



[Summary]

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

February 6, 2017

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 **February 9, 2017**
 Scheduled commencement date of dividend payment **-**
 Supplemental material for quarterly financial results **: None**
 Holding of the briefing session for quarterly financial results **: None**

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

1. Consolidated Financial Results for the Third Quarter of the Year Ending March 31, 2017 (April 1, 2016 - December 31, 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	%
Nine months ended												
December 31, 2016	32,936	(3.6)	403	17.0	132	(65.1)	104	(70.0)	104	(70.0)	(337)	-
December 31, 2015	34,169	(6.1)	344	(34.0)	379	(39.3)	347	3.6	347	3.6	(664)	-

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended				
December 31, 2016	5.30		-	
December 31, 2015	17.70		-	

(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 December 31, 2016	70,477	24,969	24,969	35.4
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)

December 31, 2016	20,757,905	March 31, 2016	20,757,905
December 31, 2016	1,132,163	March 31, 2016	1,131,823
December 31, 2016	19,625,929	December 31, 2015	19,626,482

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 December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	17,161	15,492
Trade receivables	10,390	12,279
Inventories	10,621	11,289
Income taxes refundable	5	69
Derivative assets	373	104
Others	2,334	2,304
Total current assets	<u>40,886</u>	<u>41,539</u>
Non-current assets:		
Property, plant and equipment	23,504	25,590
Intangible assets	1,041	993
Investment securities	839	665
Deferred tax assets	1,101	1,088
Others	594	600
Total non-current assets	<u>27,080</u>	<u>28,938</u>
Total assets	<u>67,966</u>	<u>70,477</u>
Liabilities		
Current liabilities:		
Loans and borrowings	17,254	15,815
Trade and other payables	7,373	9,864
Derivative liabilities	83	1,004
Provisions	32	-
Income taxes payable	165	119
Others	570	1,416
Total current liabilities	<u>25,478</u>	<u>28,220</u>
Non-current liabilities:		
Loans and borrowings	12,008	12,621
Deferred tax liabilities	430	414
Employee benefits	3,827	3,811
Provisions	91	52
Deferred government grants	180	138
Others	249	249
Total non-current liabilities	<u>16,788</u>	<u>17,287</u>
Total liabilities	<u>42,266</u>	<u>45,508</u>
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)	(616)
Retained earnings	6,660	6,372
Total equity attributable to owners of the Company	<u>25,700</u>	<u>24,969</u>
Total equity	<u>25,700</u>	<u>24,969</u>
Total liabilities and equity	<u>67,966</u>	<u>70,477</u>

(2) Consolidated Statements of Comprehensive Income

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

	For the Nine Months Ended December 31, 2015	For the Nine Months Ended December 31, 2016
Net sales	34,169	32,936
Cost of sales	27,496	26,353
Gross profit	6,672	6,583
Selling, general and administrative expenses	5,193	4,740
Research and development expenses	1,451	1,499
Other operating income	501	272
Other operating expenses	184	213
Operating income	344	403
Financial income	208	237
Financial expenses	172	508
Income before income tax	379	132
Income tax expenses	32	28
Net income for the period	347	104
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	(894)	(442)
Foreign currency translation differences for foreign operations transferred to profit or loss	-	3
Change in fair value of available-for-sale financial assets	8	90
Change in fair value of available-for-sale financial assets transferred to profit or loss	(132)	(88)
Income tax relating to items that may be reclassified	6	(3)
Subtotal	(1,012)	(441)
Other comprehensive loss for the period, net of income tax	(1,012)	(441)
Total comprehensive loss for the period	(664)	(337)
Net income attributable to:		
Owners of the Company	347	104
Total comprehensive income attributable to:		
Owners of the Company	(664)	(337)
		(Yen)
Earnings per share:		
Basic Earnings per share	17.70	5.30

