

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018

[Japanese GAAP]

Company name: Helios Techno Holding Co., Ltd.

Listing: Tokyo

Stock code: 6927

URL: <http://www.heliostec-hd.co.jp/>

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Scheduled date of General Meeting of Shareholders: June 22, 2018

Scheduled date of filing of Annual Securities Report: June 25, 2018

Scheduled date of payment of dividend: June 25, 2018

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and securities analysts)

Note: The original disclosure in Japanese was released on May 8, 2018 at 16:00 (GMT +9).

(Amounts are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)

#### (1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2018	23,483	37.2	3,039	119.2	2,983	116.9	2,164	89.1
Fiscal year ended Mar. 31, 2017	17,117	(33.6)	1,386	17.3	1,375	17.7	1,144	41.7

Note: Comprehensive income (million yen)

Fiscal year ended Mar. 31, 2018: 2,276 (up 92.1%)

Fiscal year ended Mar. 31, 2017: 1,184 (up 48.8%)

	Net income per share (basic)	Net income per share (diluted)	ROE	Recurring profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2018	119.66	119.62	20.6	17.0	12.9
Fiscal year ended Mar. 31, 2017	63.67	63.53	12.6	8.8	8.1

Reference: Equity in earnings of affiliates (million yen)

Fiscal year ended Mar. 31, 2018: - Fiscal year ended Mar. 31, 2017: -

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2018	18,564	11,492	61.9	635.02
As of Mar. 31, 2017	16,594	9,571	57.7	530.46

Reference: Equity (million yen)

As of Mar. 31, 2018: 11,492

As of Mar. 31, 2017: 9,568

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2018	388	(370)	(323)	4,109
Fiscal year ended Mar. 31, 2017	1,727	(224)	(480)	4,125

### 2. Dividends

	Dividend per share					Total dividends	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
Fiscal year ended Mar. 31, 2017	-	0.00	-	20.00	20.00	360	31.4	4.0
Fiscal year ended Mar. 31, 2018	-	0.00	-	30.00	30.00	542	25.1	5.1
Fiscal year ending Mar. 31, 2019 (forecast)	-	0.00	-	30.00	30.00		38.8	

### 3. Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent		Net income per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	12,700	11.8	900	(47.2)	900	(45.6)	600	(49.2)	33.17
Full year	24,600	4.8	1,900	(37.5)	1,900	(36.3)	1,400	(35.3)	77.39

**\* Notes**

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

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

1) Changes in accounting policies due to revisions in accounting standards, others: None

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

3) Changes in accounting-based estimates: Yes

4) Restatements: None

(3) Number of shares outstanding (common stock)

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

As of Mar. 31, 2018: 22,806,900 shares As of Mar. 31, 2017: 22,806,900 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2018: 4,708,710 shares As of Mar. 31, 2017: 4,768,710 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2018: 18,090,957 shares Fiscal year ended Mar. 31, 2017: 17,977,656 shares

**Reference: Summary of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)**

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Recurring profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2018	439	10.7	(6)	(189.9)	329	35.7	306	28.9
Fiscal year ended Mar. 31, 2017	396	3.7	7	(82.9)	242	(10.4)	237	(9.3)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Fiscal year ended Mar. 31, 2018	16.93	16.93
Fiscal year ended Mar. 31, 2017	13.22	13.19

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2018	8,025	6,653	82.9	367.65
As of Mar. 31, 2017	7,550	6,586	87.2	365.01

Reference: Equity (million yen) As of Mar. 31, 2018: 6,653 As of Mar. 31, 2017: 6,584

**2. Non-consolidated Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)**

No non-consolidated forecast is shown because Helios Techno Holding Co., Ltd. has no sales to external customers since the Company is a pure holding company.

Note 1: This financial report is not subject to audit by certified public accountants or auditing firms.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

Note concerning forward-looking statements

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to Helios Techno. Actual results are affected by various factors and may differ substantially. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 2 of the attachments "1. Overview of Results of Operations."

How to view supplementary information at the financial results meeting

Each year, the Company holds information meetings for securities analysts for results of operations for the first half and for the full fiscal year. Materials distributed at these events are available on the Company's website.

