



[Summary]

Consolidated Financial Results for the Year Ended March 31, 2018 [IFRS]

May 11, 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 of the shareholder meeting **June 22, 2018**
 Scheduled date to submit the Securities Report **June 22, 2018**
 Scheduled commencement date of dividend payment **-**
 Supplemental material for financial results **: Yes**
 Holding of the briefing session for financial results **: Yes**

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

1. Consolidated Financial Results for the Year Ended March 31, 2018 (April 1, 2017 - March 31, 2018)

(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	%
The year ended												
March 31, 2018	43,952	0.4	(9,618)	-	(9,640)	-	(10,202)	-	(10,202)	-	(9,732)	-
March 31, 2017	43,791	(2.4)	727	77.1	472	359.8	611	92.6	611	92.6	(72)	-

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
The year ended				
March 31, 2018		(519.87)		-
March 31, 2017		31.16		-

(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 March 31, 2018		60,816		15,108		15,108		24.8
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				
The year ended					
March 31, 2017	-	10.00	-	10.00	20.00
The year ended					
March 31, 2018	-	10.00	-	0.00	10.00
The year ending					
March 31, 2019 (Forecast)	-	0.00	-	Undetermined	Undetermined

3. Consolidated Financial Results Forecast for the Year Ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(% 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, 2018	21,300	(4.2)	(500)	-	(600)	-	(650)	-	(650)	-	(33.12)
The year ending											
March 31, 2019	44,500	1.2	500	-	300	-	200	-	200	-	10.19

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)

March 31, 2018	20,757,905	March 31, 2017	20,757,905
March 31, 2018	1,132,818	March 31, 2017	1,132,282
March 31, 2018	19,625,330	March 31, 2017	19,625,867

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, 2017	As of March 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	13,350	6,851
Trade receivables	10,500	10,878
Inventories	12,188	13,740
Income taxes refundable	55	17
Derivative assets	0	223
Others	2,719	2,961
Total current assets	<u>38,814</u>	<u>34,673</u>
Non-current assets:		
Property, plant and equipment	26,165	23,618
Intangible assets	988	251
Investment securities	978	1,079
Deferred tax assets	1,303	655
Others	580	537
Total non-current assets	<u>30,016</u>	<u>26,143</u>
Total assets	<u>68,830</u>	<u>60,816</u>
Liabilities		
Current liabilities:		
Loans and borrowings	15,183	16,611
Trade and other payables	9,471	9,892
Derivative liabilities	212	28
Provisions	-	518
Income taxes payable	233	122
Others	1,285	1,096
Total current liabilities	<u>26,386</u>	<u>28,270</u>
Non-current liabilities:		
Loans and borrowings	12,756	13,325
Deferred tax liabilities	403	205
Employee benefits	3,624	3,448
Provisions	52	120
Deferred government grants	124	100
Others	249	237
Total non-current liabilities	<u>17,209</u>	<u>17,438</u>
Total liabilities	<u>43,596</u>	<u>45,708</u>
Equity		
Equity attributable to owners of the Company:		
Share capital	10,649	10,649
Share premium	8,563	8,562
Other components of equity	(1,025)	(640)
Retained earnings	7,046	(3,463)
Total equity attributable to owners of the Company	<u>25,234</u>	<u>15,108</u>
Total equity	<u>25,234</u>	<u>15,108</u>
Total liabilities and equity	<u>68,830</u>	<u>60,816</u>

(2) Consolidated Statements of Comprehensive Income

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

	For the year Ended March 31, 2017	For the year Ended March 31, 2018
Net sales	43,791	43,952
Cost of sales	34,620	37,768
Gross profit	9,171	6,184
Selling, general and administrative expenses	6,479	6,642
Research and development expenses	2,035	1,787
Other operating income	443	310
Other operating expenses	371	7,682
Operating income/(loss)	727	(9,618)
Financial income	216	174
Financial expenses	471	197
Income/(loss) before income tax	472	(9,640)
Income tax benefits	(138)	561
Net income/(loss) for the period	611	(10,202)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plan	166	84
Subtotal	166	84
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	(815)	378
Foreign currency translation differences for foreign operations transferred to profit or loss	3	-
Change in fair value of available-for-sale financial assets	68	105
Change in fair value of available-for-sale financial assets transferred to profit or loss	(107)	(95)
Income tax relating to items that may be reclassified	(1)	(3)
Subtotal	(851)	384
Other comprehensive (loss)/income for the period, net of income tax	(684)	469
Total comprehensive loss for the period	(72)	(9,732)
Net income attributable to:		
Owners of the Company	611	(10,202)
Total comprehensive Income attributable to:		
Owners of the Company	(72)	(9,732)
Earnings per share:		
Basic Earnings/(Loss) per share (Yen)	31.16	(519.87)

