



[Summary]

Consolidated Financial Results for the Year Ended March 31, 2019 [IFRS]

May 10, 2019

Company Name **Nihon Dempa Kogyo Co., Ltd.** Stock Exchange Listing: **Tokyo Stock Exchange, 1st Section**
 Code **6779** URL **<http://www.ndk.com/>**
 Representative **Hiromi Katoh, Representative Director and President**
 Person in charge for inquiries **Michio Aoyama, Corporate Officer and General Manager of Administration Division** Phone: **+81-3-5453-6709**
 Scheduled date of the shareholder meeting **June 21, 2019**
 Scheduled date to submit the Securities Report **June 21, 2019**
 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, 2019 (April 1, 2018 - March 31, 2019)

(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, 2019	42,498	(3.3)	406	-	(56)	-	(251)	-	(251)	-	(460)	-
March 31, 2018	43,952	0.4	(9,618)	-	(9,640)	-	(10,202)	-	(10,202)	-	(9,732)	-

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
The year ended				
March 31, 2019	(12.80)	-	-	-
March 31, 2018	(519.87)	-	-	-

(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, 2019	60,784	14,725	14,725	24.2
As of March 31, 2018	60,816	15,108	15,108	24.8

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, 2018	-	10.00	-	0.00	10.00
The year ended					
March 31, 2019	-	0.00	-	0.00	0.00
The year ending					
March 31, 2020 (Forecast)	-	0.00	-	Undetermined	Undetermined

3. Consolidated Financial Forecast for the Year Ending March 31, 2020 (April 1, 2019 - March 31, 2020)

(% 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, 2019	20,300	(4.3)	(500)	-	(650)	-	(700)	-	(700)	-	(35.67)
The year ending											
March 31, 2020	42,500	0.0	600	47.5	200	-	100	-	100	-	5.10

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 : **Yes**

From the year ended March 31, 2019, the Group has adopted the following accounting policies.

•IFRS 9 (Financial Instruments)

In accordance with the adoption of IFRS 9, the Group has applied an exemption allowing comparative information for prior periods not to be restated with respect to classification and measurement (including impairment).

As a result, the balance of both other components of equity and retained earnings at the beginning of this period increased by 72 million yen and 5 million yen, respectively.

There is no material impact on the Group's consolidated financial results for the year ended March 31, 2019.

•IFRS 15 (Revenue from Contracts with Customers)

As a transitional measure upon the adoption of IFRS 15, the Group has not restated the consolidated financial statements for the previous years.

There is no material impact on the Group's consolidated financial results for the year ended March 31, 2019.

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, 2019	20,757,905	March 31, 2018	20,757,905
ii) Number of treasury shares at the end of the period	March 31, 2019	1,133,154	March 31, 2018	1,132,818
iii) Average number of shares for the period (year-to-date)	March 31, 2019	19,624,946	March 31, 2018	19,625,330

* This summary of the business results and the attached financial statements are unaudited.

* Explanation about appropriate use of consolidated financial forecast, other special notes

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.

Financial Statements

(1) Consolidated Statements of Financial Position

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

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	6,851	8,231
Trade receivables	10,878	10,605
Inventories	13,740	14,401
Income taxes refundable	17	14
Derivative assets	223	8
Others	2,961	3,885
Total current assets	34,673	37,146
Non-current assets:		
Property, plant and equipment	23,618	21,104
Intangible assets	251	259
Other financial assets	1,303	1,508
Deferred tax assets	655	535
Others	313	230
Total non-current assets	26,143	23,638
Total assets	60,816	60,784
Liabilities		
Current liabilities:		
Loans and borrowings	16,611	17,240
Trade and other payables	9,892	8,627
Derivative liabilities	28	112
Provisions	518	346
Income taxes payable	122	103
Others	1,096	920
Total current liabilities	28,270	27,351
Non-current liabilities:		
Loans and borrowings	13,325	14,861
Deferred tax liabilities	205	248
Employee benefits	3,448	3,198
Provisions	120	113
Deferred government grants	100	48
Others	237	237
Total non-current liabilities	17,438	18,707
Total liabilities	45,708	46,059
Equity		
Equity attributable to owners of the Company:		
Share capital	10,649	10,649
Share premium	8,562	3,069
Other components of equity	(640)	(873)
Retained earnings	(3,463)	1,880
Total equity attributable to owners of the Company	15,108	14,725
Total equity	15,108	14,725
Total liabilities and equity	60,816	60,784

(2) Consolidated Statements of Comprehensive Income

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

	For the year Ended March 31, 2018	For the year Ended March 31, 2019
Net sales	43,952	42,498
Cost of sales	37,768	35,497
Gross profit	6,184	7,001
Selling, general and administrative expenses	6,642	6,255
Research and development expenses	1,787	1,884
Other operating income	310	2,217
Other operating expenses	7,682	672
Operating (loss)/income	(9,618)	406
Financial income	174	201
Financial expenses	197	665
Loss before income tax	(9,640)	(56)
Income tax expenses	561	194
Net loss for the period	(10,202)	(251)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plan	84	96
Financial assets measured at fair value through other comprehensive income	-	(88)
Income tax relating to items that will not be reclassified	-	0
Subtotal	84	9
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	378	(164)
Cash flow hedges	-	(53)
Change in fair value of available-for-sale financial assets	105	-
Change in fair value of available-for-sale financial assets transferred to profit or loss	(95)	-
Income tax relating to items that may be reclassified	(3)	-
Subtotal	384	(218)
Other comprehensive income/(loss) for the period, net of income tax	469	(209)
Total comprehensive loss for the period	(9,732)	(460)
Net loss attributable to:		
Owners of the Company	(10,202)	(251)
Total comprehensive loss attributable to:		
Owners of the Company	(9,732)	(460)
Earnings per share:		
Basic loss per share	(519.87)	(12.80)