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## 1. Overview of Results of Operations

### (1) Results of Operations

#### 1. General economic and market trends

The capital investment in production facilities of liquid crystal panels—a key market for the Helios Techno Group (“the Group”) has continued to enjoy robust demand primarily in G8.5 and G10 type panels, and we expect such buoyant demand to continue going forward. We also expect continued demand for capital investment in organic EL displays although it is no longer as brisk as it once was.

In this business environment, the Group continued to achieve solid sales of products such as flexo printing equipment for alignment layers and light source units for exposure equipment. Our revenue stream was also supported by large orders for newly developed high-precision inkjet printers used for a variety of applications including organic EL displays. It is noted that the large orders of high-precision inkjet printers were reflected in sales for the second quarter of the current fiscal year, and additional orders initially expected to be received in the next fiscal year were moved up to be reflected in sales for the third quarter of the current fiscal year.

The Group’s net sales for the current fiscal year increased 6,366 million yen, or 37.2%, year on year to 23,483 million yen with operating profit of 3,039 million yen (up 1,652 million yen, or 119.2%, year on year), recurring profit of 2,983 million yen (up 1,608 million yen, or 116.9%, year on year), and profit attributable to owners of parent of 2,164 million yen (up 1,020 million yen, or 89.1%, year on year).

#### 2. Operation results by segment

Operation results by business segment are described below. Each of the amounts shown includes inter-segment transactions.

##### i) Lamp Business

In the Lamp Business, sales of UV lamps increased as those of light source units for exposure equipment increased steadily, which helped offset a decline in sales of general lighting lamps including LED lamps.

Consequently, the segment sales for the current fiscal year decreased 0.5% year on year to 3,634 million yen with a segment profit of 3 million yen, down 96.6% year on year.

##### ii) Manufacturing Equipment Business

In the Manufacturing Equipment Business, we have successfully completed all deliveries of the large projects for flexo printing equipment for alignment layers and high-precision inkjet printers including the additional orders from the same projects. Furthermore, sales of light source units for exposure equipment remained solid, exceeding our initial plan.

Consequently, the segment sales for the current fiscal year increased 56.2% year on year to 15,403 million yen with a segment profit of 3,236 million yen, up 117.4% year on year.

Furthermore, the order backlog as of the end of the current fiscal year reached 9,283 million yen.

##### iii) Human Resource Service Business

The Human Resource Service Business includes the temporary staffing for engineers, design subcontracting and temporary staffing to the manufacturing sector. Because temporary staffing for engineers and design subcontracting are closely linked to the geographical areas served, we have achieved stable performance by strengthening our sales capabilities with improved quality of workers and services that meet customers’ needs. Regarding the staffing to the manufacturing sector, our persistent efforts to secure human resources for staffing have yielded an increased number of staff dispatched to both existing and new customers.

Consequently, the segment sales for the current fiscal year increased 23.8% year on year to 4,526 million yen with a segment profit of 217 million yen, up 19.6% year on year.

## (2) Financial Position

### Assets

Current assets increased 1,770 million yen from the end of the previous fiscal year to 15,601 million yen. This was mainly due to an 853 million yen increase in work in process and a 624 million yen increase in advance payments.

Fixed assets increased 199 million yen from the end of the previous fiscal year to 2,963 million yen. This was mainly due to a 92 million yen increase in buildings and structures and a 111 million yen increase in investment securities.

As a result, total assets increased 1,970 million yen, or 11.9%, from the end of the previous fiscal year to 18,564 million yen.

### Liabilities

Current liabilities decreased 83 million yen from the end of the previous fiscal year to 6,489 million yen. This was mainly due to a 1,412 million yen decrease in advances received, while there were a 379 million yen increase in notes and accounts payable, a 463 million yen increase in other accounts payable and accrued expenses both included in "Others" of the current liabilities section, a 342 million yen increase in accrued income taxes, and a 149 million yen increase in accrued bonuses.

Long-term liabilities increased 132 million yen from the end of the previous fiscal year to 582 million yen. This was mainly due to an 84 million yen increase in long-term borrowings and a 48 million yen increase in deferred tax liabilities.