(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				-
Remeasurement of defined benefit plan				-
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 March 31, 2017	10,649	11,353	(2,789)	8,563
Total comprehensive income for the period				
Net loss				-
Other comprehensive income, net of income tax				-
Remeasurement of defined benefit plan				-
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 March 31, 2018	10,649	11,353	(2,790)	8,562

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

	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			-	611	611	611
Other comprehensive loss, net of income tax						
Remeasurement of defined benefit plan			-	166	166	166
Foreign currency translation differences for foreign operations		(811)	(811)		(811)	(811)
Net change in fair value of available-for-sale financial assets	(39)		(39)		(39)	(39)
Total comprehensive loss for the period	(39)	(811)	(851)	778	(72)	(72)
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 March 31, 2017	(49)	(975)	(1,025)	7,046	25,234	25,234
Total comprehensive income for the period						
Net loss			-	(10,202)	(10,202)	(10,202)
Other comprehensive income, net of income tax						
Remeasurement of defined benefit plan			-	84	84	84
Foreign currency translation differences for foreign operations		378	378		378	378
Net change in fair value of available-for-sale financial assets	6		6		6	6
Total comprehensive loss for the period	6	378	384	(10,117)	(9,732)	(9,732)
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 March 31, 2018	(43)	(596)	(640)	(3,463)	15,108	15,108

(4) Consolidated Statements of Cash Flows

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

	For the Year Ended March 31, 2017	For the Year Ended March 31, 2018
Operating activities:		
Income/(loss) before income tax	472	(9,640)
Depreciation and amortisation	3,641	4,094
Gain on sales of property, plant, and equipment	(9)	(6)
Loss on disposal of property, plant and equipment	68	2
Impairment losses of property, plant and equipment, and goodwill	8	6,515
Gain on sales of investment securities	(111)	(100)
Impairment losses of investment securities	4	5
Gain on receipt of subsidies	(86)	(63)
Insurance claim income	(70)	—
Increase in trade receivables	(255)	(479)
Increase in inventories	(1,754)	(1,529)
Increase in trade payables	706	517
Increase in accrued bonus	318	16
Decrease/(increase) in derivative assets	372	(222)
Increase/(decrease) in derivative liabilities	134	(185)
(Decrease)/increase in provisions	(72)	587
Interest and dividend income	(70)	(69)
Interest expense	183	178
Interest and dividends received	73	69
Interest paid	(149)	(141)
Proceeds from insurance claim income	70	—
Income tax paid, net	(174)	(229)
Other, net	591	(233)
Net cash provided by/(used in) operating activities	3,891	(915)
Investing activities:		
Purchase of property, plant and equipment	(5,785)	(7,317)
Purchase of intangible assets	(61)	(66)
Purchase of investments and other assets	(1,149)	(943)
Proceeds from sales of property, plant and equipment	54	6
Proceeds from sales of investments and other assets	1,252	987
Other, net	2	1
Net cash used in investing activities	(5,686)	(7,331)
Financing activities:		
Proceeds from long-term loans and borrowings	10,500	11,500
Repayment of long-term loans and borrowings	(16,873)	(10,100)
Net increase in short-term loans and borrowings	5,000	664
Cash dividends paid	(391)	(392)
Purchase and sales of treasury shares, net	(0)	(0)
Net cash (used in)/provided by financing activities	(1,765)	1,671
Net decrease in cash and cash equivalents	(3,560)	(6,575)
Cash and cash equivalents at beginning of year	17,161	13,350
Net effect of currency translation on cash and cash equivalents	(251)	76
Cash and cash equivalents at end of period	13,350	6,851

(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 Year Ended March 31, 2017		For the Year Ended March 31, 2018		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	24,780	56.6	25,691	58.5	911	3.7
Crystal devices	15,070	34.4	13,888	31.6	(1,181)	(7.8)
Others	3,941	9.0	4,372	9.9	431	10.9
Total	43,791	100.0	43,952	100.0	160	0.4