



[Summary]

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

February 5, 2018

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, 2018**
 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, 2018 (April 1, 2017 - December 31, 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	%
Nine months ended												
December 31, 2017	33,208	0.8	(516)	-	(494)	-	(723)	-	(723)	-	81	-
December 31, 2016	32,936	(3.6)	403	17.0	132	(65.1)	104	(70.0)	104	(70.0)	(337)	-

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended				
December 31, 2017		(36.86)		-
December 31, 2016		5.30		-

(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, 2017		71,953		24,922		24,922		34.6
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				
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	%	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)

December 31, 2017	20,757,905	March 31, 2017	20,757,905
December 31, 2017	1,132,731	March 31, 2017	1,132,282
December 31, 2017	19,625,404	December 31, 2016	19,625,929

* 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 December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	13,350	9,842
Trade receivables	10,500	11,362
Inventories	12,188	14,640
Income taxes refundable	55	12
Derivative assets	0	27
Others	2,719	2,670
Total current assets	38,814	38,555
Non-current assets:		
Property, plant and equipment	26,165	29,696
Intangible assets	988	968
Investment securities	978	1,001
Deferred tax assets	1,303	1,179
Others	580	550
Total non-current assets	30,016	33,397
Total assets	68,830	71,953
Liabilities		
Current liabilities:		
Loans and borrowings	15,183	15,489
Trade and other payables	9,471	10,352
Derivative liabilities	212	108
Provisions	-	18
Income taxes payable	233	65
Others	1,285	1,179
Total current liabilities	26,386	27,215
Non-current liabilities:		
Loans and borrowings	12,756	15,440
Deferred tax liabilities	403	399
Employee benefits	3,624	3,562
Provisions	52	52
Deferred government grants	124	123
Others	249	237
Total non-current liabilities	17,209	19,815
Total liabilities	43,596	47,030
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)	(220)
Retained earnings	7,046	5,930
Total equity attributable to owners of the Company	25,234	24,922
Total equity	25,234	24,922
Total liabilities and equity	68,830	71,953

(2) Consolidated Statements of Comprehensive Income

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

	For the Nine Months Ended December 31, 2016	For the Nine Months Ended December 31, 2017
Net sales	32,936	33,208
Cost of sales	26,353	27,365
Gross profit	6,583	5,842
Selling, general and administrative expenses	4,740	4,932
Research and development expenses	1,499	1,321
Other operating income	272	250
Other operating expenses	213	356
Operating income/(loss)	403	(516)
Financial income	237	178
Financial expenses	508	156
Income/(loss) before income tax	132	(494)
Income tax expenses	28	229
Net income/(loss) for the period	104	(723)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	(442)	743
Foreign currency translation differences for foreign operations transferred to profit or loss	3	-
Change in fair value of available-for-sale financial assets	90	162
Change in fair value of available-for-sale financial assets transferred to profit or loss	(88)	(95)
Income tax relating to items that may be reclassified	(3)	(6)
Subtotal	(441)	804
Other comprehensive (loss)/income for the period, net of income tax	(441)	804
Total comprehensive (loss)/income for the period	(337)	81
Net income attributable to:		
Owners of the Company	104	(723)
Total comprehensive income attributable to:		
Owners of the Company	(337)	81
		(Yen)
Earnings per share:		
Basic Earnings/(Loss) per share	5.30	(36.86)

(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)	(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 for foreign operations		(439)	(439)		(439)	(439)
Net change in fair value of available-for-sale financial assets	(2)		(2)		(2)	(2)
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

(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 income 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, 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			-	(723)	(723)	(723)
Other comprehensive income, net of income tax						
Foreign currency translation differences for foreign operations		743	743		743	743
Net change in fair value of available-for-sale financial assets	61		61		61	61
Total comprehensive income for the period	61	743	804	(723)	81	81
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, 2017	11	(231)	(220)	5,930	24,922	24,922

(4) Consolidated Statements of Cash Flows

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

	For the Nine Months Ended December 31, 2016	For the Nine Months Ended December 31, 2017
Operating activities:		
Income/(loss) before income tax	132	(494)
Depreciation and amortisation	2,662	3,019
Gain on sales of property, plant, and equipment	(7)	(7)
Gain on sales of investment securities	(93)	(100)
Increase in trade receivables	(1,737)	(719)
Increase in inventories	(717)	(2,253)
Increase in consumption tax/value-added tax receivables	(74)	(28)
Increase in trade payables	738	828
Decrease in accrued bonuses	(122)	(523)
Decrease/(Increase) in derivative assets	268	(26)
Increase/(Decrease) in derivative liabilities	925	(105)
Interest and dividend income	(54)	(51)
Interest expense	144	126
Interest and dividends received	58	51
Interest paid	(109)	(95)
Income tax paid, net	(167)	(199)
Other, net	731	(289)
Net cash provided by/(used in) operating activities	2,576	(869)
Investing activities:		
Purchase of property, plant and equipment	(3,253)	(5,583)
Purchase of intangible assets	(43)	(59)
Purchase of investments and other assets	(648)	(806)
Proceeds from sales of property, plant and equipment	26	6
Proceeds from sales of investments and other assets	964	982
Other, net	(0)	(3)
Net cash used in investing activities	(2,955)	(5,463)
Financing activities:		
Proceeds from long-term loans and borrowings	8,000	11,500
Repayment of long-term loans and borrowings	(9,882)	(7,497)
Net increase/(decrease) in short-term loans and borrowings	1,000	(1,000)
Cash dividends paid	(337)	(358)
Purchase and sales of treasury shares, net	(0)	(0)
Net cash (used in)/provided by financing activities	(1,220)	2,643
Net decrease in cash and cash equivalents	(1,600)	(3,689)
Cash and cash equivalents at beginning of year	17,161	13,350
Net effect of currency translation on cash and cash equivalents	(69)	181
Cash and cash equivalents at end of period	15,492	9,842

(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, 2016		For the Nine Months Ended December 31, 2017		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	18,512	56.2	19,499	58.7	987	5.3
Crystal devices	11,652	35.4	10,657	32.1	(994)	(8.5)
Others	2,772	8.4	3,051	9.2	278	10.1
Total	32,936	100.0	33,208	100.0	271	0.8