As a result, total liabilities increased 49 million yen, or 0.7%, from the end of the previous fiscal year to 7,072 million yen.

### Net assets

Net assets increased 1,921 million yen, or 20.1%, from the end of the previous fiscal year to 11,492 million yen. This was mainly due to the reporting of profit attributable to owners of parent of 2,164 million yen, which was partly offset by the payment of dividends from surplus of 360 million yen.

As both total assets and total liabilities increased as stated above, the equity ratio rose 4.2 percentage points from the end of the previous fiscal year to 61.9% at the end of the current fiscal year.

## (3) Cash Flows

### Cash flows from operating activities

Net cash provided by operating activities was 388 million yen, compared with 1,727 million yen of net cash provided one year earlier. The main factors were profit before income taxes of 2,965 million yen, depreciation and amortization of 298 million yen (a non-cash expense included in profit before income taxes), a 651 million yen increase in notes and accounts receivable, a 192 million yen decrease in other accounts receivable, a 746 million yen increase in advance payments, a 202 million yen increase in other accounts payable, a 1,412 million yen decrease in advances received, and income taxes paid of 526 million yen.

### Cash flows from investing activities

Net cash used in investing activities was 370 million yen, compared with net cash used of 224 million yen one year earlier. The main factors were payment of 343 million yen for purchase of property, plant and equipment.

### Cash flows from financing activities

Net cash used in financing activities was 323 million yen, compared with net cash used of 480 million yen one year earlier. The main factors were net decrease in short-term borrowings of 200 million yen, proceeds from

long-term borrowings of 500 million yen, repayment of long-term borrowings of 270 million yen, and cash dividends paid of 360 million yen.

As a result of the above, cash and cash equivalents as of the end of the current fiscal year decreased 15 million yen from the end of the previous fiscal year to 4,109 million yen.

(Reference) Cash Flow Indicators

	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18
Shareholders' equity ratio (%)	66.9	37.3	58.9	57.7	61.9
Shareholders' equity ratio at market cap. (%)	50.7	41.4	48.3	73.6	91.8
Interest-bearing debt to cash flow ratio (years)	1.3	-	0.2	0.4	2.0
Interest coverage ratio (time)	127.9	-	351.0	176.1	30.7

Shareholders' equity ratio: (total net assets – share acquisition rights) / total assets

Shareholders' equity ratio at market cap: market capitalization (Note 2) / total assets

Interest-bearing debt to cash flow ratio: interest-bearing debt / operating cash flows

Interest coverage ratio: operating cash flows / interests paid

Note 1 All of the above indicators are calculated using figures from the consolidated financial statements.

Note 2 Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares outstanding (net of treasury stock) at the end of the period.

Note 3 Operating cash flows refer to “net cash provided by operating activities” as shown on the consolidated statements of cash flows. Interest-bearing debt refers to the total of liabilities shown on the consolidated balance sheets on which interests are paid. Interests paid refer to “interests paid” as shown in the consolidated statements of cash flows.

Note 4 Interest-bearing debt to cash flow ratio and interest coverage ratio for FY3/15 are not listed because operating cash flows were negative.

#### (4) Outlook

The Group is committed to improving its business performance. The medium-term initiatives toward that goal are as follows:

##### i) Lamp Business

The Group will expand the business, primarily focusing on the development of UV LED and IR LED lamps for new applications.

As sales of light source units for exposure equipment has caused an increase in the number of units under operation, we are expected to enjoy an increase in demand for and sales and profit of UV lamps. Also, in the market of general lighting lamps including LED lamps, the Group has developed a broader lineup of LED lamps, including high-intensity lamps. This contributed in part the Group to expand sales through agencies while seeking to improve sales performance, primarily by substituting LED lamps for mercury lamps in the fields of illumination of factories and other facilities.

##### ii) Manufacturing Equipment Business

Through collaboration with Chinese partners as well as mergers and acquisitions and capital alliance, the Group will seek to accelerate its sales growth particularly in the East Asia using equipment development and production technologies of Japanese manufacturers.

