent	(267,702)	934,000
Comprehensive income/loss (-) attributable to non-controlling interests	19,636	32,579