



Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2012

09-Aug-2011

Company Name : NID Co., Ltd.	Listing : JASDAQ
Security Code : 2349	URL : http://www.nid.co.jp/
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1. Consolidated Financial Results for the First Quarter of Fiscal Year 2012 (From April 1, 2011 to June 30, 2011)

(1) Consolidated Operating Results

(All figures are rounded down to the nearest million yen)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q FY3/12	3,474	1.6	161	6.3	168	5.9	102	174.0
1Q FY3/11	3,419	1.9	151	70.5	158	67.6	37	-33.9

	Net income per share	Diluted net income per share
	Yen	Yen
1Q FY3/12	27.06	-
1Q FY3/11	9.88	-

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Million yen	Million yen	%
1Q FY3/12	10,594	6,039	57.0
FY3/11	10,660	6,110	57.3

Note : Equity 1Q FY3/12 6,039million yen FY3/11 6,110million yen

2. Dividend Information

Registry Date	Dividends Per Share				
	First quarter	Second quarter	Third quarter	Year End	Full Year
	Yen	Yen	Yen	Yen	Yen
FY3/11	-	-	-	45.00	45.00
FY3/12	-				
FY3/12 (Forecasts)		-	-	45.00	45.00

3. Consolidated Financial Forecasts for the Fiscal Year 2012(From April 1, 2011 to March 31, 2012)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q FY3/12	7,000	-1.8	405	11.2	405	9.0	238	158.4	62.87
Full Year	14,750	0.8	1,010	8.0	1,020	2.6	600	34.0	158.50

4.Others

(1) Changes in the scope of our consolidation, including changes in our subsidiaries : None

Consolidated subsidiaries : 0 added, 0 removed

(2) Application of simple accounting method : None

(3) Changes in accounting methodology, procedures, and the way our figures are displayed in the creation of our Quarter consolidated financial statements.

① Changes arising from revisions in accounting standards : None

② Changes arising from other reasons : None

③ Changes in estimation related to financial statements : None

④ Re-statement of revisions : None

(4) Shares issued (Common stock)

Shares issued as of term end (including treasury stock)	1Q FY3/12	4,369,830	FY3/11	4,369,830
Treasury stock as of term end	1Q FY3/12	584,237	FY3/11	584,237
Average shares issued during term	1Q FY3/12	3,785,593	1Q FY3/11	3,785,593

*Regarding the appropriate use of our earnings projections and other notes.

All projections provided in this document are based on the most accurate information available at the time of this writing.

However our actual results may differ from our projections due to various unforeseen reasons.

Brief Report on Settlement of Accounts for Period Ended June 2011

1. Qualitative information on consolidated results for 2012 Q1

(1) Qualitative information on consolidated business results

Japan's economy in the first quarter of consolidated fiscal period 2012 was seriously affected by events including a decline in production and exports as a result of the March 11th earthquake. While some recovery is seen in a depressed economy, risks of recession are present in the forms of tightened power supply, and impact from a nuclear power event and rise in petroleum prices. The foreseeable economic landscape is thus uncertain.

Investments in IT at companies have become cautious in our information services industry as a result of impacts from the earthquake.

The climate for new and current businesses continues to appear bleak.

Against this backdrop, our group reinforced the sales team on current clients and changed the business strategy from our traditional sales that simply responded to client demands over to proactive sales that propose new needs for the client. Furthermore, we added value-add businesses to our existing portfolio, in part to grow new business through our group's technologies. As a central project, we redirected our resources to sales and business development for *Nstylist*¹, a services platform that we developed for Android.

On the sales side, we redirected our resources to grow new businesses through sales force reinforcement and collaborations. On the profit side, we implemented programs to reinforce management of unnecessary overtime and eliminate inefficiencies.

On the results of our first fiscal quarter, sales, operating profit, current earnings, and net profit posted 3,474 million (up 1.6% on prior same quarter), 161 million (up 6.3% on same), 168 million (up 5.9% on same), and 102 million yen (up 174.0% on same) respectively. Because of the acceptance inspection standards of the Group, net sales and profits tend to be concentrated in the second and fourth quarters.

¹ *Nstylist*: Installation of this platform on handsets with the Android OS, such as tablets and smartphones, will enable easy creation and provision of application services for corporate needs. Furthermore, a dedicated server (*Nstylist* server) and *Nstylist* mounted handset will link directly to manage information seamlessly and support the maintenance and operation of your overall system infrastructure.

Business segment results were as follows:

Communications systems business

communications systems business saw a rise in automobiles and home electronics sector orders, and mobile telecommunication orders too saw stable growth. As a result, sales and operating profit posted 786 million (up 21.3% on prior same quarter) and 25 million yen (up 12.5% on same) respectively.

Information systems business

Information systems business saw stable growth in orders from life and non-life insurance and mutual life insurance sectors, and a decline in orders from the logistics, manufacturing, and government sectors. As a result, sales and operating profit posted 653 million (down 4.6% on same) and 38 million yen (down 25.2% on same) respectively.

Network solutions business

Network solutions business saw stable growth in orders from our main clients in the transportation, life and non-life insurance, and logistics sectors, and a decline in orders from the government sector. As a result, sales and operating profit posted 1,124 million (down 2.1% on same) and 49 million yen (down 12.5% on same) respectively.

