



[Summary]

Consolidated Financial Results for the Second Quarter of the Year Ending March 31, 2017 [IFRS]

November 7, 2016

Company Name **Nihon Dempa Kogyo Co., Ltd.** Stock Exchange Listing: **Tokyo Stock Exchange, 1st Section**
 Code **6779** URL <http://www.ndk.com/>
 Representative **Toshiaki Takeuchi, Representative Director & Chairman of the Board, President and CEO**
 Person in charge for inquiries **Hiromi Kato, Executive Vice President and Director** Phone: **+81-3-5453-6709**
 Scheduled date to submit the Quarterly Securities Report **November 11, 2016**
 Scheduled commencement date of dividend payment **December 12, 2016**
 Supplemental material for quarterly financial results **: Yes**
 Holding of the briefing session for quarterly financial results **: Yes**

(Millions of Yen, Figures less than a million yen are omitted)

1. Consolidated Financial Results for the Second Quarter of the Year Ending March 31, 2017 (April 1, 2016 - September 30, 2016)

(1) Consolidated Operating Results (year-to-date)

(% figures represent the changes from the same period of the previous year)

	Net sales		Operating income		Income before income tax		Net income for the period		Net income attributable to owners of the parent		Total comprehensive income for the period	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Six months ended												
September 30, 2016	21,626	(4.9)	229	-	113	106.3	72	173.8	72	173.8	(1,612)	-
September 30, 2015	22,748	(6.9)	4	(98.7)	54	(79.2)	26	(26.5)	26	(26.5)	(824)	-

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Six months ended				
September 30, 2016	3.71	-	-	-
September 30, 2015	1.36	-	-	-

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio
	Million Yen	Million Yen	Million Yen	%
As of September 30, 2016	68,556	23,891	23,891	34.8
As of March 31, 2016	67,966	25,700	25,700	37.8

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
The year ended March 31, 2016	-	10.00	-	10.00	20.00
The year ending March 31, 2017	-	10.00	-	-	-
The year ending March 31, 2017 (Forecast)	-	-	-	10.00	20.00

(Note) Revision of dividends forecast from the latest announcement : **None**

3. Consolidated Financial Results Forecast for the Year Ending March 31, 2017 (April 1, 2016 - March 31, 2017)

(% figures represent the changes from the same period of the previous year)

	Net sales		Operating income		Income before income tax		Net income for the period		Net income attributable to owners of the parent		Basic earnings per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
The year ending March 31, 2017	45,000	0.3	850	106.9	750	629.7	650	104.8	650	104.8	33.12

(Note) Revision of consolidated financial results forecast from the latest announcement : **None**

Notes

(1) Significant changes in subsidiaries during this period

(Changes in "Specified Subsidiaries" accompanying changes in scope of consolidation) : **Yes**

[New] - subsidiaries (Name:), [Excluded] 1 subsidiaries (Name: NDK CRYSTAL, INC.)

(Note) Absorption-type merger was executed during the first quarter of the year ending March 31, 2017, in which NDK HOLDING USA, INC. was the surviving company and NDK CRYSTAL, INC. was the extinguished company.

(2) Changes in accounting policies and accounting estimates

i) Changes in accounting policies required by IFRS : **None**

ii) Changes in accounting policies other than i) : **None**

iii) Changes in accounting estimates : **None**

(3) Number of outstanding shares (Ordinary shares)

(shares)

i) Number of outstanding shares at the end of the period
(including treasury shares)

September 30, 2016	20,757,905	March 31, 2016	20,757,905
September 30, 2016	1,132,077	March 31, 2016	1,131,823
September 30, 2016	19,626,012	September 30, 2015	19,626,569

ii) Number of treasury shares at the end of the period

iii) Average number of shares for the period (year-to-date)

* Explanation about appropriate use of consolidated financial results forecast, other special notes

1. Forward-looking statements in this document about our future performance are based on the information we currently have and certain assumptions we consider reasonable. Due to the unforeseen circumstances, actual results may differ from such estimates.
2. This summary of the business results and the attached financial statements are unaudited and prepared in accordance with International Financial Reporting Standards (IFRS).