In the existing manufacturing equipment sector, we are primarily focusing on development and sales expansion of high-precision inkjet printers. We are also exploring new applications primarily for organic EL by developing a high-resolution PI printer (equipment that prints the polyimide (PI) alignment layer) and establishing 3D printing technology. Further in the used equipment sector, we will focus on the semiconductor market, which is anticipated to expand significantly in the years to come.

Moreover, we have promoted maintenance of the existing equipment, and the development and sales of printing plates in order to alleviate the impact of demand fluctuations on specific equipment. We have seen steady growth

of these services and are confident that they will further grow to be our new core businesses.

iii) Human Resource Service Business

The Group will expand the business, primarily focusing on the staffing to the manufacturing sector, which will grow increasingly in years to come.

Recruiting necessary personnel through a variety of channels and pursuing further mergers and acquisitions shall be the key to expanding the business.

While we achieved a significant increase in both sales and profits for the fiscal year ended March 31, 2018 thanks primarily to large orders received in the Manufacturing Equipment Business and strong sales of new products, we expect an increase in sales from relocation of used equipment and maintenance of the existing equipment for the fiscal year ending March 31, 2019. Also in the Human Resource Service Business, we expect an increase in sales of staffing to the manufacturing sector.

Based on this outlook, the Group forecasts its operating results for the fiscal year ending March 31, 2019 as follows: consolidated net sales to increase by 4.8% year-on-year to 24.6 billion yen; operating profit to decrease by 37.5% year-on-year to 1.9 billion yen; recurring profit to decrease by 36.3% year-on-year to 1.9 billion yen; and profit attributable to owners of parent to decrease by 35.3% to 1.4 billion yen.

A year-end dividend of 30 yen per share for the fiscal year ending March 31, 2019 is planned as a gratitude to the Group's shareholders for their continuous support.

**2. Basic Approach to the Selection of Accounting Standards**

The Group will continue to prepare its consolidated financial statements generally accepted accounting principles in Japan for the time being to enable comparisons with prior year results and with financial data of other companies.

Application of International Financial Reporting Standards will be carefully considered by looking into circumstances in Japan and other countries.

**3. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheets**

	<i>(Thousands of yen)</i>	
	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits with banks	4,181,297	4,165,806
Notes and accounts receivable	4,435,937	4,685,341
Electronically recorded monetary claims - operating	859,891	1,284,762
Merchandise and finished goods	327,077	202,264
Work in process	2,548,426	3,401,949
Raw materials and supplies	547,003	565,844
Deferred tax assets	236,660	327,682
Advance payments	229,597	854,510
Others	467,672	117,170
Allowance for doubtful accounts	(2,613)	(3,675)
<b>Total current assets</b>	<b>13,830,950</b>	<b>15,601,656</b>
<b>Fixed assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	723,951	815,972
Machinery, equipment and vehicles, net	434,166	359,374
Land	800,623	841,913
Leased assets, net	5,342	3,694
Construction in progress	29,772	105,856
Others, net	71,192	95,607
<b>Total property, plant and equipment</b>	<b>2,065,049</b>	<b>2,222,419</b>
<b>Intangible assets</b>		
Goodwill	32,016	10,672
Others	81,345	78,965
<b>Total intangible assets</b>	<b>113,361</b>	<b>89,637</b>
<b>Investments and other assets</b>		
Investment securities	483,800	594,870
Deferred tax assets	4,844	4,689
Others	152,891	98,460
Allowance for doubtful accounts	(56,754)	(46,932)
<b>Total investments and other assets</b>	<b>584,780</b>	<b>651,087</b>
<b>Total fixed assets</b>	<b>2,763,191</b>	<b>2,963,143</b>
<b>Total assets</b>	<b>16,594,142</b>	<b>18,564,800</b>



