



[Summary]

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

November 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 **November 10, 2017**  
 Scheduled commencement date of dividend payment **December 11, 2017**  
 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, 2018 (April 1, 2017 - September 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	%
Six months ended												
September 30, 2017	22,241	2.8	(396)	-	(408)	-	(546)	-	(546)	-	(85)	-
September 30, 2016	21,626	(4.9)	229	-	113	106.3	72	173.8	72	173.8	(1,612)	-

Six months ended	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
September 30, 2017	(27.83)		-	
September 30, 2016	3.71		-	

(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, 2017	70,195		24,952		24,952		35.5	
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
The year ended					
March 31, 2017	-	10.00	-	10.00	20.00
The year ending					
March 31, 2018	-	10.00			
The year ending					
March 31, 2018 (Forecast)			-	undecided	undecided

(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	%	
The year ending											
March 31, 2018	46,000	5.0	650	(10.7)	600	26.9	400	(34.6)	400	(34.6)	20.38

(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)

September 30, 2017	20,757,905	March 31, 2017	20,757,905
September 30, 2017	1,132,581	March 31, 2017	1,132,282
September 30, 2017	19,625,488	September 30, 2016	19,626,012

\* 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 September 30, 2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	13,350	10,024
Trade receivables	10,500	11,674
Inventories	12,188	13,761
Income taxes refundable	55	3
Derivative assets	0	25
Others	2,719	2,193
Total current assets	<u>38,814</u>	<u>37,682</u>
Non-current assets:		
Property, plant and equipment	26,165	28,692
Intangible assets	988	975
Investment securities	978	1,047
Deferred tax assets	1,303	1,248
Others	580	549
Total non-current assets	<u>30,016</u>	<u>32,513</u>
Total assets	<u>68,830</u>	<u>70,195</u>
<b>Liabilities</b>		
Current liabilities:		
Loans and borrowings	15,183	12,034
Trade and other payables	9,471	11,913
Derivative liabilities	212	126
Income taxes payable	233	145
Others	1,285	1,187
Total current liabilities	<u>26,386</u>	<u>25,407</u>
Non-current liabilities:		
Loans and borrowings	12,756	15,437
Deferred tax liabilities	403	403
Employee benefits	3,624	3,577
Provisions	52	52
Deferred government grants	124	128
Others	249	237
Total non-current liabilities	<u>17,209</u>	<u>19,836</u>
Total liabilities	<u>43,596</u>	<u>45,243</u>
<b>Equity</b>		
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)	(564)
Retained earnings	7,046	6,304
Total equity attributable to owners of the Company	<u>25,234</u>	<u>24,952</u>
Total equity	<u>25,234</u>	<u>24,952</u>
Total liabilities and equity	<u>68,830</u>	<u>70,195</u>

## (2) Consolidated Statements of Comprehensive Income

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

	For the Six Months Ended September 30, 2016	For the Six Months Ended September 30, 2017
Net sales	21,626	22,241
Cost of sales	17,362	18,400
Gross profit	4,264	3,840
Selling, general and administrative expenses	3,162	3,322
Research and development expenses	987	901
Other operating income	200	189
Other operating expenses	85	202
Operating income/(loss)	229	(396)
Financial income	84	85
Financial expenses	200	98
Income/(loss) before income tax	113	(408)
Income tax expenses	40	137
Net income/(loss) for the period	72	(546)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	(1,652)	464
Foreign currency translation differences for foreign operations transferred to profit or loss	3	-
Change in fair value of available-for-sale financial assets	(40)	43
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	(0)	(1)
Subtotal	(1,685)	460
Other comprehensive (loss)/income for the period, net of income tax	(1,685)	460
Total comprehensive loss for the period	(1,612)	(85)
Net income attributable to:		
Owners of the Company	72	(546)
Total comprehensive income attributable to:		
Owners of the Company	(1,612)	(85)
		(Yen)
Earnings per share:		
Basic Earnings/(Loss) per share	3.71	(27.83)

## (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 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

(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 income, 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, 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			-	(546)	(546)	(546)
Other comprehensive income, net of income tax						
Foreign currency translation differences		464	464		464	464
for foreign operations						
Net change in fair value of	(3)		(3)		(3)	(3)
available-for-sale financial assets						
Total comprehensive loss for the period	(3)	464	460	(546)	(85)	(85)
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, 2017	(53)	(510)	(564)	6,304	24,952	24,952

## (4) Consolidated Statements of Cash Flows

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

	For the Six Months Ended September 30, 2016	For the Six Months Ended September 30, 2017
Operating activities:		
Income/(loss) before income tax	113	(408)
Depreciation and amortisation	1,712	1,975
Gain on sales of property, plant, and equipment	-	(6)
Gain on sales of investment securities	-	(45)
Increase in trade receivables	(400)	(1,084)
Increase in inventories	(429)	(1,457)
Decrease in consumption tax/value-added tax receivables	400	556
Increase in trade payables	421	1,089
Decrease/(Increase) in derivative assets	57	(25)
Decrease in derivative liabilities	(69)	(86)
Interest and dividend income	(37)	(37)
Interest expense	97	85
Interest and dividends received	37	37
Interest paid	(77)	(63)
Income tax paid, net	(160)	(64)
Other, net	1,031	(52)
Net cash provided by operating activities	2,697	412
Investing activities:		
Purchase of property, plant and equipment	(1,436)	(3,195)
Purchase of intangible assets	(25)	(42)
Purchase of investments and other assets	(346)	(429)
Proceeds from sales of property, plant and equipment	-	6
Proceeds from sales of investments and other assets	270	440
Other, net	(0)	(3)
Net cash used in investing activities	(1,537)	(3,224)
Financing activities:		
Proceeds from long-term loans and borrowings	7,000	8,500
Repayment of long-term loans and borrowings	(8,057)	(4,459)
Net increase/(decrease) in short-term loans and borrowings	1,000	(4,500)
Cash dividends paid	(195)	(196)
Purchase and sales of treasury shares, net	(0)	(0)
Net cash used in financing activities	(253)	(655)
Net increase/(decrease) in cash and cash equivalents	906	(3,467)
Cash and cash equivalents at beginning of year	17,161	13,350
Net effect of currency translation on cash and cash equivalents	(775)	141
Cash and cash equivalents at end of period	17,292	10,024

(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, 2016		For the Six Months Ended September 30, 2017		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	12,280	56.8	12,873	57.9	592	4.8
Crystal devices	7,561	35.0	7,338	33.0	(223)	(3.0)
Others	1,784	8.2	2,030	9.1	246	13.8
Total	21,626	100.0	22,241	100.0	614	2.8