



BRIEF REPORT OF FINANCIAL RESULTS
〔under Japanese GAAP〕 (Consolidated)
(Year ended March 31, 2019)

May 13, 2019

Registered Company Name: V-Technology Co., Ltd.

Listing: First Section, Tokyo Stock Exchange

Code Number: 7717

URL: <https://www.vtec.co.jp>

Representative: Shigeto Sugimoto (President)

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Date planned to hold annual general shareholder's meeting: June 26, 2019

Expected date of payment for dividends: June 27, 2019

Date planned to file report of securities: June 27, 2019

Preparation of supplementary explanation material for financial results: Yes

Holding of presentation meeting for financial results: Yes (for institutional investors)

(Amounts less than one million yen have been omitted.)

1. Business Performance (April 1, 2018 through March 31, 2019)

1) Consolidated Results of Operations

(%: Changes from previous fiscal year)

	Net sales (Millions of Yen)	% Change	Operating profit (Millions of Yen)	% Change	Ordinary profit (Millions of Yen)	% Change
Year ended March 31,2019	72,132	9.2	16,628	32.5	16,767	35.5
Year ended March 31,2018	66,067	45.6	12,545	131.7	12,370	128.8

	Net profit attributable to owners of the parent (Millions of Yen)	% Change	Net profit per share (Yen)	Diluted net profit per share (Yen)
Year ended March 31,2019	10,901	39.1	2,217.48	2,201.72
Year ended March 31,2018	7,837	178.5	1,582.84	1,568.88

*Notes: Comprehensive Income: Year ended March 31, 2019: 12,303 Million Yen (39.4 %)

Year ended March 31, 2018: 8,827 Million Yen (145.6 %)

	Return (net profit) on equity (%)	Return (ordinary profit) on assets (%)	Return (operating profit) on sales (%)
Year ended March 31,2019	47.4	23.1	23.1
Year ended March 31,2018	50.0	22.0	19.0

*Reference: Income or loss on investments: Year ended March 31, 2019: △(36) Million Yen

Year ended March 31, 2018: — Million Yen

2) Consolidated Financial Position

	Total assets (Millions of Yen)	Net assets (Millions of Yen)	Equity ratio (%)	Net assets per share (Yen)
As of March 31,2019	80,304	27,985	33.4	5,552.32
As of March 31,2018	64,786	21,114	29.5	3,865.50

*Reference: Shareholders' equity: As of March 31, 2019: 26,844 Million Yen

As of March 31, 2018: 19,139 Million Yen

3) Consolidated Cash Flows

	Cash flows from operating activities (Millions of Yen)	Cash flows from investing activities (Millions of Yen)	Cash flows from financing activities (Millions of Yen)	Year end balance of cash and cash equivalents (Millions of Yen)
Year ended March 31,2019	6,531	△2,617	△6,385	19,716
Year ended March 31,2018	8,526	△434	△2,150	22,161

2. Dividends

	Dividends per share					Total dividends (for the year) (Millions of Yen)	Dividends payout (total) (%)	Dividends on net assets (total) (%)
	End of first quarter (Yen)	End of second quarter (Yen)	End of third quarter (Yen)	Year-end (Yen)	For the year (Yen)			
Year ended March 31,2018	—	100.00	—	170.00	270.00	1,336	17.1	8.5
Year ended March 31,2019	—	160.00	—	160.00	320.00	1,566	14.4	6.8
Year ended March 31,2020 (Forecast)	—	80.00	—	80.00	160.00		19.8	

* At the Board of Directors meeting held on May 13, 2019, it was resolved to carry out a stock split that shares of the common stock held by shareholders shall be split in 2 shares for 1 share on June 1 2019 as the record date. The amount of next dividend stated above would be 320.00 yen per share without considering the stock split.

