

Notice Regarding Revision of Financial Results Forecast, Recording Gain on Contribution of Securities to Retirement Benefit Trust (Extraordinary Income) and Product Compensation Expenses (Extraordinary Losses)

DAISHINKU CORP. (hereinafter, the “Company”) hereby announces that a revised forecast of consolidated financial results for the fiscal year ending March 31, 2018 (April 1, 2017 to March 31, 2018) that was previously announced on May 12, 2017 and recording gain on contribution of securities to retirement benefit trust (extraordinary income) and product compensation expenses (extraordinary losses) for the fiscal year ending March 31, 2018 (April 1, 2017 to March 31, 2018). The details are as follows:

1. Revision of Financial Results Forecast

(1) Revised Consolidated Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(Units: Millions of Yen)

	Net Sales	Operating Income	Recurring Income	Profit attributable to owners of parent	Net Income per share (Yen)
Original Forecast (A)	34,000	1,440	1,440	740	91.63
Revised Forecast (B)	30,200	150	20	(430)	(53.25)
Difference (B-A)	(3,800)	(1,290)	(1,420)	(1,170)	-
% Change	(11.2)	(89.6)	(98.6)	-	-
(Reference) Fiscal Year Ended March 31, 2017	30,959	1,395	1,551	695	86.13

(2) Reasons for Revision

With due consideration of the financial results for the current consolidated fiscal year and recent exchange trends, the Company revised the forecast of consolidated financial results for the fiscal year ending March 31, 2018 as shown above. The situation surrounding the Company has become severer than expected in the second half. Especially since January 2018, in addition to the exchange rate have become stronger yen, delayed in popularization of small size crystal devices and the impact of production adjustments of Chinese smartphone in the telecommunications market, which is one of the main markets, net sales remained sluggish. In terms of profits, the Company is expected to fall below the original forecast due to declines in net sales as compared with the assumption and the decline in the capacity utilization rate. The Company is also expected to recording of extraordinary income from the establishment of retirement benefit trust and recording of extraordinary losses from the product compensation expenses. Therefore, the Company revised the forecast of consolidated financial results for the fiscal year ending March 31, 2018 that was previously announced on May 12, 2017.

(Notes)

The forecasts are based on assumptions of the future economic environment using the data available at the time of disclosure. Actual consolidated financial results may differ from the forecasts, due to various factors.

2. Recording of Extraordinary Income from the Establishment of Retirement Benefit Trust

The Company hereby announces that as stated in our notice regarding the Establishment of Retirement Benefit Trust on March 23, 2018, amount for the establishment of retirement benefit trust and gain on contribution of securities to retirement benefit trust were determined. Besides, the Company is expected to record an extraordinary income as gain on contribution of securities to retirement benefit trust in the fiscal year ending in March 31, 2018.

(1) Date of the Establishment of the Trust: March 28, 2018

(2) Amount for the Establishment of the Trust: 313 million yen

(3) Gain on Resulting from the Establishment of the Trust: 248 million yen

3. Recording of Extraordinary Losses from the Product Compensation Expenses

As compensation costs were incurred due to product defects sold by the Company, the Company is expected to record extraordinary losses of 230 million yen as product compensation expenses for the fiscal year ending March 31, 2018 (April 1, 2017 to March 31, 2018).