(3) Consolidated Statements of Changes in Equity

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

	Share Capital	Share premium			Other components of equity	
		Additional paid-in capital	Treasury shares	Total share premium	Available-for-sale financial assets	Financial assets measured at fair value through other comprehensive income
Balance at April 1, 2017	10,649	11,353	(2,789)	8,563	(49)	-
Total comprehensive income for the period						
Net loss				-		
Other comprehensive income						
Remeasurement of defined benefit plan				-		
Exchange differences on translation of foreign operations				-		
Net change in fair value of available-for-sale financial assets				-	6	
Total comprehensive loss for the period	-	-	-	-	6	-
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	(43)	-
Impact of changes in accounting policy	-	-	-	-	43	29
Adjusted balance at April 1, 2018	10,649	11,353	(2,790)	8,562	-	29
Total comprehensive income for the period						
Net loss				-		
Other comprehensive income						
Remeasurement of defined benefit plan				-		
Net change in financial assets measured at fair value through other comprehensive income				-		(87)
Exchange differences on translation of foreign operations				-		
Cash flow hedges				-		
Total comprehensive loss for the period	-	-	-	-	-	(87)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Changes in treasury shares, net			(0)	(0)		
Transfer to retained earnings from capital surplus		(5,493)		(5,493)		
Total contributions by and distributions to owners	-	(5,493)	(0)	(5,493)	-	-
Total transactions with owners	-	(5,493)	(0)	(5,493)	-	-
Balance at March 31, 2019	10,649	5,859	(2,790)	3,069	-	(58)

(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
	Exchange differences on translation of foreign operations	Cash flow hedges	Total other components of equity			
Balance at April 1, 2017	(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						
Remeasurement of defined benefit plan			-	84	84	84
Exchange differences on translation of foreign operations	378		378		378	378
Net change in fair value of available-for-sale financial assets			6		6	6
Total comprehensive loss for the period	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	(596)	-	(640)	(3,463)	15,108	15,108
Impact of changes in accounting policy	-	-	72	5	78	78
Adjusted balance at April 1, 2018	(596)	-	(567)	(3,458)	15,186	15,186
Total comprehensive income for the period						
Net loss			-	(251)	(251)	(251)
Other comprehensive income						
Remeasurement of defined benefit plan			-	96	96	96
Net change in financial assets measured at fair value through other comprehensive income			(87)		(87)	(87)
Exchange differences on translation of foreign operations	(164)		(164)		(164)	(164)
Cash flow hedges		(53)	(53)		(53)	(53)
Total comprehensive loss for the period	(164)	(53)	(305)	(154)	(460)	(460)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Changes in treasury shares, net			-		(0)	(0)
Transfer to retained earnings from capital surplus			-	5,493	-	-
Total contributions by and distributions to owners	-	-	-	5,493	(0)	(0)
Total transactions with owners	-	-	-	5,493	(0)	(0)
Balance at March 31, 2019	(761)	(53)	(873)	1,880	14,725	14,725

(4) Consolidated Statements of Cash Flows

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

	For the Year Ended March 31, 2018	For the Year Ended March 31, 2019
Operating activities:		
Loss before income tax	(9,640)	(56)
Depreciation and amortisation	4,094	3,469
Gain on sales of land use right	-	(1,035)
Gain on sales of property, plant and equipment	(6)	(915)
Loss on disposal of property, plant and equipment	2	5
Impairment losses of property, plant and equipment, and goodwill	6,515	396
Gain on sales of other financial assets	(100)	(132)
Impairment losses of other financial assets	5	176
Gain on receipt of subsidies	(63)	(58)
(Increase)/decrease in trade receivables	(479)	393
Increase in inventories	(1,529)	(650)
Increase/(decrease) in trade payables	517	(405)
Increase/(decrease) in accrued bonus	16	(30)
(Increase)/decrease in derivative assets	(222)	214
(Decrease)/increase in derivative liabilities	(185)	30
Increase/(decrease) in provisions	587	(179)
Interest and dividend income	(69)	(68)
Interest expense	178	252
Interest and dividends received	69	68
Interest paid	(141)	(210)
Income tax paid, net	(229)	(55)
Other, net	(233)	407
Net cash (used in)/provided by operating activities	(915)	1,615
Investing activities:		
Purchase of property, plant and equipment	(7,317)	(3,404)
Purchase of intangible assets	(66)	(85)
Purchase of other financial assets	(943)	(704)
Proceeds from sales of land use right	-	1,214
Proceeds from sales of property, plant and equipment	6	145
Proceeds from sales of other financial assets	987	546
Other, net	1	0
Net cash used in investing activities	(7,331)	(2,286)
Financing activities:		
Proceeds from long-term loans and borrowings	11,500	13,500
Repayment of long-term loans and borrowings	(10,100)	(10,603)
Net increase/(decrease) in short-term loans and borrowings	664	(825)
Cash dividends paid	(392)	(3)
Purchase and sales of treasury shares, net	(0)	(0)
Net cash provided by financing activities	1,671	2,067
Net (decrease)/increase in cash and cash equivalents	(6,575)	1,395
Cash and cash equivalents at beginning of year	13,350	6,851
Net effect of currency translation on cash and cash equivalents	76	(16)
Cash and cash equivalents at end of period	6,851	8,231

(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 Year Ended March 31, 2018		For the Year Ended March 31, 2019		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	25,691	58.5	25,362	59.7	(329)	(1.3)
Crystal devices	13,888	31.6	12,650	29.8	(1,237)	(8.9)
Others	4,372	9.9	4,484	10.5	112	2.6
Total	43,952	100.0	42,498	100.0	(1,454)	(3.3)