	<i>(Thousands of yen)</i>	
	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable	2,053,728	2,433,227
Short-term borrowings	300,000	100,000
Current portion of long-term borrowings	181,663	327,528
Accrued income taxes	241,480	583,697
Accrued bonuses	316,463	466,001
Provision for product warranties	25,914	27,807
Advances received	2,786,158	1,373,711
Others	667,623	1,177,773
<b>Total current liabilities</b>	<b>6,573,032</b>	<b>6,489,746</b>
<b>Long-term liabilities</b>		
Long-term borrowings	252,515	336,625
Deferred tax liabilities	84,750	133,026
Long-term accounts payable - other	103,616	104,284
Others	8,844	8,378
<b>Total long-term liabilities</b>	<b>449,726</b>	<b>582,314</b>
<b>Total liabilities</b>	<b>7,022,758</b>	<b>7,072,061</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	2,133,177	2,133,177
Capital surplus	2,563,867	2,563,867
Retained earnings	5,919,007	7,716,343
Treasury shares	(1,194,133)	(1,179,109)
<b>Total shareholders' equity</b>	<b>9,421,918</b>	<b>11,234,278</b>
<b>Accumulated other comprehensive income</b>		
Unrealized holding gain on other securities	146,645	258,460
<b>Total accumulated other comprehensive income</b>	<b>146,645</b>	<b>258,460</b>
<b>Share acquisition rights</b>	<b>2,820</b>	<b>-</b>
<b>Total net assets</b>	<b>9,571,383</b>	<b>11,492,738</b>
<b>Total liabilities and net assets</b>	<b>16,594,142</b>	<b>18,564,800</b>

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income****Consolidated Statements of Income***(Thousands of yen)*

	FY3/17 (Apr. 1, 2016 - Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 - Mar. 31, 2018)
Net sales	17,117,009	23,483,498
Cost of goods sold	12,671,807	16,450,446
Gross profit	4,445,202	7,033,051
Selling, general and administrative expenses	3,058,565	3,993,813
Operating profit	1,386,636	3,039,237
Non-operating income		
Interest income	555	219
Dividend income	14,083	14,308
Operations consignment fee	3,600	-
Income of rent	277	120
Miscellaneous revenue	9,978	14,488
Total non-operating income	28,495	29,136
Non-operating expenses		
Interest expense	9,985	12,787
Foreign exchange loss	7,286	21,667
Commission for syndicate loan	19,999	44,666
Miscellaneous loss	1,943	5,272
Total non-operating expenses	39,215	84,394
Recurring profit	1,375,916	2,983,979
Extraordinary income		
Gain on sales of fixed assets	-	103
Gain on sales of investment securities	65,017	-
Total extraordinary income	65,017	103
Extraordinary loss		
Loss on disposal of fixed assets	5,755	5,155
Loss on sales of fixed assets	6,201	-
Impairment loss	-	13,164
Total extraordinary losses	11,956	18,320
Profit before income taxes	1,428,977	2,965,763
Income taxes-current	401,938	832,318
Income taxes-deferred	(117,559)	(31,305)
Total income taxes	284,378	801,012
Profit	1,144,598	2,164,750
Profit attributable to owners of parent	1,144,598	2,164,750

**Consolidated Statements of Comprehensive Income**

	<i>(Thousands of yen)</i>	
	FY3/17	FY3/18
	(Apr. 1, 2016 - Mar. 31, 2017)	(Apr. 1, 2017 - Mar. 31, 2018)
Profit	1,144,598	2,164,750
Other comprehensive income		
Unrealized holding gain on other securities	40,271	111,814
Total other comprehensive income	40,271	111,814
Comprehensive income	1,184,869	2,276,565
Comprehensive income attributable to		
Owners of parent	1,184,869	2,276,565
Non-controlling interests	-	-

**(3) Consolidated Statements of Changes in Equity**

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

*(Thousands of yen)*

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at beginning of current period	2,133,177	2,563,867	5,047,180	(1,211,662)	8,532,562
Changes of items during period					
Dividends of surplus			(269,522)		(269,522)
Profit attributable to owners of parent			1,144,598		1,144,598
Disposal of treasury stock		(3,248)		17,528	14,280
Transfer of loss on disposal of treasury stock		3,248	(3,248)		-
Change of scope of consolidation			-		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	871,826	17,528	889,355
Balance at end of current period	2,133,177	2,563,867	5,919,007	(1,194,133)	9,421,918

