



Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2013

9-Aug-2012

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 2013 (From April 1, 2012 to June 30, 2012)

(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 FY3/13	3,586	3.2	131	-18.6	142	-15.2	60	-41.2
1Q FY3/12	3,474	1.6	161	6.3	168	5.9	102	174.0

Note: Comprehensive income: 1Q FY3/13 39million yen (-60.5%) 1Q FY3/12 99million yen 8101.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
1Q FY3/13	15.90	-
1Q FY3/12	27.06	-

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Million yen	Million yen	%
1Q FY3/13	10,997	6,133	55.8
FY3/12	11,108	6,264	56.4

Note : Equity 1Q FY3/13 6,133million yen FY3/12 6,264million yen

2. Dividend Information

Registry Date	Dividends Per Share				
	First quarter	Second quarter	Third quarter	Year End	Full Year
	Yen	Yen	Yen	Yen	Yen
FY3/12	-	-	-	45.00	45.00
FY3/13	-	-	-	-	-
FY3/13 (Forecasts)	-	-	-	45.00	45.00

Note: Revisions to the latest projected dividends: None

3. Consolidated Financial Forecasts for the Fiscal Year 2013(From April 1, 2012 to March 31, 2013)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q FY3/13	7,250	0.5	400	8.4	380	0.7	235	7.8	62.07
Full Year	15,300	3.2	1,050	20.5	1,030	14.5	630	91.5	166.42

Note: Revisions to the latest projected consolidated results: None

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 : Yes

② Changes arising from other reasons : None

③ Changes in estimation related to financial statements : Yes

④ Re-statement of revisions : None

*For more details, please see page 3, 2 (3).

(4) Shares issued (Common stock)

Shares issued as of term end (including treasury stock)	1Q FY3/13	4,369,830	FY3/12	4,369,830
Treasury stock as of term end	1Q FY3/13	584,237	FY3/12	584,237
Average shares issued during term	1Q FY3/13	3,785,593	1Q FY3/12	3,785,593

*Indication of quarterly review procedure implementation status

This quarterly earnings report is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Act. It is under the review procedure process at the time of disclosure of this report.

*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 2012

1. Qualitative information on consolidated business results

(1) Qualitative information on consolidated operating results

In the first quarter of the consolidated fiscal year, although a steady recovery from the March 11th 2011 Earthquake due to reconstruction demand, the foreseeable economic landscape is uncertain because of the backdrops of European financial crisis, prolonged state of a strong yen, and the long-term deflation.

In the information services industry to which our group companies belong, IT investments at the companies remain flat, and our operations continue to be run under a difficult business environment.

Under these conditions, our group companies made stronger business efforts on site to our existing customers, and reinforced the sales teams by moving away from a “getting business” and fostering a “creating business” mentality, to attract more business. Furthermore, in addition to business in the current fields, we began to engage in value-add businesses, and we are working to grow our new businesses by capitalizing on the technologies of our group companies. For this, we focused our sales efforts on our proprietary developments, VALiBO (*1), which is an application for Android smartphones, and Nstylist (*2), which is a service platform.

On the sales side, communications systems business and information systems business performed well. As a result, sales were edging up. On the profit side, due to lesser profits at NID TOHOKU continued from the last fiscal term, some unprofitable projects, and the expenditures from our offices move in August, profits did not surpass the results of prior same quarter.

Therefore, business performance for the first quarter of the consolidated fiscal year was 3,586 million yen in sales (up 3.2% on same period of previous year), 131 million yen in operating profit (down 18.6% on same), and 142 million yen in ordinary profit (down 15.2% on same), and 60 million yen in net income (down 41.2% on same).

Because of the acceptance inspection standards of the Group, net sales and profits tend to be concentrated in the second and fourth quarters.

Note 1: Application for Android smartphones. This provides a new way to utilize the standby screen of smartphones, and when installed, the user can set up to eight standby screens to the brand (company) selected by the user. Information of each brand’s standby screen is updated automatically, and users can enjoy the changing standby screen and check the newest information in a snap.

Note 2: The Nstylist Service Platform can be installed in Android OS terminals such as tablets and smartphones, allowing easy creation and provision of applications and services to meet corporate needs. Also the dedicated Nstylist server and terminals installing Nstylist are directly linked to deliver seamless information management and to comprehensively support maintenance and operation of the system infrastructure.

Business segment results were as follows:

Communications systems business

Communications systems business saw a rise in automobiles, medical instruments and mobile device sector orders, but some projects turned to be unprofitable. As a result, sales and operating profit posted 871 million (up 10.8% on prior same quarter) and 18 million yen (down 25.6% on same) respectively.

Information systems business

Information systems business saw a rise in orders from logistics, manufacturing, life and non-life insurance and mutual life insurance sectors, but some projects turned to be unprofitable. As a result, sales and operating profit posted 710 million (up 8.6% on same) and 27 million yen (down 28.7% 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 1,091 million (down 2.9% on same) and 54 million yen (up 8.9% on same) respectively.

NID • IS

NID/IS business saw a rise in data input orders from electric power industry, and decline in systems development orders. As a result, sales and operating profit posted 582 million (down 0.4% on same) and 21 million yen (down 35.0% on same) respectively.

NID • IE

NID/IE business saw a down in orders from the government sector. As a result, sales and operation profit posted 192million (down2.5% on same) and 15 million yen (down 22.9% on same) respectively.

NID TOHOKU

NID TOHOKU business saw postponed IT investments at customers, due to an impact of the March 11th earthquake. The difficult business landscape thus maintained. As a result, sales and operating loss posted 138 million (up 8.2% on same) and 8 million yen (5 million yen operating loss on same) respectively.