3. Forecast for the Next Fiscal Year (April 1, 2019 through March 31, 2020)

(%: Changes from corresponding period of previous fiscal year)

*Profit per share for the fiscal year ending March 2020 (forecast) is the amount taking into account the stock split which is stated above "2. Dividends". The amount of profit per share for the fiscal year ending March 2020 (forecast) would be 1,613.30 yen per share without considering the stock split.

	Net sales (Millions of Yen)	% Change	Operating profit (Millions of Yen)	% Change	Ordinary profit (Millions of Yen)	% Change	Net profit attributable to owners of the parent (Millions of Yen)	% Change	Net profit per share (Yen)
Year ending March 31,2020	73,000	1.2	13,000	△21.8	12,850	△23.4	7,800	△28.5	806.65

*Notes:

1) Changes in significant subsidiaries during the year (Changes in certain subsidiaries resulting in change in the scope of consolidation): Yes

Addition: 1

Company Name: Lumiotec Co., Ltd.

2) Changes in accounting policy, changes in accounting estimates, and restatements

1. Changes in accounting policy associated with revision of accounting standards, etc: Yes

2. Changes in accounting policy other than 1: None

3. Changes in accounting estimates: None

4. Restatements: None

*Note: For details, please refer to "Outlook of Operating Performance and Financial Position" under "3. Consolidated Financial Statements and Major Notes; 5) Notes on Consolidated Financial Statements <Changes in Accounting Policy>" on page 13.

3) Number of shares outstanding (Common stock)

	Numbers of shares outstanding (Common Stock)		
	1. Number of shares outstanding at end of year (Including treasury stock)	2. Number of treasury shares at end of year	3. Average number of shares
As of March 31,2019	5,028,800	194,000	4,916,276
As of March 31,2018	5,026,300	74,800	4,951,500

*Reference: Overview of non-consolidated performance (April 1, 2018 through March 31, 2019)

1) Non-consolidated operating results

	Net sales		Operating profit		Ordinary profit		Net profit	
	(Millions of Yen)	%	(Millions of Yen)	%	(Millions of Yen)	%	(Millions of Yen)	%
Year ended March 31,2019	64,768	15.0	14,083	38.0	15,328	37.2	10,963	38.0
Year ended March 31,2018	56,326	130.9	10,204	—	11,172	615.6	7,942	281.2

	Net profit per share (Yen)	Diluted net profit per share (Yen)
Year ended March 31,2019	2,229.96	2,214.11
Year ended March 31,2018	1,604.04	1,589.89

*Note: The year-on-year percentage change rates for operating income and net income are not shown, because the rate of change is over 1,000%.

2) Non-consolidated financial position

	Total assets (Millions of Yen)	Net assets (Millions of Yen)	Equity ratio (%)	Net assets per share (Yen)
As of March 31,2019	72,667	23,785	32.7	4,918.03
As of March 31,2018	55,924	16,424	29.4	3,315.43

*Reference: Shareholders' equity: As of March 31, 2019: 23, 777 Million Yen
As of March 31, 2018: 16,416 Million Yen

*Brief Report of Financial Results is not subject to an audit by a certified public accountant or an audit corporation.

* Explanation regarding proper use of the projected financial results and other notes

1) At the Board of Directors meeting held on May 13, 2019, it was resolved to carry out a stock split that shares of the common stock held by shareholders shall be split in 2 shares for 1 share on June 1 2019 as the record date.

2) Above forecasts were prepared based on information available at this time and therefore actual results may be affected by a number of important factors and materially different from those discussed in forward-looking statements. For further information on the above forecasts, please refer to page 3 of the attached document; "1. Outlook of Operating Performance and Financial Position; 4) Outlook for the Future".

