

Consolidated Financial Results (Japanese Accounting Standards) for the First Half of Fiscal Year Ending March 31, 2019

November 9, 2018

Listings: Tokyo Stock Exchange

Listed Company nms Holdings Corporation (nms HD)

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

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Scheduled Date of Filing Quarterly Securities Report: November 9, 2018

Scheduled date of commencement of dividend payment: —

Supplementary Documents for Quarterly Financial Results: Yes

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

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

1. Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2019 (April 1, 2018 – September 30, 2018)

(1) Consolidated results of operations

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1H FY03/2019	27,719	2.9	239	(59.8)	220	(63.5)	62	(89.0)
1H FY03/2018	26,939	(6.9)	596	(13.3)	603	880.2	570	—

Note: Comprehensive income 1H FY03/2019 (173) million yen (-%) 1H FY03/2018 517 million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
1H FY03/2019	3.66	3.65
1H FY03/2018	33.27	33.27

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1H FY03/2019	28,188	5,632	19.9
FY03/2018	26,496	6,150	21.8

Reference: Shareholders' equity 1H FY03/2019 5,621 million yen FY03/2018 5,779 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY03/2018	—	0.00	—	4.50	4.50
FY03/2019	—	0.00			
FY03/2019 (forecast)			—	5.00	5.00

Note: Revision of the latest released dividend forecast: None

3. Consolidated forecasts for year ending March 2019 (April 1, 2018 to March 31, 2019)

(% shows the year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	61,000	12.6	1,300	0.6	1,550	2.9	1,100	(7.5)	64.10

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

* Notes

- (1) Changes in significant subsidiaries during the consolidated 1H (three months) under review
(changes of specific subsidiaries in accordance with changes in the scope of consolidation): Yes
- (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)
- (2) Number of treasury shares at end of period
- (3) Average number of shares outstanding during the term

1H FY03/2019	21,611,000shares	FY03/2018	21,611,000shares
1H FY03/2019	4,449,726shares	FY03/2018	4,449,726shares
1H FY03/2019	17,161,274shares	1H FY03/2018	17,161,375shares

* Statement relating to the execution status for audit procedures

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

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

(Notes concerning the forward-looking statements)

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

4. Consolidated financial statements

(1) Consolidated balance sheet

	(Thousand yen)	
	FY03/2018 (March 31,2018)	1H FY03/2019 (September 30,2018)
Assets		
Current assets		
Cash and deposits	4,537,266	4,289,633
Notes and accounts receivable - trade	10,062,001	10,521,455
Finished goods	983,567	875,087
Work in process	517,593	539,693
Raw materials and supplies	3,537,620	3,840,126
Others	798,399	1,080,392
Allowance for doubtful accounts	(1,649)	(502)
Total current assets	20,434,799	21,145,886
Non-current assets		
Property, plant and equipment		
Land	1,048,201	1,371,567
Other, net	3,457,018	4,181,487
Total property, plant and equipment	4,505,220	5,553,054
Intangible assets		
Other	503,570	521,528
Total intangible assets	503,570	521,528
Investment and other assets		
Other	1,062,489	977,669
Allowance for doubtful accounts	(9,444)	(9,444)
Total investments and other accounts	1,053,044	968,224
Total non-current assets	6,061,834	7,042,808
Total assets	26,496,633	28,188,695
Liability		
Current liability		
Notes and accounts payable - trade	4,319,685	3,841,361
Short-term loans payable	4,795,478	6,910,493
Accounts payable - other	1,529,491	1,935,200
Income tax payable	470,527	179,518
Accrued consumption taxes	687,596	212,385
Provision for bonuses	409,872	553,785
Other	1,371,796	1,392,020
Total current liabilities	13,584,449	15,024,766
Non-current liabilities		
Long-term loans payable	5,840,178	6,690,461
Deferred tax liability	78,007	134,745
Non defined benefit liabilities	430,418	259,310
Other	412,832	446,763
Total non-current liabilities	6,761,437	7,531,280
Total liabilities	20,345,886	22,556,047