(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 December 31, 2015	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, 2015	8	1,251	1,260	7,032	27,507	27,507
Total comprehensive income for the period						
Net income			-	347	347	347
Other comprehensive loss, net of income tax						
Foreign currency translation differences		(894)	(894)		(894)	(894)
for foreign operations						
Net change in fair value of	(117)		(117)		(117)	(117)
available-for-sale financial assets						
Total comprehensive loss for the period	(117)	(894)	(1,012)	347	(664)	(664)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Changes in treasury shares, net			-		(0)	(0)
Dividends declared			-	(392)	(392)	(392)
Total contributions by and distributions to owners	-	-	-	(392)	(392)	(392)
Total transactions with owners	-	-	-	(392)	(392)	(392)
Balance at December 31, 2015	(109)	357	248	6,987	26,449	26,449

(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)	(0)
Dividends declared				-
Total contributions by and distributions to owners	-	(0)	(0)	(0)
Total transactions with owners	-	(0)	(0)	(0)
Balance at December 31, 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			-	104	104	104
Other comprehensive loss, net of income tax						
Foreign currency translation differences		(439)	(439)		(439)	(439)
for foreign operations						
Net change in fair value of	(2)		(2)		(2)	(2)
available-for-sale financial assets						
Total comprehensive loss for the period	(2)	(439)	(441)	104	(337)	(337)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Changes in treasury shares, net			-		(0)	(0)
Dividends declared			-	(392)	(392)	(392)
Total contributions by and distributions to owners	-	-	-	(392)	(392)	(392)
Total transactions with owners	-	-	-	(392)	(392)	(392)
Balance at December 31, 2016	(12)	(603)	(616)	6,372	24,969	24,969

(4) Consolidated Statements of Cash Flows

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

	For the Nine Months Ended December 31, 2015	For the Nine Months Ended December 31, 2016
Operating activities:		
Income before income tax	379	132
Depreciation and amortisation	2,699	2,662
Gain on sales of property, plant, and equipment	(145)	(7)
Gain on sales of investment securities	(102)	(93)
Insurance claim income	(195)	-
Increase in trade receivables	(11)	(1,737)
Decrease/(increase) in inventories	1,214	(717)
Decrease/(increase) in consumption tax/value-added tax receivables	355	(74)
(Decrease)/increase in trade payables	(219)	738
Decrease in Accrued Bonus	(561)	(122)
(Increase)/decrease in derivative assets	(25)	268
(Decrease)/increase in derivative liabilities	(138)	925
Interest and dividend income	(68)	(54)
Interest expense	170	144
Interest and dividends received	68	58
Interest paid	(119)	(109)
Proceeds from insurance claim income	908	-
Income tax paid, net	(136)	(167)
Other, net	25	731
Net cash provided by operating activities	4,098	2,576
Investing activities:		
Purchase of property, plant and equipment	(1,255)	(3,523)
Purchase of intangible assets	(32)	(43)
Purchase of investments and other assets	(1,551)	(648)
Proceeds from sales of property, plant and equipment	242	26
Proceeds from sales of investments and other assets	1,866	964
Other, net	4	(0)
Net cash used in investing activities	(725)	(2,955)
Financing activities:		
Proceeds from long-term loans and borrowings	6,500	8,000
Repayment of long-term loans and borrowings	(8,175)	(9,882)
Net increase in short-term loans and borrowings	878	1,000
Cash dividends paid	(334)	(337)
Purchase and sales of treasury shares, net	(0)	(0)
Net cash used in financing activities	(1,132)	(1,220)
Net increase/(decrease) in cash and cash equivalents	2,241	(1,600)
Cash and cash equivalents at beginning of year	14,364	17,161
Net effect of currency translation on cash and cash equivalents	(264)	(69)
Cash and cash equivalents at end of period	16,341	15,492

(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 Nine Months Ended December 31, 2015		For the Nine Months Ended December 31, 2016		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	20,710	60.6	18,512	56.2	(2,198)	(10.6)
Crystal devices	10,046	29.4	11,652	35.4	1,605	16.0
Others	3,412	10.0	2,772	8.4	(640)	(18.8)
Total	34,169	100.0	32,936	100.0	(1,232)	(3.6)