Index

1. Outlook of Operating Performance and Financial Position	2
1) Outlook of Operating Performance	2
2) Outlook of Financial Position	2
3) Outlook of Cash Flows	3
4) Outlook for the Future	3
5) Basic Policy of Profit Sharing and Dividends for the Current and the Next Fiscal Years	4
2. Basic Rationale for Section of Accounting Standards	4
3. Consolidated Financial Statements and Major Notes	5
1) Consolidated Balance Sheets	5
2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	7
<Consolidated Statements of Income>	7
<Consolidated Statements of Comprehensive Income>	8
3) Consolidated Statements of Changes in Net Assets	9
4) Consolidated Statements of Cash Flows	11
5) Notes on Consolidated Financial Statements	13
<Notes on Going Concern Assumptions>	13
<Changes in Accounting Policy>	13
<Changes in Presentation>	13
<Segment Information etc.>	13
<Per Share Data>	13
<Subsequent Events>	15

1. Outlook of Operating Performance and Financial Position

1) Outlook of Operating Performance

With regard to the business environment in the current consolidated fiscal year, the global economy weakened its pace of growth due to the effects of trade friction between the US and Japan, and the outlook remained unclear. The US economy has generally been on an expansion trend, although the effects of fiscal policy has come to an end. The Chinese economy remained firm, supported by economic measures, despite the impact of US-China trade friction. In Japan's economy, employment and income conditions have improved, and personal consumption is picking up. On the other hand, the economy remained at a standstill, partly due to sluggish exports to China and Asia.

In the flat panel display (FPD) market, capital investment related to large-sized liquid crystal displays continued mainly in China, and investment related to small and medium-sized displays remained steady, but some projects were revised or postponed.

In the current consolidated fiscal year, V-Technology Group posted net sales of 72,132 million yen (the same period last year: 66,067 million yen), operating income is 16,628 million yen (the same period last year: 12,545 million yen), ordinary profit is 16,767 million yen (the same period last year: 12,370 million yen) and profit attributable to owners of parent was ¥ 10,901 million (the same period last year: 7,837 million yen).

The amount of orders received by v-Technology Group in the current consolidated fiscal year was 47,430 million yen (the same period last year: 109,323 million yen), mainly due to the suspension of large FPD related investments in China and changes in investment plans. As a result, the balance of orders received at the end of the current consolidated fiscal year was 90,935 million yen (the same period last year: 115,637 million yen).

2) Outlook of Financial Position

1. Assets

As of March 31, 2019, total net assets amounted to 74,699 million yen, up 12,489million yen from the previous consolidated fiscal year ended March 31, 2018. This is mainly attributed to a 9,637 million yen increase in “work in process” and a 4,498 million yen increase in “notes and accounts receivable – trade” and a 2,445 million yen decrease in “cash and deposits”.

Non-current assets increased by 3,029 million yen from the end of the previous consolidated fiscal year to 5,605 million yen. Contributing factors were a 2,054 million yen increase in “Construction in progress”, a 269 million yen increase in “Long-term prepaid expenses”, a 166 million yen increase in “Buildings” and a 138 million yen increase in “Deferred income taxes”.

As a result, total assets increased overall by 15,518 million yen compared to the previous fiscal year-end to 80,304 million yen.

2. Liabilities

As of March 31, 2019, total current liabilities amounted to 50,517 million yen, up 9,553 million yen from the previous consolidated fiscal year ended March 31, 2018. This is mainly attributed to a 7,451 million yen increase in “Advances by customers”, a 1,643 million yen increase in “Notes and accounts payable - trade”, and a 732 million yen increase in “Electronically recorded monetary obligations – operating”.

Non-current liabilities decreased by 906 million yen from the end of the previous consolidated fiscal year to 1,801 million yen. Contributing factor was a 924 million yen decrease in “Non-current loans payable”.

As a result, total liabilities increased overall by 8,647 million yen compared to the previous fiscal year-end to 52,318 million yen.

3. Net Assets

Net assets increased overall by 6,871 million yen compared to the previous fiscal year-end to 27,985 million yen. Contributing factors were a 9,267 million yen increase in “Retained earnings”, a 1,999 million yen acquisition of “Treasury shares” and 833 million yen decrease in “Non-controlling interests”.

