



February 3, 2017

**Summary of Consolidated Financial Results for the Third Quarter
of the Fiscal Year Ending March 31, 2017
(Nine Months Ended December 31, 2016)**

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: February 10, 2017

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on February 3, 2017, at 15:00 (GMT +9).

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

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2016 (Apr. 1, 2016 – Dec. 31, 2016)**(1) Consolidated results of operations**

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2016	15,778	0.5	1,671	38.6	1,816	36.8	1,242	5.4
Nine months ended Dec. 31, 2015	15,707	2.1	1,206	(31.9)	1,327	-	1,179	(0.3)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2016: 1,439 (up 33.0%)
 Nine months ended Dec. 31, 2015: 1,082 (down 43.6%)

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Nine months ended Dec. 31, 2016	68.78	-	-	-
Nine months ended Dec. 31, 2015	65.27	-	-	-

Note: Effective from the first quarter of the fiscal year ending March 31, 2017, “loss on sales of non-current assets” and “loss on retirement of non-current assets,” which were previously presented under the “extraordinary losses” section, have been presented in the “non-operating expenses” section. Due to this change, the figures for the first nine months of the fiscal year ended March 31, 2016 have been retrospectively restated. Because of this retrospective restatement, the year-on-year change of ordinary income for the nine months ended December 31, 2015 is not presented.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen	Million yen	Million yen	Million yen	%	%
As of Dec. 31, 2016	29,859	22,047	22,047	21,113	73.7	75.7
As of Mar. 31, 2016	27,832	21,113	21,113	21,113	75.7	75.7

Reference: Shareholders' equity (million yen) As of Dec. 31, 2016: 21,992 As of Mar. 31, 2016: 21,061

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2016	-	14.00	-	14.00	28.00
Fiscal year ending Mar. 31, 2017	-	14.00	-	-	-
Fiscal year ending Mar. 31, 2017 (forecast)	-	-	-	14.00	28.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2017 (Apr. 1, 2016 – Mar. 31, 2017)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
Full year	23,000	4.8	2,900	57.0	2,950	45.4	2,000	27.0	110.69	110.69

Note: Revisions to the most recently announced consolidated earnings forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Dec. 31, 2016:	18,098,923 shares	As of Mar. 31, 2016:	18,098,923 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2016:	30,896 shares	As of Mar. 31, 2016:	30,750 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2016:	18,068,128 shares	Nine months ended Dec. 31, 2015:	18,068,230 shares
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* Information regarding the implementation of quarterly review procedures

- The current quarterly financial report is exempted from quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for the quarterly consolidated financial statements have not been completed.

* Explanation of appropriate use of earnings forecasts, and other special items

- Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 3 of the attachments "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements."

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements	3
2. Matters Related to Summary Information (Notes)	4
(1) Changes in Significant Subsidiaries during the Period	4
(2) Application of Special Accounting Methods in the Preparation of the Quarterly Consolidated Financial Statements	4
(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements	4
3. Quarterly Consolidated Financial Statements	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Notes to Quarterly Consolidated Financial Statements	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
Segment and Other Information	9

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

The Nittoku Engineering Group's strategic areas include automobiles, information and communications, home appliances, industrial equipment and medical products, and most of the manufacturers of these finished products or components are intensifying competition in the fast-changing global market.

In the facilities industry in recent years, customers desire greater automation and refinements of factory-automation systems along with the developments of control and information technologies. Further, we see movements toward unmanned factories in association with the IoT applied to factories, popularization of cloud computing and development of AI. Thus, the degree of perfection in the capability and function of factory-automation systems has come to substantially affect the productivity of finished product and component manufacturers as well as the quality of their products and components.

With a traditional business model, equipment manufacturers focused on their particular areas of expertise and finished product manufacturers constructed their production lines by integrating separately procured equipment. The Group has evolved to a manufacturer that provides integrated factory-automation systems exclusively used for coil winding as a result of developing core and element technologies; and taking on challenges starting from refinements, upgrading, downsizing and miniaturization to systemization, production line designing, and development of factory-automation RFID. In addition, the Group has developed and now provided factory-automation systems for wires, cables, connectors, films, etc. based on its technologies on applying tension, connecting, painting and controlling. Further, the Group aims to not only develop production lines but also establish and provide integrated services including traceability, maintenance and de facto standards.

In the third quarter of the current fiscal year, the Group has made a proposal to automobile manufacturers and motor manufacturers on its own new manufacturing method for EV motors. It was developed for the automobile industry by utilizing our technologies and know-how accumulated over years of research and development. The Group intends to develop production equipment using the new manufacturing method and make a global presentation of the production equipment for EV motors together with the equipment based on an improved existing method.