	(Thousand yen)	
	FY03/2018 (March 31,2018)	1H FY03/2019 (September 30,2018)
Net assets		
Shareholders' equity		
Capital stock	500,690	500,690
Capital surplus	415,679	527,182
Retained earnings	5,856,772	5,826,430
Treasury shares	(909,838)	(909,838)
Total shareholders' equity	5,863,302	5,944,464
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	572	(47,761)
Foreign currency translation adjustment	(84,669)	(275,186)
Total other accumulated comprehensive income	(84,096)	(322,947)
Subscription rights to shares	-	3,056
Non-controlling interests	371,540	8,074
Total net assets	6,150,747	5,632,647
Total liabilities and net assets	26,496,633	28,188,695

(2) Quarterly consolidated statements of income/quarterly consolidated statement of comprehensive income
(Quarterly consolidated statements of income) (1H FY03/2019)

(Thousand yen)

	1H FY03/2018 (From April 1, 2017 to September 30, 2017)	1H FY03/2019 (From April 1, 2018 to September 30, 2018)
Net sales	26,939,419	27,719,935
Cost of sales	23,177,971	24,050,375
Gross profit	3,761,448	3,669,559
Selling, general and administrative expenses		
Salaries and bonuses	1,061,694	1,147,611
Provision for bonuses	125,956	140,217
Other	1,976,898	2,142,003
Total selling, general and administrative expenses	3,164,548	3,429,832
Operating income	596,899	239,727
Non-operating income		
Interest income	7,737	8,412
Dividend income	1,395	2,331
Real estate rent	10,316	19,377
Other	172,620	194,210
Total non-operating income	26,412	41,807
Total non-operating income	218,482	266,140
Non-operating expenses		
Interest expenses	57,024	88,933
Foreign exchange losses	123,868	129,525
Rent cost of real estate	5,394	15,021
Foreign withholding tax	4,937	3,988
Other	20,852	48,394
Total non-operating expenses	212,077	285,863
Ordinary income	603,304	220,003
Extraordinary income		
Gain on sales of non-current assets	59,064	772
Gain on sale of investment securities	161,747	38,794
Other	453	—
Total extraordinary income	221,265	39,566
Extraordinary losses		
Loss on disposal of property	65	14
Organization restructuring expenses	—	48,113
Loss on liquidation of subsidiaries	39,689	—
Other	2,914	—
Total extraordinary losses	42,670	48,127
Income before income taxes	781,900	211,442
Income taxes	187,930	146,105
Net income/loss (-)	593,969	65,336
Profit attributable to owners of parent	22,972	2,468
Profit/Loss (-) attributable to owners of parent	570,997	62,867

(Quarterly consolidated statement of comprehensive income)

(1H FY03/2019)

(Thousand yen)

	1H FY03/2018 (From April 1, 2017 to September 30, 2017)	1H FY03/2019 (From April 1, 2018 to September 30, 2018)
Net income/loss (-)	593,969	65,336
Other comprehensive income/loss (-)		
Valuation difference on available-for-sale securities	(130,933)	(48,794)
Foreign currency translation adjustment	54,002	(189,657)
Total other comprehensive income/loss (-)	(76,930)	(238,451)
Comprehensive income/loss (-)	517,038	(173,115)
Comprehensive income attributable to		
Comprehensive income/loss (-) attributable to owners of parent	498,189	(175,983)
Comprehensive income/loss (-) attributable to non-controlling interests	18,849	2,868

(3) Quarterly consolidated statement of cash flows

(Thousand yen)