3) Outlook of Cash Flows

The ending balance of “Cash and cash equivalents” (collectively, “Cash”) as of March 31, 2019 was 19,716 million yen, with a 2,445 million yen decrease during the fiscal year. Net increase (decrease) of Cash and contributing factors during the fiscal year ended March 31, 2018 are as follows:

1. Net cash provided by (used in) operating activities

Net cash provided by operating activities amounted to 6,531 million yen. The major positive factors were a 16,892 million yen increase in “Profit before income taxes”, a 7,406 million yen increase in “Advances by customers” and a 2,044 million yen increase in “Increase in notes and accounts payable - trade”.

The major negative factors were a 9,951 million yen increase in inventories, and 4,712 million yen in income taxes paid and a 4,681 million yen increase in notes and accounts receivable - trade.

2. Net cash used in investing activities

Net cash used in investing activities amounted to 2,617 million yen. These were mainly due to a payment of 2,127 million yen for the purchase of fixed assets and a payment of 526 million yen for the acquisition of treasury shares of affiliates of the company.

3. Net cash used in financing activities

Net cash used in financing activities amounted to 6,385 million yen. These were mainly due to a payment of 1,999 million yen for the acquisition of treasury shares, a payment of 1,634 million yen for cash dividends paid, a payment of 886 million yen for dividends paid to non-controlling interests and a 924 million yen decrease in non-current loans payable.

4) Outlook for the Future

The flat panel display (FPD) market for next fiscal year is expected to be firm on the back of demand for equipment related to large displays overseas. Under such circumstances, we expect the consolidated business forecast for the fiscal year ending March 2020 as 73,000 million yen in net sales (up 1.2% year on year), 13,000 million yen in operating profit (down 21.8% year on year), 12,850 million yen in ordinary profit (down 23.4% year on year) and 7,800 million yen in profit attributable to owners of parent (down 28.5% year on year).

Export sales of our mainstay FPD equipment is mainly conducted in yen. Although foreign currency-denominated transactions are also conducted in some cases, foreign currency exchange contracts are made at the time of order acceptance as needed to hedge foreign currency fluctuation risks, and the impact of exchange rate fluctuations on equipment sales is expected to be minor.

*Above forecasts for next fiscal year were prepared based on information available at this time. Therefore, actual results may be affected by a number of important factors involving various risks and uncertainties and materially different from those discussed in forward-looking statements.

5) Basic Policy of Profit Sharing and Dividends for the Current and the Next Fiscal Years

Our basic policy on profit sharing and dividends is to attempt stable and continuous profit distribution according to our operating results. We also consider securing appropriate internal reserves in order to accomplish future business expansion through such as M&A, capital investment, R&D investment, and reinforcement of our management.

Based on this policy, we plan to pay a dividend of ¥ 160.00 per share (320.00 yen per year, including an interim dividend of 160.00 yen) for the year-end dividend for the fiscal year ending March 2019. For the next fiscal year, we plan to pay a dividend of 320.00 yen per share per year.

	Dividends per share		
	Interim	Year-end	Annual
Current fiscal year (2019)	¥160	¥160	¥320
Next fiscal year (2020)	¥160	¥160	¥320

* At the Board of Directors meeting held on May 13, 2019, it was resolved to carry out a stock split that shares of the common stock held by shareholders shall be split in 2 shares for 1 share on June 1 2019 as the record date. For the next dividend stated above, the amount is stated without considering the stock split, yet we plan to pay the annual dividend of 160.00 yen per share in the next fiscal year with taking into account the stock split.

2. Basic Rationale for Section of Accounting Standards

In order to ensure comparability with domestic peer companies, we apply Japanese standards for accounting standards. Regarding the application of IFRS, we are considering it appropriately and taking into consideration various domestic and international situations.

