

# Consolidated Financial Review

## For the 1<sup>st</sup> Quarter Ended Jun. 30, 2018 [Japanese GAAP]



Aug. 10, 2018

Listed Market: TSE 1<sup>st</sup> Section

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Application of U.S.GAAP: None

For reference only

The Japanese version of this Financial Review is the original, English version is essentially a translation from Japanese.

The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.

### 1. Financial highlights for the 1<sup>st</sup> quarter ended Jun.30, 2018 (4/01/2018–6/30/2018)

(Percentage is the rate of increase or decrease from the previous corresponding period)

#### (1) Consolidated operating results

	Net sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent	
	Mill. yen	%	Mill. yen	%	Mill. yen	%	Mill. yen	%
Three months ended Jun.30, 2018	5,304	12.9	51	---	141	---	-32	---
Three months ended Jun. 30, 2017	4,698	-39.1	-87	---	-44	---	-60	---

Note: Comprehensive income

Three months ended Jun. 30, 2018 -¥111 million (--- %)

Three months ended Jun. 30, 2017 -¥76 million (--- %)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Jun. 30, 2018	-3.61		---	
Three months ended Jun. 30, 2017	-6.73		---	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Mill. yen	Mill. yen	%
Jun. 30, 2018	42,314	14,206	32.9
Mar. 31, 2018	38,265	14,419	37.0

Note: Equity

As of Jun. 30, 2018 ¥13,926 million

As of Mar. 31, 2018 ¥14,143 million

### 2. Cash Dividends

	Cash dividend per share				
	1st quarter end	2nd quarter end	3 <sup>rd</sup> quarter end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2018	---	10.00	---	10.00	20.00
Fiscal year ending Mar. 31, 2019	---				
Fiscal year ending Mar. 31, 2019 (forecast)		10.00	---	10.00	20.00

Note: Revision of cash dividends in year under review: None

### 3. Corporate estimates for the year ending March 31, 2019 (4/01/2018-3/31/2019)

(Percentage is the rate of increase or decrease from the previous financial year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Mill. Yen	%	Mill Yen	%	Mill. Yen	%	Mill. Yen	%	Yen
Fiscal year ending Mar. 31, 2019	36,000	24.7	1,800	68.4	1,600	67.5	800	98.1	88.00

Note: Revision of corporate estimate in year under review: None

## Notes

(1) Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation):

None

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: None

(3) Changes of accounting policies, changes in accounting estimates and retrospective restatement

- ① Changes of accounting policies accompanied by revision of accounting standard etc.: None
- ② Changes of accounting policies other than ① : None
- ③ Changes in accounting estimates : None
- ④ Retrospective restatement : None

(4) Number of issued shares outstanding (Common shares)

① Number of issued shares outstanding as of end of period ( including treasury stock)			
As of Jun. 30, 2018:	9,706,877 shares	As of Mar. 31, 2018:	9,706,877 shares
② Number of treasury stock as of end of period			
As of Jun. 30, 2018	745,843 shares	As of Mar. 31, 2018:	745,843 shares
③ Average number of issued shares outstanding			
Three months ended Jun. 30, 2018:	8,961,034 shares	Three months ended Jun. 30, 2017:	8,928,786 shares

Indication of quarterly review procedure implementation status

This quarterly financial report is exempt from quarterly review procedure.

Explanation for appropriate use of forecasts and other notes

The forward-looking statements such as operational forecasts contained in this document are based on the information currently available to us and certain assumptions that are regarded as legitimate. We do not promise that the forecasts or estimates will be accurate. Large discrepancies may be seen in the actual results due to various factors. Please refer to P 5" (3) Qualitative information regarding consolidated business results forecasts" for the assumptions used and other notes.

Changes of the indicated monetary unit.

We used to use thousand yen as monetary unit in consolidated financial statements, however we have changed to use million yen as monetary unit from this financial year.

In this consolidated financial review, in order to make it easy to compare with previous year, we use million yen as monetary unit for the previous year's financial figures.

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## 1. Qualitative Information, Financial Statements

### (1) Qualitative information regarding the status of consolidated business results

During the three months started from Apr.1, 2018, in the U.S.A. economy has kept growing backed by improved employment situation, in Europe economy has kept expanding generously backed by recovery of personal consumption under easy monetary policy, in the P.R.C. economy has kept growing stably backed by recovering world economy and totally world economy has moved stable recovery base. But the other side, a fear of intensification of trade friction is increasing because of protective trade policies by President Trump of the U.S.A...