	1H FY03/2018 (From April 1, 2017 to September 30, 2017)	1H FY03/2019 (From April 1, 2018 to September 30, 2018)
Cash flows from operating activities		
Income before income taxes	781,900	211,442
Depreciation	347,552	396,377
Increase (decrease) in allowance for doubtful accounts	1,196	(1,147)
Increase (decrease) in provision for bonuses	108,591	146,601
Increase (decrease) in provision for directors' retirement benefits	(105,290)	—
Increase (decrease) in net defined benefit liability	(10,031)	(171,107)
Interest and dividend income	(9,133)	(10,744)
Interest expenses	57,024	88,933
Foreign exchange losses (gains)	11,151	(6,099)
Loss (gain) on sales of fixed assets	(57,251)	(772)
Loss (gain) on sales of stocks of investment securities	(161,747)	(38,794)
Business structure reform expenses	—	48,113
Decrease (increase) in notes and accounts receivable - trade	(1,258,270)	(592,135)
Decrease (increase) in accounts receivable-other	(601)	(24,339)
Decrease (increase) in inventories	45,500	(307,137)
Increase (decrease) in notes and accounts payable - trade	230,307	(367,408)
Increase (decrease) in accounts payable - other	(291,566)	432,541
Increase (decrease) in accrued expenses	154,496	(11,943)
Increase (decrease) in accrued consumption taxes	137,436	(533,568)
Increase (decrease) in deposits received	121,698	(6,156)
Increase (decrease) in Long-term accounts payable	—	100,938
Other	(71,383)	70,705
Subtotal	31,579	(575,700)
Interest and dividend income received	18,355	4,213
Interest expenses paid	(56,292)	(89,475)
Income taxes paid	(65,368)	(428,170)
Income taxes refund	—	99,281
Business structure reform expenses paid	—	(48,113)
Net cash provided by (used in) operating activities	(71,725)	(1,037,965)

(Thousand yen)

	1H FY03/2018 (From April 1, 2017 to September 30, 2017)	1H FY03/2019 (From April 1, 2018 to September 30, 2018)
Cash flows from investing activities		
Payments into time deposits	(33,967)	(32,083)
Proceeds from withdrawal of time deposits	401,841	44,208
Purchase of property, plant and equipment	(540,511)	(1,510,544)
Proceeds from sales of property, plant and equipment	419,222	2,731
Purchase of intangible assets	(30,507)	(39,136)
Proceeds from sales of investment securities	232,744	78,703
Purchase of stocks of subsidiaries and affiliates	(15,000)	(10,192)
Payments for investments in capital of subsidiaries and affiliates	(49)	—
Payments for lease and guarantee deposits	(13,188)	(59,896)
Proceeds from collection of lease and guarantee deposits	6,830	40,611
Decrease (increase) in short-term loans receivable	197	(126,854)
Payments of long-term loans receivable	(30,240)	(16,939)
Collection of long-term loans receivable	201	16,765
Other	105,257	(7,228)
Net cash provided by (used in) investing activities	502,829	(1,619,857)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,627,700)	1,957,897
Proceeds from long-term loans payable	4,000,000	1,292,500
Repayments of long-term loans payable	(1,007,554)	(300,411)
Proceeds from sale and lease-back of equipment	194,081	—
Repayments of finance lease obligations	(52,244)	(77,039)
Repayments of installment payables	—	(21,860)
Purchase of investments in subsidiaries resulting in no change in scope of consolidation	—	(247,929)
Purchase of investments in capital of subsidiaries resulting in no change in scope of consolidation	—	(7,080)
Proceeds from issuance of subscription rights to shares	—	3,056
Purchase of treasury shares	(85)	—
Cash dividends paid	(59,796)	(77,330)
Net cash provided by (used in) financing activities	446,700	2,521,801
Effect of exchange rate change on cash and cash equivalents	(98,917)	(129,479)
Net increase (decrease) in cash and cash equivalents	778,886	(265,500)
Cash and cash equivalents at beginning of period	3,253,069	4,449,109
Increase in cash and cash equivalents from newly consolidated subsidiary	103,813	30,371
Cash and cash equivalents at end of period	4,135,769	4,213,980