NID • IS

NID/IS business saw a decline in data input orders, and rise in systems development orders. As a result, sales and operating profit posted 584 million (up 16.1% on same) and 32 million yen (up 221.3% on same) respectively.

NID • IE

NID/IE business reinforced customer relationships to secure orders and increase our capacity utilization. As a result, sales and operation profit posted 197 million (down 0.9% on same) and 20 million yen (up 155.4% on same) respectively.

NID Tohoku Japan

NID Northeast Japan business saw postponed IT investments at customers, relating to power programs, due to an impact of the March 11th earthquake. The difficult business landscape thus maintained. As a result, sales and operating loss posted 127 million (down 45.5% on same) and 5 million yen (--) respectively.

(2) Qualitative information on consolidated finances

Assets

Total assets at end of our first quarter for consolidated fiscal year 2012 posted a decline of 66 million on prior consolidated fiscal year end and settled at 10,594 million yen, due to factors including an increase in cash, deposits, and in-process products, and decrease in accounts receivable.

Liabilities

Total liabilities at end of our first quarter for consolidated fiscal year 2012 posted an increase of 4 million on prior consolidated fiscal year end and settled at 4,555 million yen, due to factors including an increase in short-term loans and accounts payable and decrease in the bonus reserve.

Net assets

Net assets at end of our first quarter for consolidated fiscal year 2012 posted a decline of 71 million on prior consolidated fiscal year end and settled at 6,039 million yen, due to factors including a decline in earned surplus by a payment of dividends.

As a result, capital adequacy ratio declined by 0.3% from 57.3% at end of prior consolidated fiscal year end to 57.0%.

(3) Qualitative Information on Forecasts for Consolidated Financial Results

The results in the first quarter under review were mostly on a par with the initial plan. There are no changes to the earnings projections for the first half and for the full fiscal year for the fiscal year ending March 2012 released on May 13, 2011.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	FY3/11	1st Quarter FY3/12
ASSETS		
Current assets		
Cash and deposits	4,934,693	5,469,095
Notes and accounts receivable–trade	2,419,087	1,652,094
Marketable securities	1,038	1,038
Work in process	213,083	392,422
Deferred tax assets	435,309	362,712
Others	213,186	246,381
Total current assets	8,216,398	8,123,745
Non-current assets		
Property, plant and equipment		
Land	136,767	136,767
Others - net	100,776	106,374
Total property, plant and equipment	237,544	243,142
Intangible assets		
Software	188,639	196,259
Others	45,822	46,183
Total intangible assets	234,461	242,443
Investments and other assets		
Investment securities	420,360	424,755
Deferred tax assets	1,000,150	1,010,119
Guarantee deposits	477,874	476,222
Others	74,115	74,085
Total investments and other assets	1,972,501	1,985,182
Total non-current assets	2,444,507	2,470,768
Total assets	10,660,906	10,594,514

(Thousand yen)

	FY3/11	1st Quarter FY3/12
LIABILITIES		
Current liabilities		
Accounts payable – trade	358,761	268,104
Short-term loans payable	—	410,000
Accounts payable – other	278,391	393,849
Provision for bonuses	900,155	457,894
Others	464,021	461,563
Total current liabilities	2,001,329	1,991,411
Non-current liabilities		
Provision for retirement benefits	2,046,087	2,059,844
Provision for directors' retirement benefits	381,925	386,431
Others	121,415	117,721
Total non-current liabilities	2,549,427	2,563,996
Total liabilities	4,550,756	4,555,407
NET ASSETS		
Shareholders' equity		
Capital stock	653,352	653,352
Capital surplus	488,675	488,675
Retained earnings	6,244,548	6,176,621
Treasury stock	-1,226,363	-1,226,363
Total shareholders' equity	6,160,212	6,092,285
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-50,062	-53,179
Total valuation and translation adjustments	-50,062	-53,179
Total net assets	6,110,150	6,039,106
Total liabilities and net assets	10,660,906	10,594,514

(2) Consolidated Statements of Income

(Thousand yen)

	1st Quarter FY3/11	1st Quarter FY3/12
Net sales	3,419,270	3,474,941
Cost of sales	2,827,982	2,863,182
Gross profit	591,288	611,758
Selling, general and administrative expenses	439,328	450,256
Operating income	151,959	161,501
Non-operating income		
Interest income	29	5
Dividends income	3,187	3,117
Others	3,913	3,632
Total non-operating income	7,129	6,755
Non-operating expenses		
Interest expenses	474	253
Others	0	0
Total non-operating expenses	474	253
Ordinary income	158,614	168,003
Extraordinary income		
Gain on sales of non-current assets	—	101
Reversal of allowance for doubtful accounts	3,379	—
Total extraordinary income	3,379	101
Extraordinary loss		
Loss on valuation of investment securities	87,122	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	6,130	—
Others	—	275
Total extraordinary loss	93,253	275
Income before income taxes and minority interests	68,740	167,829
Income taxes – current	619	638
Income taxes – deferred	30,733	64,766
Total income taxes	31,352	65,405
Income before minority interests	37,387	102,424
Net income	37,387	102,424
Income before minority interests	37,387	102,424
Other comprehensive income		
Valuation difference on available-for-sale securities	11,899	-3,117
Total other comprehensive income	11,899	-3,117
Comprehensive income	49,287	99,307
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	49,287	99,307