In Japan, employment situation has shifted favorably backed by government and central bank economic policy, corporate performance has kept favorable and Japanese economy has been recovering generously overall.

Under these economic atmospheres, our group has endeavored to develop and commercialize new products which grasp costumers' constantly changing needs.

As a result, our consolidated business result of this three months period ended Jun 30, 2018, net sales amounted to ¥5,304 million (12.9% increased compared to the corresponding period of the previous financial year), operating income marked ¥51 million (the corresponding period of the previous financial year marked loss ¥87 million), ordinary income marked ¥141 million (the corresponding period of the previous financial year marked loss ¥44 million), profit attributable to owners of parent marked -¥32 million (the corresponding period of the previous financial year marked loss ¥60 million)

Each segment result was as follows.

(Display related business)

Previous financial year, because of strong market demand, we received big new order and booked big amount of backlog ordered at financial year end. And those backlog ordered, especially heat treatment equipment, smoothly realized to sales in this financial period.

Moreover we started to improve constitution to make profit stably.

As a result, net sales of display related business amounted to ¥1,729 million (71.1% increased compared to the corresponding period of the previous financial year) and segment income marked -¥94 million (the corresponding period of the previous financial year marked -¥228 million)

(Mechatronics related business)

Semiconductor business moved favorably by taking strong market demand but finally mechatronics related business resulted slightly decrease compared to the corresponding period of the previous financial year because of clients' new investment timing.

As a result, net sales of mechatronics related business amounted to ¥3,265 (4.5 % decreased compared to the corresponding period of the previous financial year) and segment income marked -¥6 million (the corresponding period of the previous financial year marked ¥83 million)

(Cleaning and other related business)

Under severe business atmosphere which is decreasing domestic demand for cleaning related equipment, business moved without remarkable fluctuation.

As a result, this segment sales amounted to ¥310 million (14.5% increased compared to the corresponding period of the previous financial year) and segment income marked -¥13 million (the corresponding period of previous financial year marked -¥67 million)

### (2) Qualitative information regarding changes in consolidated financial position (Assets)

Current assets as of Jun 30, 2018 stood at ¥33,581 million increased by ¥4,296 million compared to the previous financial year end. The main increase was work in process by ¥4,785 million. The main decreases were trade note and accounts receivable by ¥650 million, and cash and deposits by ¥436 million. Noncurrent assets amounted to ¥8,732 million increased by ¥247 million compared to the previous financial year end. A main increase was Building and structures (net) by ¥324 million. As a result, total assets as of Jun. 30, 2018 stood at ¥42,314 million increased by

¥4,048 million compared to the previous financial year end.

(Liabilities)

Current liabilities as of Jun. 30, 2018 stood at ¥19,874 million increased by ¥4,250 million compared to the previous financial year end. The main increases were notes and accounts payable-trade by ¥3,073 and advance received by ¥1,596 million. Main decrease was Income tax payable by ¥470 million.

Fixed liabilities as of Jun. 30, 2018 stood at ¥8,233 million increased by ¥11 million compared to the previous financial year end. As a result, total liabilities as of Jun.30, 2018 stood at ¥28,107 million increased by ¥4,261 million compared to the previous financial year end.

(Net assets)

Total net assets as of Jun. 30, 2018 amounted to ¥14,206 million decreased by ¥212 million compared to the previous financial year end. As a result, equity ratio at the end of the 1<sup>st</sup> quarter came to 32.9 % (the previous financial year end was 37.0 %)

### **(3) Qualitative information regarding consolidated business results forecasts**

Consolidated twelve month business result forecasts ending at Mar.31, 2019 remains the same as consolidated business results forecast which announced on May. 14, 2018