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Unrealized holding gain on other securities	Total accumulated other comprehensive income		
Balance at beginning of current period	106,374	106,374	6,110	8,645,047
Changes of items during period				
Dividends of surplus				(269,522)
Profit attributable to owners of parent				1,144,598
Disposal of treasury stock				14,280
Transfer of loss on disposal of treasury stock				-
Change of scope of consolidation				-
Net changes of items other than shareholders' equity	40,271	40,271	(3,290)	36,981
Total changes of items during period	40,271	40,271	(3,290)	926,336
Balance at end of current period	146,645	146,645	2,820	9,571,383

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at beginning of current period	2,133,177	2,563,867	5,919,007	(1,194,133)	9,421,918
Changes of items during period					
Dividends of surplus			(360,763)		(360,763)
Profit attributable to owners of parent			2,164,750		2,164,750
Disposal of treasury stock		(2,784)		15,024	12,240
Transfer of loss on disposal of treasury stock		2,784	(2,784)		-
Change of scope of consolidation			(3,866)		(3,866)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,797,335	15,024	1,812,360
Balance at end of current period	2,133,177	2,563,867	7,716,343	(1,179,109)	11,234,278

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Unrealized holding gain on other securities	Total accumulated other comprehensive income		
Balance at beginning of current period	146,645	146,645	2,820	9,571,383
Changes of items during period				
Dividends of surplus				(360,763)
Profit attributable to owners of parent				2,164,750
Disposal of treasury stock				12,240
Transfer of loss on disposal of treasury stock				-
Change of scope of consolidation				(3,866)
Net changes of items other than shareholders' equity	111,814	111,814	(2,820)	108,994
Total changes of items during period	111,814	111,814	(2,820)	1,921,355
Balance at end of current period	258,460	258,460	-	11,492,738

**(4) Consolidated Statements of Cash Flows**

	<i>(Thousands of yen)</i>	
	FY3/17	FY3/18
	(Apr. 1, 2016 - Mar. 31, 2017)	(Apr. 1, 2017 - Mar. 31, 2018)
Cash flows from operating activities		
Profit before income taxes	1,428,977	2,965,763
Depreciation and amortization	231,751	298,129
Amortization of goodwill	21,344	21,344
Impairment loss	-	13,164
Increase (decrease) in accrued bonuses	30,125	136,023
Increase (decrease) in allowance for doubtful accounts	(6,820)	6,537
Increase (decrease) in provision for product warranties	(21,016)	1,893
Interest and dividend income	(14,638)	(14,527)
Interest expense	9,985	12,787
Loss (gain) on sales of investment securities	(65,017)	-
Loss (gain) on sales of fixed assets	6,201	(103)
Loss on disposal of fixed assets	5,755	5,155
Decrease (increase) in notes and accounts receivable	(411,429)	(651,090)
Decrease (increase) in inventories	(232,905)	(436,892)
Decrease (increase) in other accounts receivable	(181,638)	192,366
Decrease (increase) in advance payments	189,616	(746,521)
Increase (decrease) in notes and accounts payable	636,498	(18,731)
Decrease/increase in consumption taxes receivable/payable	(68,547)	189,785
Increase (decrease) in other accounts payable	57,073	202,724
Increase (decrease) in advances received	491,372	(1,412,447)
Others	90,222	147,815
Subtotal	2,196,909	913,177
Interests and dividends received	14,639	14,525
Interests paid	(9,807)	(12,640)
Income taxes paid	(474,246)	(526,709)
Net cash provided by (used in) operating activities	1,727,495	388,353

