



[Summary]

Consolidated Financial Results for the Third Quarter of the Year Ending March 31, 2019 [IFRS]

February 6, 2019

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 Katoh, Executive Vice President and Director** Phone: **+81-3-5453-6709**
 Scheduled date to submit the Quarterly Securities Report **February 12, 2019**
 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, 2019 (April 1, 2018 - December 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	%
Nine months ended												
December 31, 2018	32,231	(2.9)	(534)	-	(1,040)	-	(1,085)	-	(1,085)	-	(1,533)	-
December 31, 2017	33,208	0.8	(516)	-	(494)	-	(723)	-	(723)	-	81	-

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Nine months ended				
December 31, 2018	(55.31)	-	-	-
December 31, 2017	(36.86)	-	-	-

(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	Million Yen	Million Yen	%	%	
As of December 31, 2018	60,210	13,652	13,652	22.7				
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 ending March 31, 2019	-	0.00	-		
The year ending March 31, 2019 (Forecast)				Undetermined	Undetermined

(Note) Revision of dividends forecast from the latest announcement : **None**

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 year ending March 31, 2019	42,500	(3.3)	500	-	300	-	200	-	200	-	10.19

(Note) Revision of consolidated financial results forecast from the latest announcement : **Yes**

Regarding the consolidated financial results forecast announced on May 11, 2018, the Group has revised net sales as above based on recent performance and market environment etc.. As for each income, the Group is planning to achieve the initial forecast by considering various measures including the sales of owned assets.

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 first quarter of the year ending 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 third quarter of the year ending 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 third quarter of the year ending 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)

December 31, 2018	20,757,905	March 31, 2018	20,757,905
December 31, 2018	1,133,121	March 31, 2018	1,132,818
December 31, 2018	19,625,005	December 31, 2017	19,625,404

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

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

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

* Explanation about appropriate use of consolidated financial results 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 December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	6,851	8,147
Trade receivables	10,878	11,185
Inventories	13,740	13,832
Income taxes refundable	17	28
Derivative assets	223	37
Others	2,961	1,754
Total current assets	34,673	34,987
Non-current assets:		
Property, plant and equipment	23,618	22,686
Intangible assets	251	237
Other financial assets	1,303	1,289
Deferred tax assets	655	658
Others	313	351
Total non-current assets	26,143	25,223
Total assets	60,816	60,210
Liabilities		
Current liabilities:		
Loans and borrowings	16,611	16,072
Trade and other payables	9,892	7,519
Derivative liabilities	28	72
Provisions	518	341
Income taxes payable	122	79
Others	1,096	1,005
Total current liabilities	28,270	25,090
Non-current liabilities:		
Loans and borrowings	13,325	17,469
Deferred tax liabilities	205	237
Employee benefits	3,448	3,348
Provisions	120	115
Deferred government grants	100	59
Others	237	237
Total non-current liabilities	17,438	21,467
Total liabilities	45,708	46,558
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)	(1,016)
Retained earnings	(3,463)	950
Total equity attributable to owners of the Company	15,108	13,652
Total equity	15,108	13,652
Total liabilities and equity	60,816	60,210

(2) Consolidated Statements of Comprehensive Income

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

	For the Nine Months Ended December 31, 2017	For the Nine Months Ended December 31, 2018
Net sales	33,208	32,231
Cost of sales	27,365	26,856
Gross profit	5,842	5,375
Selling, general and administrative expenses	4,932	4,666
Research and development expenses	1,321	1,388
Other operating income	250	294
Other operating expenses	356	149
Operating loss	(516)	(534)
Financial income	178	181
Financial expenses	156	687
Loss before income tax	(494)	(1,040)
Income tax expenses	229	45
Net loss for the period	(723)	(1,085)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	-	(79)
Income tax relating to items that will not be reclassified	-	0
Subtotal	-	(78)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	743	(321)
Cash flow hedges	-	(48)
Change in fair value of available-for-sale financial assets	162	-
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	(6)	-
Subtotal	804	(369)
Other comprehensive income/(loss) for the period, net of income tax	804	(448)
Total comprehensive income/(loss) for the period	81	(1,533)
Net loss attributable to:		
Owners of the Company	(723)	(1,085)
Total comprehensive income attributable to:		
Owners of the Company	81	(1,533)
		(Yen)
Earnings per share:		
Basic loss per share	(36.86)	(55.31)