## 2. Consolidated financial information

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of Mar. 31, 2018	As of Jun 30, 2018
<b>(Assets)</b>		
Current assets		
Cash and deposits	8,219	7,782
Trade note and accounts receivable	11,695	11,044
Securities	905	946
Merchandise and finished goods	669	702
Work in process	5,819	10,605
Raw materials and supplies	991	1,043
Others	1,110	1,547
Allowance for doubtful accounts	-125	-90
<b>Total current assets</b>	<b>29,285</b>	<b>33,581</b>
<b>Non current assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures	3,769	4,129
Accumulated depreciation	-2,818	-2,853
<b>Building and structures(net)</b>	<b>950</b>	<b>1,275</b>
Machinery, equipment and vehicles	2,020	2,034
Accumulated depreciation	-1,487	-1,479
<b>Machinery, equipment and vehicles(net)</b>	<b>532</b>	<b>555</b>
Tools, equipment and fixtures	3,208	3,207
Accumulated depreciation	-2,563	-2,595
<b>Tools, equipment and fixtures(net)</b>	<b>644</b>	<b>612</b>
Land	3,080	3,080
Leased assets	123	144
Accumulated depreciation	-70	-59
<b>Leased assets(net)</b>	<b>52</b>	<b>84</b>
Construction in progress	1,400	1,187
<b>Total tangible fixed assets</b>	<b>6,661</b>	<b>6,796</b>
<b>Intangible assets</b>		
Good will	559	525
Soft wares	94	78
Leased assets	27	25
Telephone subscription rights	20	20
Others	4	4
<b>Total intangible assets</b>	<b>706</b>	<b>654</b>
<b>Investments and other assets</b>		
Investment securities	443	295
Long-term lending	2	2
Differed income taxes	781	699
Long-term retentions receivable	287	197
Others	411	318
Allowance for doubtful accounts	-314	-231
<b>Total investments and other assets</b>	<b>1,612</b>	<b>1,281</b>
<b>Total noncurrent assets</b>	<b>8,980</b>	<b>8,732</b>
<b>Total assets</b>	<b>38,265</b>	<b>42,314</b>

(Millions of yen)

	As of Mar. 31, 2018	As of Jun 30, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	7,990	11,063
Short-term loans payable	4,767	4,928
Lease obligations	30	37
Income taxes payable	476	6
Provision for bonuses	468	365
Provision for products warranty	113	132
Expense payable	401	489
Advances received	846	2,443
Others	530	407
Total current liabilities	15,623	19,874
<b>Fixed liabilities</b>		
Bonds payable	700	700
Long-term loans payable	6,016	6,022
Expense payable long term	12	99
Lease obligations	58	81
Deferred tax payable	120	97
Provision for director's retirement benefits	86	---
Obligations related to retirement benefits	1,102	1,110
Asset retirement obligation	94	90
Others	30	30
Total fixed liabilities	8,222	8,233
Total liabilities	23,846	28,107
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,778	2,778
Capital surplus	3,608	3,608
Retained earnings	8,521	8,399
Treasury stock	-638	-638
Total shareholders' equity	14,270	14,148
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	98	48
Foreign currency translation adjustment	-204	-239
Pension liability adjustments	-22	-20
Total accumulated other comprehensive income	-127	-210
Subscription rights to shares	51	51
Non controlling interests	224	216
Total net assets	14,419	14,206
Total liabilities and net assets	38,265	42,314

**(2) Consolidated statements of income and comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	The previous corresponding period (Apr.1, 2017 to Jun. 30, 2017)	Three months ended Jun. 30, 2018 (Apr. 1, 2018 to Jun. 30, 2018)
Net sales	4,698	5,304
Cost of sales	3,599	4,167
Gross profit	1,099	1,136
Selling, g&a expenses		
Salary & directors' compensation	424	430
Provision for bonuses	39	56
Fringe benefit expenses	18	21
Rent expenses	39	43
Outsourcing expenses	35	30
R&D expenses	142	104
Depreciations	53	62
Others	432	336
Total selling, g&a expenses	1,187	1,084
Operating income(loss)	(87)	51
Non-operating income		
Interest income	4	4
Dividends income	20	41
Foreign exchange gains	---	55
Rents income	2	3
Others	39	5
Total non-operating income	67	110
Non-operating expenses		
Interest expenses	12	14
Foreign exchange losses	1	---
Others	9	6
Total non-operating losses	24	21
Ordinary income(loss)	(44)	141
Extraordinary income		
Income on disposal of fixed assets	1	0
Gains on disposal of investment insecurities	---	60
Others	---	8
Total extraordinary income	1	69
Extraordinary loss		
Losses on disposal of fixed assets	0	0
Others	---	0
Total extraordinary loss	0	0
Income(Loss) before income tax	(42)	210
Income taxes	75	165
Income tax adjustment	-50	72
Total income tax	25	237
Profit(Loss)	(68)	(27)
Profit(Loss) attributable to non controlling interests	(8)	4
Profit attributable to owners of parent (loss)	(60)	(32)



