



[Summary]

Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2018 [IFRS]

August 4, 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 **August 10, 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 First Quarter of the Year Ending March 31, 2018 (April 1, 2017 - June 30, 2017)

(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	%
Three months ended												
June 30, 2017	10,541	(1.2)	(186)	-	(195)	-	(277)	-	(277)	-	(78)	-
June 30, 2016	10,670	(5.1)	34	-	0	-	(18)	-	(18)	-	(1,447)	-

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended				
June 30, 2017		(14.14)		-
June 30, 2016		(0.94)		-

(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 June 30, 2017	71,821	24,959	24,959	34.8
As of March 31, 2017	68,830	25,234	25,234	36.7

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, 2017	-	10.00	-	10.00	20.00
The year ending					
March 31, 2018	-				
The year ending					
March 31, 2018 (Forecast)		10.00	-	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, 2018 (April 1, 2017 - March 31, 2018)

(% 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 six months ending											
September 30, 2017	24,200	11.9	300	30.9	250	120.5	200	174.7	200	174.7	10.19
The year ending											
March 31, 2018	50,000	14.2	1,500	106.1	1,400	196.2	1,100	79.9	1,100	79.9	56.05

(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) : **None**

(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)

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

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

June 30, 2017	20,757,905	March 31, 2017	20,757,905
June 30, 2017	1,132,407	March 31, 2017	1,132,282
June 30, 2017	19,625,576	June 30, 2016	19,626,082

* 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, 2017	As of June 30, 2017
Assets		
Current assets:		
Cash and cash equivalents	13,350	15,616
Trade receivables	10,500	10,495
Inventories	12,188	13,415
Income taxes refundable	55	36
Derivative assets	0	24
Others	2,719	1,531
Total current assets	<u>38,814</u>	<u>41,119</u>
Non-current assets:		
Property, plant and equipment	26,165	27,196
Intangible assets	988	979
Investment securities	978	671
Deferred tax assets	1,303	1,265
Others	580	588
Total non-current assets	<u>30,016</u>	<u>30,701</u>
Total assets	<u>68,830</u>	<u>71,821</u>
Liabilities		
Current liabilities:		
Loans and borrowings	15,183	16,447
Trade and other payables	9,471	10,414
Derivative liabilities	212	107
Income taxes payable	233	115
Others	1,285	1,286
Total current liabilities	<u>26,386</u>	<u>28,370</u>
Non-current liabilities:		
Loans and borrowings	12,756	14,038
Deferred tax liabilities	403	400
Employee benefits	3,624	3,603
Provisions	52	52
Deferred government grants	124	148
Others	249	249
Total non-current liabilities	<u>17,209</u>	<u>18,492</u>
Total liabilities	<u>43,596</u>	<u>46,862</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	(1,025)	(826)
Retained earnings	7,046	6,572
Total equity attributable to owners of the Company	<u>25,234</u>	<u>24,959</u>
Total equity	<u>25,234</u>	<u>24,959</u>
Total liabilities and equity	<u>68,830</u>	<u>71,821</u>

(2) Consolidated Statements of Comprehensive Income

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

	For the Three Months Ended June 30, 2016	For the Three Months Ended June 30, 2017
Net sales	10,670	10,541
Cost of sales	8,650	8,629
Gross profit	2,019	1,911
Selling, general and administrative expenses	1,608	1,640
Research and development expenses	488	465
Other operating income	139	94
Other operating expenses	28	86
Operating income/(loss)	34	(186)
Financial income	46	66
Financial expenses	80	75
Income/(loss) before income tax	0	(195)
Income tax expenses	18	82
Net loss for the period	(18)	(277)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	(1,341)	165
Change in fair value of available-for-sale financial assets	(93)	80
Change in fair value of available-for-sale financial assets transferred to profit or loss	4	(45)
Income tax relating to items that may be reclassified	1	(1)
Subtotal	(1,428)	198
Other comprehensive (loss)/income for the period, net of income tax	(1,428)	198
Total comprehensive loss for the period	(1,447)	(78)
Net income attributable to:		
Owners of the Company	(18)	(277)
Total comprehensive income attributable to:		
Owners of the Company	(1,447)	(78)
		(Yen)
Earnings per share:		
Basic Loss per share	(0.94)	(14.14)