3. Consolidated Financial Statements and Major Notes

1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31 st , 2018	As of March 31 st , 2019
ASSETS		
Current assets		
Cash and deposits	22,281	19,836
Notes and accounts receivable - trade	21,019	25,518
Electronically recorded monetary claims -operating	136	240
Merchandise and finished goods	227	171
Work in process	13,118	22,756
Raw materials and supplies	726	1,101
Others	4,971	5,268
Allowance for doubtful accounts	△272	△194
Total current assets	62,209	74,699
Non-current assets		
Property, plant and equipment		
Buildings	332	526
Accumulated depreciation	△173	△199
Buildings (net)	159	326
Machinery and equipment	593	1,877
Accumulated depreciation	△507	△1,777
Machinery and equipment (net)	85	100
Tools, furniture and fixtures	1,554	1,767
Accumulated depreciation	△1,050	△1,197
Tools, furniture and fixtures (net)	504	569
Construction in progress	156	2,210
Other	79	73
Accumulated depreciation	△7	△6
Others (Net)	71	67
Total property, plant and equipment	977	3,274
Intangible assets		
Goodwill	83	49
Patent rights	82	64
Others	87	75
Total intangible fixed assets	253	189
Investments and other assets		
Investment securities	74	75
Deferred income taxes	922	1,060
Other	371	1,038
Allowance for doubtful accounts	△23	△32
Total investments and other assets	1,344	2,141
Total non-current assets	2,576	5,605
Total assets	64,786	80,304

(Millions of Yen)

	As of March 31 st , 2018	As of March 31 st , 2019
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	10,861	12,505
Electronically recorded obligations – operating	5,661	6,393
Short-term loans payable	2,491	2,450
Current portion of long-term loans payable	321	321
Accrued expenses	1,228	1,221
Income taxes payable	3,164	3,188
Advances received	14,868	22,320
Provision for bonuses	399	430
Provision for product warranties	1,247	858
Provision for loss on order received	225	68
Other	493	758
Total current liabilities	40,963	50,517
Non-current liabilities		
Long-term loans payable	2,256	1,332
Deferred tax liabilities	270	199
Net defined benefit liability	180	198
Asset retirement obligations	—	71
Other	0	0
Total non-current liabilities	2,708	1,801
Total liabilities	43,671	52,318
NET ASSETS		
Shareholders' equity		
Capital stock	2,831	2,847
Capital surplus	2,487	2,974
Retained earnings	13,960	23,227
Treasury shares	△125	△2,125
Total shareholders' equity	19,152	26,924
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△0	△1
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	△12	△79
Total accumulated other comprehensive income	△12	△80
Share acquisition rights	7	7
Non-controlling interests	1,966	1,133
Total net assets	21,114	27,985
Total liabilities and net assets	64,786	80,304

2) Consolidated Statements of Income

<Consolidated Statements of Income>

		(Millions of Yen)
	Year Ended March 31 st ,2018	Year Ended March 31 st ,2019
Net sales	66,067	72,132
Cost of sales	44,745	46,988
Gross profit	21,321	25,144
Selling, general and administrative expenses	8,776	8,516
Operating profit	12,545	16,628
Non-operating profit		
Interest and dividend income	17	18
Foreign exchange gains	—	155
Grants received	20	14
Other	17	20
Total non-operating profit	55	209
Non-operating expenses		
Interest expenses	25	20
Share of profit of entities accounted for using equity method	—	36
Foreign exchange losses	202	—
Other	1	13
Total non-operating expenses	230	70
Ordinary profit	12,370	16,767
Extraordinary profit		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	46	—
Gain on bargain purchase	—	189
Total extraordinary profit	46	190
Extraordinary losses		
Loss on retirement of non-current assets	55	4
Loss on disaster	—	59
Loss on impairment	105	—
Total extraordinary losses	160	64
Profit before income taxes	12,256	16,892
Income taxes - current	3,934	4,720
Income taxes - deferred	△535	△203
Total income taxes	3,399	4,517
Net profit	8,857	12,375
Net profit attributable to non-controlling interests	1,019	1,474
Net profit attributable to owners of parent	7,837	10,901