	<i>(Thousands of yen)</i>	
	FY3/17	FY3/18
	(Apr. 1, 2016 - Mar. 31, 2017)	(Apr. 1, 2017 - Mar. 31, 2018)
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(181,191)	(343,850)
Proceeds from sale of property, plant, and equipment	69,070	150
Payment for purchase of intangible assets	(36,817)	(30,215)
Payment for purchase of investment securities	(50,000)	-
Proceeds from sales of investment securities	77,521	-
Payments of loans receivable	(110,000)	-
Collection of loans receivable	5,000	-
Others	1,677	3,002
Net cash provided by (used in) investing activities	<u>(224,738)</u>	<u>(370,913)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(200,000)
Proceeds from long-term borrowings	-	500,000
Repayment of long-term borrowings	(219,996)	(270,025)
Repayment of lease obligations	(1,765)	(1,739)
Proceeds from disposal of treasury shares from exercise of Share acquisition rights	10,990	9,420
Cash dividends paid	(269,522)	(360,763)
Net cash provided by (used in) financing activities	<u>(480,294)</u>	<u>(323,108)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,022,462</u>	<u>(305,669)</u>
Cash and cash equivalents at beginning of period	<u>3,102,758</u>	<u>4,125,220</u>
Increase in cash and cash equivalents from newly consolidated subsidiary	-	290,175
Cash and cash equivalents at end of period	<u>4,125,220</u>	<u>4,109,727</u>

## **(5) Notes to Consolidated Financial Statements**

### **Going Concern Assumption**

Not applicable.

### **Changes in Accounting-based Estimates**

Nakan Techno Co., Ltd., consolidated subsidiary of the Company, has an obligation for restoring its Sakura Daini factory used under a leasing contract when it leaves the site. However, the Company has so far not recognized a corresponding asset retirement obligation because the amount of the obligation was not reasonably estimable given the situation where a period for using the leased assets relevant to the obligation was not clearly specified and Nakan Techno had no plan to relocate the factory.

In the current fiscal year, however, a decision was made to relocate the factory to Nakan Techno's Headquarters factory to further improve productivity. As the decision has enabled the Company to reasonably estimate a remaining period for using the leased assets and a timing to fulfill the restoration obligation, it has shortened useful lives of fixed assets that will not be available for use and also recognized the restoration obligation to be fulfilled when Nakan Techno leaves the site at the amount of 25 million yen as asset retirement obligation included in "Others" of the current liabilities section.

The above change in estimate has caused operating profit, recurring profit and profit before income taxes for the current fiscal year to decrease by 57,605 thousand yen, respectively.

### **Segment Information**

#### 1. Overview of reportable segments

Segments used for financial reporting are the Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group establishes comprehensive strategies for individual products and services and conducts associated business activities. This system is used to divide operations into three business segments: the Lamp Business, the Manufacturing Equipment Business, and the Human Resource Service Business.

The Lamp Business includes the manufacture and sale of projector lamps, general halogen lamps and LED lamps. The Manufacturing Equipment Business includes the manufacture and sale of alignment layer printing machines, specialty printing machines, UV exposure light source units, inspection and measurement equipment, etc. The Human Resource Service Business includes the temporary placement of engineers, temporary placement of manufacturing workers and services provided on an outsourcing basis.

Effective from the current fiscal year, we have changed the measurement method for the Lamp Business and the Manufacturing Equipment Business to better understand the substance of both business segments. The segment information for the previous fiscal year is therefore prepared and disclosed based on the changed measurement method.

#### 2. Calculation methods for net sales, profits/losses, assets, and other items for each reportable segment

The accounting methods for reportable segments are generally the same as those listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable segments are generally operating profit figures. Intergroup sales and transfers are based on market prices.



## 3. Information related to net sales, profit/losses, assets and other items for each reportable segment

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Lamp Business	Manufacturing Equipment Business	Human Resource Service Business	Total		
Net sales						
Sales to third parties	3,620,954	9,855,515	3,640,539	17,117,009	-	17,117,009
Inter-segment sales and transfers	31,278	6,749	15,946	53,974	(53,974)	-
Total	3,652,233	9,862,265	3,656,485	17,170,984	(53,974)	17,117,009
Segment profit	105,125	1,488,985	181,795	1,775,906	(389,269)	1,386,636
Segment assets	3,420,490	10,643,459	1,091,484	15,155,434	1,438,708	16,594,142
Other items						
Depreciation and amortization	99,563	121,089	8,925	229,578	2,173	231,751
Amortization of goodwill	-	-	21,344	21,344	-	21,344
Increases in property, plant and equipment, and intangible assets	50,930	131,065	29,315	211,312	12,709	224,021

Notes: 1. The above adjustments are as follows.