(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, 2016	10,649	11,353	(2,789)	8,563
Total comprehensive income for the period				
Net loss				-
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				
Dividends declared				-
Total contributions by and distributions to owners	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at June 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 loss			-	(18)	(18)	(18)
Other comprehensive loss, net of income tax						
Foreign currency translation differences for foreign operations		(1,341)	(1,341)		(1,341)	(1,341)
Net change in fair value of available-for-sale financial assets	(87)		(87)		(87)	(87)
Total comprehensive loss for the period	(87)	(1,341)	(1,428)	(18)	(1,447)	(1,447)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Dividends declared			-	(196)	(196)	(196)
Total contributions by and distributions to owners	-	-	-	(196)	(196)	(196)
Total transactions with owners	-	-	-	(196)	(196)	(196)
Balance at June 30, 2016	(97)	(1,505)	(1,603)	6,446	24,056	24,056

(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, 2017	10,649	11,353	(2,789)	8,563
Total comprehensive income for the period				
Net loss				-
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 June 30, 2017	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, 2017	(49)	(975)	(1,025)	7,046	25,234	25,234
Total comprehensive income for the period						
Net loss			-	(277)	(277)	(277)
Other comprehensive loss, net of income tax						
Foreign currency translation differences		165	165		165	165
for foreign operations						
Net change in fair value of	33		33		33	33
available-for-sale financial assets						
Total comprehensive loss for the period	33	165	198	(277)	(78)	(78)
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 June 30, 2017	(16)	(810)	(826)	6,572	24,959	24,959

(4) Consolidated Statements of Cash Flows

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

	For the Three Months Ended June 30, 2016	For the Three Months Ended June 30, 2017
Operating activities:		
Income/(loss) before income tax	0	(195)
Depreciation and amortisation	842	970
Gain on sales of investment securities	-	(45)
(Increase)/decrease in trade receivables	(391)	18
Increase in inventories	(133)	(1,193)
Decrease in consumption tax/value-added tax receivables	936	1,196
Increase in trade payables	190	217
Interest and dividend income	(24)	(21)
Interest expense	51	40
Interest and dividends received	25	21
Interest paid	(39)	(31)
Income tax paid, net	(92)	(74)
Other, net	460	(178)
Net cash provided by operating activities	1,824	725
Investing activities:		
Purchase of property, plant and equipment	(499)	(1,283)
Purchase of intangible assets	(12)	(21)
Purchase of investments and other assets	(167)	(2)
Proceeds from sales of investments and other assets	119	387
Other, net	(0)	(2)
Net cash used in investing activities	(560)	(922)
Financing activities:		
Proceeds from long-term loans and borrowings	3,000	4,000
Repayment of long-term loans and borrowings	(4,934)	(2,443)
Net increase in short-term loans and borrowings	500	1,000
Cash dividends paid	(137)	(143)
Purchase and sales of treasury shares, net	-	(0)
Net cash (used)/provided in financing activities	(1,572)	2,412
Net (decrease)/increase in cash and cash equivalents	(309)	2,215
Cash and cash equivalents at beginning of year	17,161	13,350
Net effect of currency translation on cash and cash equivalents	(584)	50
Cash and cash equivalents at end of period	16,268	15,616

(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 are as follows:

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

	For the Three Months Ended June 30, 2016		For the Three Months Ended June 30, 2017		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	5,895	55.2	6,274	59.5	379	6.4
Crystal devices	3,925	36.8	3,353	31.8	(571)	(14.6)
Others	849	8.0	913	8.7	63	7.5
Total	10,670	100.0	10,541	100.0	(128)	(1.2)