<Consolidated Statements of Comprehensive Income>

	(Millions of Yen)	
	Year Ended March 31st,2018	Year Ended March 31st,2019
Profit	8,857	12,375
Other comprehensive income		
Valuation difference on available-for-sale securities	△5	△0
Deferred gains or losses on hedges	△62	△0
Foreign currency translation adjustment	38	△71
Total other comprehensive income	△29	△72
Comprehensive income	8,827	12,303
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,791	10,850
Comprehensive income attributable to non-controlling interests	1,035	1,453

3) Consolidated Statements of Changes in Net Assets

Year ended March 31st, 2018

(Millions of Yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholder's equity
Balance at beginning of current fiscal year	2,831	2,487	6,989	△125	12,181
Changes					
Cash dividend from retained earnings			△866		△866
Profit attributable to owners of the parent			7,837		7,837
Change (net) in non-shareholder's equity items					
Total changes	–	–	6,970	–	6,970
Balance at end of current fiscal year	2,831	2,487	13,960	△125	19,152

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at beginning of current fiscal year	4	62	△23	44	2	1,568	13,796
Changes							
Cash dividend from retained earnings							△866
Profit attributable to owners of the parent							7,837
Change (net) in non-shareholder's equity items	△5	△62	10	△57	5	398	347
Total changes	△5	△62	10	△57	5	398	7,318
Balance at end of current fiscal year	△0	0	△12	△12	7	1,966	21,114

Year ended March 31st, 2019

(Millions of Yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholder's equity
Balance at beginning of current fiscal year	2,831	2,487	13,960	△125	19,152
Changes					
Issuance of new shares	16	16			33
Cash dividend from retained earnings			△1,634		△1,634
Profit attributable to owners of the parent			10,901		10,901
Acquisition of treasury shares				△1,999	△1,999
Changes in the equity of the parent company in transactions with non-controlling shareholders		470			470
Change (net) in non-shareholder's equity items					
Total changes	16	487	9,267	△1,999	7,772
Balance at end of current fiscal year	2,847	2,974	23,227	△2,125	26,924

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at beginning of current fiscal year	△0	0	△12	△12	7	1,966	21,114
Changes							
Issuance of new shares							33
Cash dividend from retained earnings							△1,634
Profit attributable to owners of the parent							10,901
Acquisition of treasury shares							△1,999
Changes in the equity of the parent company in transactions with non-controlling shareholders							470
Change (net) in non-shareholder's equity items	△0	△0	△66	△67	△0	△833	△901
Total changes	△0	△0	△66	△67	△0	△833	6,871
Balance at end of current fiscal year	△1	—	△79	△80	7	1,133	27,985

4) Consolidated Statements of Cash Flows

		(Millions of Yen)
	Year ended March 31st, 2018	Year ended March 31st, 2019
Cash flows from operating activities:		
Profit before income taxes	12,256	16,892
Depreciation	303	366
Impairment loss	105	—
Amortization of goodwill	22	34
Gain on bargain purchase	—	△189
Increase(decrease)in allowance for doubtful accounts	14	△76
Increase (decrease) in provision for bonuses	72	32
Increase (decrease) in provision for product warranties	414	△386
Increase (decrease) in net defined benefit liability	20	13
Increase (decrease) in provision for loss on order received	154	△156
Interest and dividend income	△16	△18
Interest expenses	25	20
Foreign exchange losses (gains)	49	△41
Share of loss(profit) of entities accounted for using the equity method	—	36
Loss (gain) on sales of property, plant and equipment	△0	△0
Loss on retirement of property, plant and equipment	54	4
Decrease (increase) in notes and accounts receivable - trade	△3,780	△4,681
Decrease (increase) in inventories	△5,665	△9,951
Decrease (increase) in other current assets	△1,575	△280
Decrease (increase) in other non-current assets	△18	80
Increase (decrease) in notes and accounts payable - trade	7,203	2,044
Increase (decrease) in advances received	△424	7,460
Increase (decrease) in other current liabilities	504	13
Subtotal	9,719	11,217
Interest and dividend income received	16	18
Interest expenses paid	△28	△21
Income taxes paid	△1,223	△4,712
Income taxes refund	42	29
Net cash provided by (used in) operating activities	8,526	6,531