In the smartphone industry, competition for market share has become intensified in the past few years with the progress of Chinese manufacturers. Advanced manufacturers try to distinguish themselves from their competitors in terms of product functionality, while followers are apt to focus on price competition. On the other hand, their suppliers are oriented to introduce automated, integrated precision production systems in order to address the issues on improved productivity, quality assurance, miniaturization of components, countermeasures against wage increases or tightening of working conditions.

With such change in the industry's orientation of equipment, the Company has received a large order in the total amount of about 6 billion yen from a major Chinese component manufacturer. This equipment consists of multiple integrated factory-automation systems for which equipment in the middle of the production line can be replaced so that it can be flexible enough to handle changes in the user's production items, and this is the very point that has resulted in the large order mentioned above. Since the scheduled time of delivery of this order is in the next fiscal year, this order will not affect the Group's earnings forecast for the fiscal year ending on March 31, 2017.

As a result, net sales increased 0.5% year on year to 15,778 million yen with operating income of 1,671 million yen (up 38.6% year on year), ordinary income of 1,816 million yen (up 36.8% year on year), and profit attributable to owners of parent of 1,242 million yen (up 5.4% year on year).

Results by business segment were as follows.

Coil Winding Machine Business

This segment accounts for about 91% of the Group's total sales. For the reasons explained earlier, consolidated sales were 14,411 million yen (down 2.4% year on year) and segment profit (operating income) was 2,061 million yen (up 25.6% year on year). On a non-consolidated basis, segment orders were 20,687 million yen (up 53.5% year on year), sales (production) were 12,924 million yen (down 1.3% year on year) and the order backlog at the end of the third quarter was 15,940 million yen (up 79.9% year on year).

Contactless IC Tag and Card Business

In this segment, orders have been climbing steadily since the previous fiscal year. As a result, consolidated sales were 1,367 million yen (up 44.6% year on year) and segment profit (operating income) was 270 million yen (up 75.9% year on year). On a non-consolidated basis, segment orders were 1,481 million yen (up 44.2% year on year), sales (production) were 1,367 million yen (up 44.6% year on year) and the order backlog at the end of the third quarter was 387 million yen (up 21.5% year on year).

(2) Explanation of Financial Position

Assets

Current assets increased 1,583 million yen from the end of the previous fiscal year to 23,334 million yen. This was mainly due to an increase of 2,023 million yen in cash and deposits.

Non-current assets increased 443 million yen from the end of the previous fiscal year to 6,524 million yen. This was mainly attributable to an increase of 354 million yen in investment securities.

As a result, total assets increased 2,027 million yen from the end of the previous fiscal year to 29,859 million yen.

Liabilities

Current liabilities increased 993 million yen from the end of the previous fiscal year to 7,329 million yen. This was mainly attributable to an increase of 568 million yen in notes and accounts payable-trade.

Non-current liabilities increased 99 million yen to 482 million yen. This was mainly attributable to an increase of 80 million yen in deferred tax liabilities.

As a result, total liabilities increased 1,093 million yen from the end of the previous fiscal year to 7,811 million yen.

Net assets

Total net assets increased 933 million yen from the end of the previous fiscal year to 22,047 million yen.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements

The earnings forecasts are based on information available at the time of the release of this report. Actual results may differ from these forecasts for a number of reasons. There are no revisions to the full-year earnings forecast that was announced on May 13, 2016.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

(2) Application of Special Accounting Methods in the Preparation of the Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

First nine months of the current fiscal year (April 1, 2016 to December 31, 2016)

Changes in Accounting Policies

Following the revision of the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the first quarter of the current fiscal year, and changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The impact of this change on the quarterly consolidated financial statements for the first nine months of the current fiscal year is insignificant.

3. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/16 (As of Mar. 31, 2016)	Third quarter of FY3/17 (As of Dec. 31, 2016)
Assets		
Current assets		
Cash and deposits	10,419,549	12,442,578
Notes and accounts receivable-trade	6,255,786	5,560,442
Work in process	3,309,222	4,061,613
Raw materials and supplies	602,862	611,618
Deferred tax assets	486,518	180,744
Other	703,669	501,336
Allowance for doubtful accounts	(26,295)	(23,542)
Total current assets	21,751,313	23,334,791
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,898,138	1,885,236
Machinery, equipment and vehicles, net	600,727	546,720
Land	667,893	667,893
Other, net	285,455	389,654
Total property, plant and equipment	3,452,214	3,489,505
Intangible assets		
Goodwill	49,004	37,696
Other	95,722	153,910
Total intangible assets	144,727	191,606
Investments and other assets		
Investment securities	1,667,653	2,022,532
Other	816,099	820,726
Total investments and other assets	2,483,752	2,843,259
Total non-current assets	6,080,695	6,524,371
Total assets	27,832,008	29,859,163