(2)Qualitative information on consolidated finances

Assets

Current assets at the end of our first quarter of the consolidated fiscal year ending March 31, 2013 posted a decline of 182 million yen on prior consolidated fiscal year end and settled at 8,543 million yen, due to factors including an increase in cash and deposits, and a decrease in notes and accounts receivable – trade. Non-current assets posted an increase of 70 million yen on prior consolidated fiscal year end and settled at 2,453 million yen, due to factors that including an increase in guarantee deposit.

As a result, Total assets posted a decline of 111 million yen on prior consolidated fiscal year end and settled at 10,997 million yen.

Liabilities

Current liabilities at the end of our first quarter of the consolidated fiscal year ending March 31, 2013 posted an increase of 22 million yen on prior consolidated fiscal year end and settled at 2,249 million yen, due to factors including an increase in short term loan and accounts payable, and a decrease of provision for bonuses. Non-current liabilities posted a decrease of 2 million yen on prior consolidated fiscal year end and settled at 2,614 million yen, due to factors including a decrease in provision for retirement benefits.

As a result, Total liabilities at end of our first quarter for consolidated fiscal year 2013 posted an increase of 19 million yen on prior consolidated fiscal year end and settled at 4,863 million yen.

Net assets

Total net assets at the end of our first quarter of the consolidated fiscal year ending March 31, 2013 posted a decrease of 131 million on prior consolidated fiscal year end and settled at 6,133 million yen, due to factors including a decline in earned surplus by a payment of dividends.

As a result, capital adequacy ratio decreased by 0.6% from 56.4% at end of prior consolidated fiscal year end to 55.8%.

(3) Qualitative Information on Forecasts for Consolidated Financial Results

There are no changes to the earnings projections for the full fiscal year from the reports released on May 15, 2012.

2. Information on Notes

(1) Changes in the scope of our consolidation, including changes in our subsidiaries

None

(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.

(Changes in accounting policies which are difficult to differentiate from changes in estimation methods)

By virtue of revisions to the Corporation Tax Law, the Company and its subsidiaries depreciated tangible fixed assets acquired on and after April 1, 2012 under the new depreciation system from the current first quarter. The effect on earnings from this change was minimal.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	FY3/12	1st Quarter FY3/13
ASSETS		
Current assets		
Cash and deposits	5,553,362	5,649,544
Notes and accounts receivable–trade	2,286,093	1,877,396
Marketable securities	1,039	1,039
Work in process	272,815	378,205
Deferred tax assets	434,780	354,052
Others	178,000	283,538
Total current assets	8,726,091	8,543,776
Non-current assets		
Property, plant and equipment		
Land	136,767	136,767
Others - net	111,069	106,960
Total property, plant and equipment	247,836	243,727
Intangible assets		
Software	214,467	226,464
Others	43,854	24,510
Total intangible assets	258,322	250,975
Investments and other assets		
Investment securities	423,538	384,804
Deferred tax assets	900,829	911,620
Guarantee deposits	476,747	585,187
Others	75,371	77,179
Total investments and other assets	1,876,487	1,958,791
Total non-current assets	2,382,647	2,453,494
Total assets	11,108,738	10,997,271

(Thousand yen)

	FY3/12	1st Quarter FY3/13
LIABILITIES		
Current liabilities		
Accounts payable – trade	322,266	300,567
Short-term loans payable	—	410,000
Accounts payable – other	348,718	476,083
Provision for bonuses	894,031	447,305
Others	662,358	615,950
Total current liabilities	2,227,375	2,249,906
Non-current liabilities		
Provision for retirement benefits	2,104,396	2,108,277
Provision for directors' retirement benefits	402,300	397,612
Others	110,235	108,159
Total non-current liabilities	2,616,932	2,614,049
Total liabilities	4,844,307	4,863,955
NET ASSETS		
Shareholders' equity		
Capital stock	653,352	653,352
Capital surplus	488,675	488,675
Retained earnings	6,403,131	6,292,987
Treasury stock	-1,226,363	-1,226,363
Total shareholders' equity	6,318,795	6,208,651
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-54,364	-75,336
Total valuation and translation adjustments	-54,364	-75,336
Total net assets	6,264,430	6,133,315
Total liabilities and net assets	11,108,738	10,997,271

(2) Consolidated Statements of Income

(Thousand yen)

	1st Quarter FY3/12	1st Quarter FY3/13
Net sales	3,474,941	3,586,707
Cost of sales	2,863,182	2,995,689
Gross profit	611,758	591,018
Selling, general and administrative expenses	450,256	459,614
Operating income	161,501	131,404
Non-operating income		
Interest income	5	3
Dividends income	3,117	3,945
Insurance income	900	6,156
Others	2,731	1,345
Total non-operating income	6,755	11,450
Non-operating expenses		
Interest expenses	253	350
Others	0	—
Total non-operating expenses	253	350
Ordinary income	168,003	142,504
Extraordinary income		
Gain on sales of non-current assets	101	—
Total extraordinary income	101	—
Extraordinary loss		
Others	275	33
Total extraordinary loss	275	33
Income before income taxes and minority interests	167,829	142,470
Income taxes – current	638	712
Income taxes – deferred	64,766	81,550
Total income taxes	65,405	82,262
Income before minority interests	102,424	60,208
Net income	102,424	60,208
Income before minority interests	102,424	60,208
Other comprehensive income		
Valuation difference on available-for-sale securities	-3,117	-20,971
Total other comprehensive income	-3,117	-20,971
Comprehensive income	99,307	39,236
Comprehensive income attributable to owners of the parent	99,307	39,236