(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, 2017	10,649	11,353	(2,789)	8,563
Total comprehensive income for the period				
Net loss				-
Other comprehensive income				-
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	Exchange differences on translation of 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	61	743	804		804	804
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

(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, 2018	10,649	11,353	(2,790)	8,562
Impact of changes in accounting policy	-	-	-	-
Adjusted balance at April 1, 2018	10,649	11,353	(2,790)	8,562
Total comprehensive income for the period				
Net loss				-
Other comprehensive income				-
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)
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 December 31, 2018	10,649	5,859	(2,790)	3,069

	Other components of equity				Retained earnings	Attributable to owners of the Company	Total equity
	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Cash flow hedges	Total other components of equity			
Balance at April 1, 2018	(43)	(596)	-	(640)	(3,463)	15,108	15,108
Impact of changes in accounting policy	72	-	-	72	5	78	78
Adjusted balance at April 1, 2018	29	(596)	-	(567)	(3,458)	15,186	15,186
Total comprehensive income for the period							
Net loss				-	(1,085)	(1,085)	(1,085)
Other comprehensive income	(78)	(321)	(48)	(448)		(448)	(448)
Total comprehensive loss for the period	(78)	(321)	(48)	(448)	(1,085)	(1,533)	(1,533)
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 December 31, 2018	(49)	(918)	(48)	(1,016)	950	13,652	13,652

(4) Consolidated Statements of Cash Flows

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

	For the Nine Months Ended December 31, 2017	For the Nine Months Ended December 31, 2018
Operating activities:		
Loss before income tax	(494)	(1,040)
Depreciation and amortisation	3,019	2,593
Gain on sales of property, plant and equipment	(7)	(98)
Gain on sales of other financial assets	(100)	(132)
Impairment losses of other financial assets	5	313
Increase in trade receivables	(719)	(223)
Increase in inventories	(2,253)	(135)
(Increase)/decrease in consumption tax/value-added tax receivables	(28)	976
Increase/(decrease) in trade payables	828	(344)
Decrease in accrued bonuses	(523)	(687)
(Increase)/decrease in derivative assets	(26)	185
(Decrease)/increase in derivative liabilities	(105)	44
Increase/(decrease) in provisions	19	(183)
Interest and dividend income	(51)	(41)
Interest expense	126	165
Interest and dividends received	51	41
Interest paid	(95)	(130)
Income tax paid, net	(199)	(55)
Other, net	(313)	(458)
Net cash (used in)/provided by operating activities	(869)	789
Investing activities:		
Purchase of property, plant and equipment	(5,583)	(2,904)
Purchase of intangible assets	(59)	(47)
Purchase of investments and other assets	(806)	(704)
Proceeds from sales of property, plant and equipment	6	145
Proceeds from sales of investments and other assets	982	546
Other, net	(3)	(3)
Net cash used in investing activities	(5,463)	(2,967)
Financing activities:		
Proceeds from long-term loans and borrowings	11,500	13,500
Repayment of long-term loans and borrowings	(7,497)	(7,729)
Net decrease in short-term loans and borrowings	(1,000)	(2,245)
Cash dividends paid	(358)	(3)
Purchase and sales of treasury shares, net	(0)	(0)
Net cash provided by financing activities	2,643	3,520
Net (decrease)/increase in cash and cash equivalents	(3,689)	1,343
Cash and cash equivalents at beginning of year	13,350	6,851
Net effect of currency translation on cash and cash equivalents	181	(47)
Cash and cash equivalents at end of period	9,842	8,147

(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 Nine Months Ended December 31, 2017		For the Nine Months Ended December 31, 2018		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	19,499	58.7	19,405	60.2	(94)	(0.5)
Crystal devices	10,657	32.1	9,579	29.7	(1,077)	(10.1)
Others	3,051	9.2	3,246	10.1	195	6.4
Total	33,208	100.0	32,231	100.0	(976)	(2.9)