		(Millions of Yen)
	Year ended March 31st, 2018	Year ended March 31st, 2019
Cash flow from investing activities		
Purchase of investment securities	△1	△52
Purchase of shares of subsidiaries and associates	—	△526
Purchase of business acquisition	△48	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	297
Purchase of property, plant and equipment	△394	△2,127
Proceeds from sales of property, plant and equipment	3	2
Purchase of intangible assets	△5	△23
Proceeds from sales of intangible fixed assets	0	—
Proceeds from short-term loans receivable	—	△3
Proceeds from collection of short-term loans receivables	1	1
Proceeds from collection of long-term loans receivables	—	2
Other revenues	11	—
Other expenses	—	△189
Net cash provided by (used in) investing activities	△434	△2,617
Cash flows from financing activities		
Increase in short-term loans payable	8,120	10,670
Decrease in short-term loans payable	△8,103	△10,711
Proceeds from long-term loans payable	104	—
Repayments of long-term loans payable	△773	△924
Proceeds from issuance of common shares	—	33
Purchase of treasury shares	—	△1,999
Cash dividends paid	△866	△1,634
Dividends paid to non-controlling interests	△637	△886
Purchase of shares of a subsidiary not involving a change in the scope of consolidation	—	△931
Proceeds from issuance of share acquisition rights	5	—
Net cash provided by (used in) financing activities	△2,150	△6,385
Effect of exchange rate change on cash and cash equivalents	△71	25
Net increase (decrease) in cash and cash equivalents	5,870	△2,445
Cash and cash equivalents at beginning of period	16,291	22,161
Cash and cash equivalents at end of period	22,161	19,716

5) Notes on Consolidated Financial Statements

<Notes on Going Concern Assumptions>

Not applicable.

<Changes in Accounting Policy>

Application of transactions regarding the granting of stock acquisition rights with vesting conditions for employees, etc.

“Transactions regarding the granting of stock acquisition rights with vesting conditions for employees, etc.” (Practical Issues Task Force (PITF) No. 36 issued on January 12, 2018, hereinafter referred to as “PITF No. 36”) has been applied since April 1, 2018, and carried out that the transaction would be accounted for in accordance with the “Accounting Standard for Stock Options, etc.” (Corporate Accounting Standards Adoption Guide No.8 issued on December 27, 2005).

However, the application of PITF No. 36 is in accordance with the transitional treatment set forth in PITF No. 36, paragraph 10 (3). The transactions granting of stock acquisition rights with vesting conditions for employees, etc. before the application of PITF No.36 have been continued to be accounted for conventionally adopted.

<Changes in Presentation>

Changes with application of "Partial revision of accounting standards pertaining to tax effect accounting"

Changes of "Partial revision of accounting standards pertaining to tax effect accounting" (Corporate Accounting Standards Adoption Guide No.28 issued on February 16, 2018) has been applied from the beginning of the current consolidated fiscal year, deferred tax assets are displayed in the category of investments and other assets, and deferred tax liabilities are changed in the way of presenting in the category of noncurrent liabilities.

<Segment Information etc.>

Year ended March 31st, 2018

Description is omitted because there are no significant segments other than FPD business.

Year ended March 31st, 2019

Description is omitted because there are no significant segments other than FPD business.