Financial Statements

(1) Consolidated Statements of Financial Position

(Millions of Yen, Figures less than a million yen are omitted)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	17,161	17,292
Trade receivables	10,390	10,235
Inventories	10,621	10,517
Income taxes refundable	5	62
Derivative assets	373	315
Others	2,334	1,868
Total current assets	40,886	40,292
Non-current assets:		
Property, plant and equipment	23,504	24,896
Intangible assets	1,041	996
Investment securities	839	798
Deferred tax assets	1,101	995
Others	594	577
Total non-current assets	27,080	28,264
Total assets	67,966	68,556
Liabilities		
Current liabilities:		
Loans and borrowings	17,254	15,098
Trade and other payables	7,373	9,967
Derivative liabilities	83	9
Provisions	32	-
Income taxes payable	165	129
Others	570	726
Total current liabilities	25,478	25,932
Non-current liabilities:		
Loans and borrowings	12,008	14,049
Deferred tax liabilities	430	418
Employee benefits	3,827	3,808
Provisions	91	51
Deferred government grants	180	155
Others	249	249
Total non-current liabilities	16,788	18,732
Total liabilities	42,266	44,665
Equity		
Equity attributable to owners of the Company:		
Share capital	10,649	10,649
Share premium	8,563	8,563
Other components of equity	(174)	(1,859)
Retained earnings	6,660	6,537
Total equity attributable to owners of the Company	25,700	23,891
Total equity	25,700	23,891
Total liabilities and equity	67,966	68,556

(2) Consolidated Statements of Comprehensive Income

(Millions of Yen, Figures less than a million yen are omitted)

	For the Six Months Ended September 30, 2015	For the Six Months Ended September 30, 2016
Net sales	22,748	21,626
Cost of sales	18,551	17,362
Gross profit	4,197	4,264
Selling, general and administrative expenses	3,534	3,162
Research and development expenses	947	987
Other operating income	447	200
Other operating expenses	157	85
Operating income	4	229
Financial income	206	84
Financial expenses	156	200
Income before income tax	54	113
Income tax expenses	28	40
Net income for the period	26	72
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	(749)	(1,652)
Foreign currency translation differences for foreign operations transferred to profit or loss	-	3
Change in fair value of available-for-sale financial assets	(16)	(40)
Change in fair value of available-for-sale financial assets transferred to profit or loss	(92)	4
Income tax relating to items that may be reclassified	6	(0)
Subtotal	(851)	(1,685)
Other comprehensive loss for the period, net of income tax	(851)	(1,685)
Total comprehensive loss for the period	(824)	(1,612)
Net income attributable to:		
Owners of the Company	26	72
Total comprehensive income attributable to:		
Owners of the Company	(824)	(1,612)
		(Yen)
Earnings per share:		
Basic Earnings per share	1.36	3.71

(3) Consolidated Statements of Changes in Equity

(Millions of Yen, Figures less than a million yen are omitted)

	Share Capital	Share premium		
		Additional paid-in capital	Treasury shares	Total share premium
Balance at April 1, 2015	10,649	11,353	(2,788)	8,564
Total comprehensive income for the period				
Net income				-
Other comprehensive loss, net of income tax				
Foreign currency translation differences				-
for foreign operations				-
Net change in fair value of				-
available-for-sale financial assets				-
Total comprehensive loss for the period	-	-	-	-
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Changes in treasury shares, net			(0)	(0)
Dividends declared				-
Total contributions by and distributions to owners	-	-	(0)	(0)
Total transactions with owners	-	-	(0)	(0)
Balance at September 30, 2015	10,649	11,353	(2,789)	8,564

	Other components of equity			Retained earnings	Attributable to owners of the Company	Total equity
	Available-for-sale financial assets	Translation differences for foreign operations	Total other components of equity			
Balance at April 1, 2015	8	1,251	1,260	7,032	27,507	27,507
Total comprehensive income for the period						
Net income			-	26	26	26
Other comprehensive loss, net of income tax						
Foreign currency translation differences		(749)	(749)		(749)	(749)
for foreign operations						
Net change in fair value of	(102)		(102)		(102)	(102)
available-for-sale financial assets						
Total comprehensive loss for the period	(102)	(749)	(851)	26	(824)	(824)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Changes in treasury shares, net			-		(0)	(0)
Dividends declared			-	(196)	(196)	(196)
Total contributions by and distributions to owners	-	-	-	(196)	(196)	(196)
Total transactions with owners	-	-	-	(196)	(196)	(196)
Balance at September 30, 2015	(93)	502	409	6,863	26,485	26,485

(Millions of Yen, Figures less than a million yen are omitted)