## Consolidated statements of comprehensive income

(Millions of yen)

	The previous corresponding period (Apr.1, 2017 to Jun.30, 2017)	Three months ended Jun. 30, 2018 (Apr.1, 2018 to Jun. 30, 2018)
Income(Loss) before minority interests	(68)	(27)
Other comprehensive income		
Valuation difference on available-for sale securities	19	-50
Foreign currency translation adjustment	-25	--34
Pension liability adjustments	-1	2
Total other comprehensive Income (Loss)	(7)	(83)
Comprehensive income (Loss)	(76)	(111)
(comprehensive income(Loss) attribute to)		
Owners of parent	(68)	(116)
Non controlling interests	(8)	4

**(3)Notes on consolidated financial information.****(Notes concerning going concern assumption)**

None

**(Note concerning major changes in shareholders' equity)**

None

**(Changes of accounting policies)**

None

**(Changes in accounting estimates)**

None

**(Additional information)**

(Adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) adopted from the beginning of the first quarter of this fiscal year. As a result, deferred tax assets are classified as "Investment and other assets"

**(Segment Information)****[Segment information]**

I . The previous corresponding period (Apr. 1, 2017 to Jun. 30, 2017)

1. . Information on sales and income or loss in reportable segment

(Millions of yen)

	Reportable segment			Total	Adjustment Note 1	Posted on consolidated statement of income Note 2
	Display related business	Mechatronics related business	Cleaning related & other business			
<b>Sales</b>						
Sales to outside costumer	1,010	3,417	270	4,698	---	4,698
Intersegment sales and transfers	3	0	---	4	-4	---
<b>Total</b>	<b>1,014</b>	<b>3,418</b>	<b>270</b>	<b>4,703</b>	<b>-4</b>	<b>4,698</b>
<b>Segment income (loss)</b>	<b>(228)</b>	<b>83</b>	<b>(67)</b>	<b>(212)</b>	<b>124</b>	<b>(87)</b>

**Notes**

1. Segment income (loss) adjustment of ¥124 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥306 million from consolidated subsidiaries belong to each segment. And corporate expense is general and administration division's expense ¥181 million...
2. Segment income (loss) is adjusted with operating income under consolidated statements of income.

**2. Information on impairment losses of fixed assets and goodwill in reportable segments.**

Significant impairment losses related to fixed assets: None

Significant changes in goodwill amount: None

Significant income related to negative goodwill: None

II. This financial period (Apr. 1, 2018 to Jun.30, 2018)

1. Information on sales and income or loss in reportable segment

(Millions of yen)

	Reportable segment			Total	Adjustment Note 1	Posted on consolidated statement of income Note 2
	Display related business	Mechatronics related business	Cleaning related & other business			
<b>Sales</b>						
Sales to outside costumer	1,729	3,265	310	5,304	---	5,304
Intersegment sales and transfers	0	1	22	23	-23	---
<b>Total</b>	<b>1,729</b>	<b>3,266</b>	<b>332</b>	<b>5,327</b>	<b>-23</b>	<b>5,304</b>
<b>Segment income (loss)</b>	<b>(94)</b>	<b>(6)</b>	<b>(13)</b>	<b>(113)</b>	<b>166</b>	<b>51</b>

Notes

1. Segment income (loss) adjustment of ¥166 million is the corporate income and corporate expenses not apportioned in each reportable segment. Corporate income is management fee and others ¥244 million. From consolidated subsidiaries belong to each segment. And corporate expense is general and administration division's expense ¥78 million.
2. Segment income (loss) is adjusted with operating income under consolidated statements of income.

2. Information on impairment losses of fixed assets and goodwill in reportable segments.

Significant impairment losses related to fixed assets: None

Significant changes in goodwill amount: None

Significant income related to negative goodwill: None