	(Thousands of yen)	
	FY3/16 (As of Mar. 31, 2016)	Third quarter of FY3/17 (As of Dec. 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,473,018	5,041,162
Income taxes payable	50,125	275,329
Provision for bonuses	395,063	271,252
Other	1,417,637	1,741,856
Total current liabilities	6,335,845	7,329,600
Non-current liabilities		
Deferred tax liabilities	97,070	177,818
Net defined benefit liability	80,794	100,014
Other	204,476	204,476
Total non-current liabilities	382,341	482,309
Total liabilities	6,718,187	7,811,909
Net assets		
Shareholders' equity		
Capital stock	6,884,928	6,884,928
Capital surplus	2,542,054	2,542,054
Retained earnings	10,878,560	11,615,308
Treasury shares	(23,603)	(23,802)
Total shareholders' equity	20,281,939	21,018,488
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	286,090	526,888
Foreign currency translation adjustment	606,786	522,358
Remeasurements of defined benefit plans	(113,181)	(75,429)
Total accumulated other comprehensive income	779,695	973,818
Non-controlling interests	52,186	54,946
Total net assets	21,113,821	22,047,253
Total liabilities and net assets	27,832,008	29,859,163

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)	First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)
Net sales	15,707,063	15,778,863
Cost of sales	11,670,065	11,198,241
Gross profit	4,036,997	4,580,621
Selling, general and administrative expenses	2,830,431	2,908,658
Operating income	1,206,566	1,671,962
Non-operating income		
Dividend income	30,902	31,540
Foreign exchange gains	21,836	40,145
Other	79,314	82,080
Total non-operating income	132,053	153,767
Non-operating expenses		
Depreciation	4,790	4,225
Other	5,981	4,509
Total non-operating expenses	10,772	8,734
Ordinary income	1,327,847	1,816,995
Extraordinary income		
Gain on sales of non-current assets	387,244	-
Total extraordinary income	387,244	-
Extraordinary losses		
Impairment loss	16,208	-
Total extraordinary losses	16,208	-
Profit before income taxes	1,698,883	1,816,995
Income taxes-current	59,313	284,292
Income taxes-deferred	453,289	288,228
Total income taxes	512,603	572,521
Profit	1,186,280	1,244,473
Profit attributable to non-controlling interests	6,968	1,817
Profit attributable to owners of parent	1,179,311	1,242,655

Quarterly Consolidated Statement of Comprehensive Income**(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)	First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)
Profit	1,186,280	1,244,473
Other comprehensive income		
Valuation difference on available-for-sale securities	67,476	240,797
Foreign currency translation adjustment	(144,486)	(83,484)
Remeasurements of defined benefit plans, net of tax	(26,571)	37,752
Total other comprehensive income	(103,581)	195,064
Comprehensive income	1,082,699	1,439,538
Comprehensive income attributable to:		
Owners of parent	1,081,305	1,436,778
Non-controlling interests	1,393	2,760

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)

Not applicable.

Segment and Other Information

Segment Information I. First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)

1. Information related to net sales, profit or loss for each reportable segment (Thousands of yen)

	Reportable segment		Total
	Coil winding machine business	Contactless IC tag and card business	
Net sales			
External sales	14,761,483	945,580	15,707,063
Inter-segment sales and transfers	-	-	-
Total	14,761,483	945,580	15,707,063
Segment profit	1,641,741	153,644	1,795,385

2. Reconciliation of amounts shown on the quarterly consolidated statement of income with total profit or loss for reportable segments (Thousands of yen)

Profit	Amount
Total for reportable segments	1,795,385
Corporate expenses (Note)	(588,819)
Operating income on the quarterly consolidated statement of income	1,206,566

Note: Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segments.

II. First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)

1. Information related to net sales, profit or loss for each reportable segment (Thousands of yen)

	Reportable segment		Total
	Coil winding machine business	Contactless IC tag and card business	
Net sales			
External sales	14,411,706	1,367,157	15,778,863
Inter-segment sales and transfers	-	-	-
Total	14,411,706	1,367,157	15,778,863
Segment profit	2,061,868	270,279	2,332,147

2. Reconciliation of amounts shown on the quarterly consolidated statement of income with total profit or loss for reportable segments (Thousands of yen)

Profit	Amount
Total for reportable segments	2,332,147
Corporate expenses (Note)	(660,185)
Operating income on the quarterly consolidated statement of income	1,671,962

Note: Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segments.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.