	Share Capital	Share premium		
		Additional paid-in capital	Treasury shares	Total share premium
Balance at April 1, 2016	10,649	11,353	(2,789)	8,563
Total comprehensive income for the period				
Net income				-
Other comprehensive loss, net of income tax				
Foreign currency translation differences				-
for foreign operations				-
Net change in fair value of				-
available-for-sale financial assets				-
Total comprehensive loss for the period	-	-	-	-
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Changes in treasury shares, net			(0)	(0)
Dividends declared				-
Total contributions by and distributions to owners	-	-	(0)	(0)
Total transactions with owners	-	-	(0)	(0)
Balance at September 30, 2016	10,649	11,353	(2,789)	8,563

	Other components of equity			Retained earnings	Attributable to owners of the Company	Total equity
	Available-for-sale financial assets	Translation differences for foreign operations	Total other components of equity			
Balance at April 1, 2016	(10)	(164)	(174)	6,660	25,700	25,700
Total comprehensive income for the period						
Net income			-	72	72	72
Other comprehensive loss, net of income tax						
Foreign currency translation differences		(1,648)	(1,648)		(1,648)	(1,648)
for foreign operations						
Net change in fair value of	(36)		(36)		(36)	(36)
available-for-sale financial assets						
Total comprehensive loss for the period	(36)	(1,648)	(1,685)	72	(1,612)	(1,612)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Changes in treasury shares, net			-		(0)	(0)
Dividends declared			-	(196)	(196)	(196)
Total contributions by and distributions to owners	-	-	-	(196)	(196)	(196)
Total transactions with owners	-	-	-	(196)	(196)	(196)
Balance at September 30, 2016	(46)	(1,812)	(1,859)	6,537	23,891	23,891

(4) Consolidated Statements of Cash Flows

(Millions of Yen, Figures less than a million yen are omitted)

	For the Six Months Ended September 30, 2015	For the Six Months Ended September 30, 2016
Operating activities:		
Income before income tax	54	113
Depreciation and amortisation	1,833	1,712
Gain on sales of property, plant, and equipment	(141)	-
Gain on sales of investment securities	(61)	-
Insurance claim income	(195)	-
Decrease/(increase) in trade receivables	213	(400)
Decrease/(increase) in inventories	820	(429)
Decrease in consumption tax/value-added tax receivables	622	400
(Decrease)/increase in trade payables	(412)	421
(Increase)/decrease in derivative assets	(198)	57
Decrease in derivative liabilities	(156)	(69)
Interest and dividend income	(49)	(37)
Interest expense	114	97
Interest and dividends received	50	37
Interest paid	(87)	(77)
Proceeds from insurance claim income	908	-
Income tax paid, net	(71)	(160)
Other, net	(334)	1,031
Net cash provided by operating activities	2,907	2,697
Investing activities:		
Purchase of property, plant and equipment	(943)	(1,436)
Purchase of intangible assets	(31)	(25)
Purchase of investments and other assets	(1,006)	(346)
Proceeds from sales of property, plant and equipment	242	-
Proceeds from sales of investments and other assets	1,302	270
Other, net	3	(0)
Net cash used in investing activities	(433)	(1,537)
Financing activities:		
Proceeds from long-term loans and borrowings	5,500	7,000
Repayment of long-term loans and borrowings	(6,872)	(8,057)
Net increase in short-term loans and borrowings	-	1,000
Cash dividends paid	(179)	(195)
Purchase and sales of treasury shares, net	(0)	(0)
Net cash used in financing activities	(1,552)	(253)
Net increase in cash and cash equivalents	921	906
Cash and cash equivalents at beginning of year	14,364	17,161
Net effect of currency translation on cash and cash equivalents	(177)	(775)
Cash and cash equivalents at end of period	15,108	17,292

(5) Segment Information

1. General information

The main activities of the Group are the integrated manufacture and sale of quartz crystal units, crystal devices, ultrasonic transducers and synthetic quartz crystals, and there are no separate operating segments. Therefore, the Group has a single reportable segment.

2. Information about products and services

Net sales by type of products is as follows:

(Millions of Yen, Figures less than a million yen are omitted)

	For the Six Months Ended September 30, 2015		For the Six Months Ended September 30, 2016		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	13,927	61.2	12,280	56.8	(1,646)	(11.8)
Crystal devices	6,607	29.1	7,561	35.0	953	14.4
Others	2,213	9.7	1,784	8.2	(429)	(19.4)
Total	22,748	100.0	21,626	100.0	(1,121)	(4.9)