<Per Share Data>

	Year ended March 31st, 2018	Year ended March 31st, 2019
Net assets per share (Yen)	3,865. 50	5,552. 32
Net profit per share (Yen)	1,582. 84	2,217. 48
Diluted net profit per share (Yen)	1,568. 88	2,201. 72

*Notes 1. Diluted net profit per share has not been shown because there were no latent shares in the consolidated fiscal year under review, and there were no latent diluted shares in the previous consolidated fiscal year.

2. The following are the basis for calculating net assets per share.

	Year ended March 31st, 2018	Year ended March 31st, 2019
Total net assets (Millions of Yen)	21,114	27,985
Deduction from total net assets (Millions of Yen)	1,974	1,141
(Subscription rights to shares (Millions of Yen))	(7)	(7)
(Non-controlling interests (Millions of Yen))	(1,966)	(1,133)
Year-end net assets related to common stock (Millions of Yen)	19,139	26,844
Year-end common stock used for the calculation of net assets per share (shares)	4,951,500	4,834,800

3. The following are the basis for calculating net profit per share and diluted net profit per share

	Year ended March 31st, 2018	Year ended March 31st, 2019
Net profit per share		
Net profit attributable to owners of the parent (Millions of Yen)	7,837	10,901
Amount not available for common stock (Millions of Yen)	—	—
Net profit attributable to owners of the parent related to common stock (Millions of Yen)	7,837	10,901
Average shares of common stock outstanding (shares)	4,951,500	4,916,276
Diluted net profit per share		
Net profit attributable to owners of the parent adjustments (Millions of Yen)	—	—
Increased shares of common stock (shares)	44,051	35,175
(Subscription rights to shares (shares))	(44,051)	(35,175)
Outline of the residual shares not included in the calculation of diluted net profit per share due to no dilution effects	—	—

<Subsequent Events>

Stock split

At the Board of Directors meeting held on May 13, 2019, we resolved to carry out a stock split as follows.

1. Purpose of stock split

The purpose of the stock split is to reduce the amount per unit of investment and to improve the liquidity of our stock and further expand the investor base.

2. Outline of stock split

1) Method of split

Common stock owned by the shareholders listed or recorded on the final shareholder's list on May 31, 2019 (Friday) which is the record date, shall be split in 2 shares for 1 share.

2) Number of shares increased by the split

Total number of issued shares before share split: 5,028,800 shares

Number of shares increased by this split: 5,028,800 shares

Total number of issued shares after the stock split: 10,057,600 shares

Total number of available shares after share split: 35,180,600 shares

3) Date

Notice date of the record date: May 16, 2019 (Thursday)

Record date: May 31, 2019 (Friday)

Effective date: June 1, 2019 (Saturday)

4) Other

1. Change in amount of capital

There is no change in the amount of capital of the Company in the case of this split.

2. Adjustment of stock acquisition rights

As a result of the stock split, the exercise price per share of stock acquisition rights will be adjusted as follows from June 1, 2019.

	Price before the adjustment	Price after the adjustment
The 10 th stock acquisition rights	13,520 Yen	6,760 Yen
The 11 th stock acquisition rights	21,040 Yen	10,520 Yen

3. Impact on per share information

Assuming that the stock split was conducted at the beginning of the previous consolidated fiscal year, per-share information for the previous consolidated fiscal year and the current consolidated fiscal year is as follows.

	Year ended March 31,2018	Year ended March 31,2019
Average number of outstanding shares during the fiscal year (excluding treasury stock)	9,903,000 shares	9,832,552 shares
Net profit per share	791.42 Yen	1,108.74 Yen
Common stock increase number	88, 102 shares	70,350 shares
Diluted net profit per share	784.44 Yen	1,100.86 Yen
Dividend	135.00 Yen	160.00 Yen

	Year ended March 31,2018	Year ended March 31,2019
Number of shares outstanding at the end of the term (excluding treasury shares)	9,903,000 shares	9,669,600 shares
Net assets per share	1,932.75 Yen	2,776.16 Yen