- (1) The minus 389,269 thousand yen adjustment to segment profit includes plus 3 thousand yen in elimination of inter-segment transactions and minus 389,272 thousand yen in company-wide costs that cannot be allocated to reportable segments. Company-wide costs mainly include general and administrative expenses that cannot be attributed to reportable segments.
- (2) The plus 1,438,708 thousand yen adjustment to segment assets includes minus 5,309 thousand yen in elimination of inter-segment receivables and payables and plus 1,444,017 thousand yen of company-wide assets that cannot be allocated to reportable segments. Company-wide assets mainly include operating assets (cash and deposits with banks, investment securities, etc.) that cannot be attributed to reportable segments.
- (3) The plus 12,709 thousand yen adjustment to increases in property, plant and equipment and intangible assets includes capital investment associated with the head office.

2. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statements of income.

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Lamp Business	Manufacturing Equipment Business	Human Resource Service Business	Total		
Net sales						
Sales to third parties	3,578,945	15,402,442	4,502,109	23,483,498	-	23,483,498
Inter-segment sales and transfers	55,162	609	24,472	80,244	(80,244)	-
Total	3,634,108	15,403,051	4,526,582	23,563,742	(80,244)	23,483,498
Segment profit	3,561	3,236,658	217,495	3,457,714	(418,476)	3,039,237
Segment assets	3,296,652	11,627,500	1,253,201	16,177,354	2,387,445	18,564,800
Other items						
Depreciation and amortization	89,700	183,004	17,780	290,485	7,643	298,129
Amortization of goodwill	-	-	21,344	21,344	-	21,344
Increases in property, plant and equipment, and intangible assets	114,747	255,200	3,094	373,043	23,810	396,854

Notes: 1. The above adjustments are as follows.

- (1) The minus 418,476 thousand yen adjustment to segment profit is company-wide costs that cannot be allocated to reportable segments. Company-wide costs mainly include general and administrative expenses that cannot be attributed to reportable segments.
- (2) The plus 2,387,445 thousand yen adjustment to segment assets includes minus 17,276 thousand yen in elimination of inter-segment receivables and payables and plus 2,404,721 thousand yen of company-wide assets that cannot be allocated to reportable segments. Company-wide assets mainly include operating assets (cash and deposits with banks, investment securities, etc.) that cannot be attributed to reportable segments.
- (3) The plus 23,810 thousand yen adjustment to increases in property, plant and equipment and intangible assets includes capital investment associated with the head office.

2. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statements of income.

**Per-share Data**

Item	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net assets per share (Yen)	530.46	635.02
Net income per share (Yen)	63.67	119.66
Net income per share (diluted) (Yen)	63.53	119.62

Notes: 1. Basis for the calculation of net income per share and net income per share (diluted) is as follows.

*(Thousands of yen unless otherwise stated)*

Item	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)
Net income per share		
Net income attributable to owners of parent	1,144,598	2,164,750
Net income not attributable to common shareholders	-	-
Net income attributable to common shareholders of parent	1,144,598	2,164,750
Average number of shares of common stock during the fiscal year (Shares)	17,977,656	18,090,957
Net income per share (diluted)		
Adjustment to net income attributable to owners of parent	-	-
Number of shares of common stock to be increased (Shares)	38,655	5,408
[Of which, number of share acquisition rights] (Shares)	[38,655]	[5,408]
Potential stock not included in the calculation of net income per share (diluted) since it did not have dilutive effect.	-	-

2. Basis for the calculation of net assets per share is as follows.

*(Thousands of yen unless otherwise stated)*

Item	FY3/17 (As of Mar. 31, 2017)	FY3/18 (As of Mar. 31, 2018)
Total net assets	9,571,383	11,492,738
Deduction on total net assets	2,820	-
[of which share acquisition rights]	[2,820]	[-]
Net assets applicable to common stock at end of period	9,568,563	11,492,738
Number of common stock shares used in calculation of net assets per share (Shares)	18,038,190	18,098,190

**Subsequent Events**

Not applicable.

*Note: This is a translation of the Company's Kessan Tanshin (including attachments) in Japanese, a summary of financial statements prepared in accordance with accounting principles generally accepted in Japan. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the report for complete information.*