



Closing Announcement of Fiscal Year Ended March 31, 2019 [Japanese Standards] (Consolidated)

May 10, 2019

Name of Listed Company: Arisawa Mfg. Co., Ltd.	Listed on the Tokyo Stock Exchange
Code No.: 5208	(URL http://www.arisawa.co.jp/)
Representative: Representative Director and CEO:	Yuta Arisawa
Contact Person: Operating Officer, Corporate Planning Department:	Takeshi Masuda TEL: 025-524-7101
Scheduled Date of Holding Ordinary General Meeting of Shareholders:	Scheduled Date of Commencement of Dividend Payment:
June 27, 2019	June 28, 2019
Scheduled Date of Submitting Financial Report:	
June 28, 2019	
Whether supplementary explanation materials for the closing are prepared:	No
Whether explanation meeting is held for the closing:	Yes for analysts

(Indicated by rounding off an amount less than 1 million yen)

1. Consolidated Results for Fiscal Year Ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(1) Consolidated Operating Results

(% indication shows the increase or decrease rate from the previous year)

	Sales		Operating profit		Ordinary profit		Net profit attributable to owners of the parent	
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%
Fiscal Year Ended March 31, 2019	44,728	9.3	3,119	Δ14.0	4,297	6.3	2,861	Δ17.2
Fiscal Year Ended March 31, 2018	40,909	18.7	3,627	102.6	4,044	50.3	3,453	69.5

(Note) Comprehensive income: Fiscal Year Ended March 31, 2019: 2,200 million yen (Δ51.1%)
Fiscal Year Ended March 31, 2018: 4,498 million yen (147.0%)

	Net profit per share	Fully diluted net profit per share	ROE	Ordinary profit ratio of total assets	Operating profit ratio of sales
	(Yen, Sen)	(Yen, Sen)	%	%	%
Fiscal Year Ended March 31, 2019	79.15	78.70	5.7	5.9	7.0
Fiscal Year Ended March 31, 2018	96.35	95.51	7.2	5.1	8.9

(Reference) Equity method investment income: Fiscal Year Ended March 31, 2019: 558 million yen
Fiscal Year Ended March 31, 2018: 463 million yen

(Note) In the consolidated third quarter in the year ended March 31, 2019, determination of provisional accounting treatment related to business combination was carried out, and for each figure in the year ended March 31, 2018, determination of provisional accounting treatment was reflected.

(2) Consolidated Financial Condition

	Total assets	Net asset	Net worth ratio	Net asset per share
	(million yen)	(million yen)	%	(Yen, Sen)
Fiscal Year Ended March 31, 2019	73,096	53,462	69.3	1,397.78
Fiscal Year Ended March 31, 2018	72,382	52,493	68.6	1,378.16

(Reference) Net worth: Fiscal Year Ended March 31, 2019: 50,626 million yen
Fiscal Year Ended March 31, 2018: 49,637 million yen

(Note) In the consolidated third quarter in the year ended March 31, 2019, determination of provisional accounting treatment related to business combination was carried out, and for each figure in the year ended March 31, 2018, determination of provisional accounting treatment was reflected.

(3) Status of Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the period
	(million yen)	(million yen)	(million yen)	(million yen)
Fiscal Year Ended March 31, 2019	2,893	Δ3,304	Δ578	7,718
Fiscal Year Ended March 31, 2018	2,181	Δ471	Δ59	8,829

2. Status of Dividends

	Annual dividends					Total dividends (annual)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	End of year	Annual			
	(Yen, Sen)	(Yen, Sen)	(Yen, Sen)	(Yen, Sen)	(Yen, Sen)			
Fiscal Year Ended March 31, 2018	---	0.00	---	34.00	34.00	1,224	35.3	2.5
Fiscal Year Ended March 31, 2019	---	0.00	---	30.00	30.00	1,086	37.9	2.2
Fiscal Year Ending March 31, 2020 (Forecast)	---	---	---	---	---		---	

Dividends for the fiscal year ending March 31, 2020 have yet to be determined.

3. Expected Consolidated Results for Fiscal Year Ending March 31, 2020

(From April 1, 2019 to March 31, 2020)

(% indication shows the increase or decrease rate from the previous year for full-year and from the same quarter in the previous year for each quarter)

	Sales		Operating profit		Ordinary profit		Net profit attributable to owners of the parent		Net profit per share
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%	(Yen, Sen)
2 nd quarter (cumulative)	22,650	Δ0.3	1,400	Δ19.2	1,950	Δ24.7	1,250	Δ29.6	34.51
Full year	45,600	1.9	3,050	Δ2.2	4,100	Δ4.6	2,750	Δ3.9	75.93

* Notes

(1) Changes in material subsidiaries during the year (changes in specified subsidiaries accompanying changes in scope of consolidation): None

New: --- (Company Name:)

Exclusion: --- (Company Name:)

(2) Changes in accounting policy, changes in accounting estimates and restatement

1) Changes in accounting policy in connection with the amendment of accounting standards, etc.: None

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

3) Changes in accounting estimate: None

4) Restatement: None

(3) Number of outstanding shares (common stocks)

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

Fiscal Year Ended March 31, 2019: 36,226,224 shares,

Fiscal Year Ended March 31, 2018: 36,024,124 shares

2) Number of treasury stocks at the end of the period:

Fiscal Year Ended March 31, 2019: 7,378 shares,

Fiscal Year Ended March 31, 2018: 7,084 shares

3) Average number of shares during the year

Fiscal Year Ended March 31, 2019: 36,150,184 shares,

Fiscal Year Ended March 31, 2018: 35,846,832 shares

(Reference) Overview of Individual Business Results

Individual Results for Fiscal Year Ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(1) Individual Operating Results (% indication shows the increase or decrease rate from the previous year)

	Sales		Operating profit		Ordinary profit		Net profit	
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%
Fiscal Year Ended March 31, 2019	29,269	2.7	1,533	Δ21.2	2,602	6.2	1,947	Δ22.2
Fiscal Year Ended March 31, 2018	28,503	21.8	1,944	232.6	2,451	29.1	2,503	65.0

	Net profit per share	Fully diluted net profit per share
	(Yen, Sen)	(Yen, Sen)
Fiscal Year Ended March 31, 2019	53.87	53.56
Fiscal Year Ended March 31, 2018	69.83	69.22

(2) Individual Financial Condition

	Total assets	Net asset	Net worth ratio	Net asset per share
	(million yen)	(million yen)	%	(Yen, Sen)
Fiscal Year Ended March 31, 2019	45,688	36,571	79.7	1,005.76
Fiscal Year Ended March 31, 2018	46,392	36,138	77.6	999.83

(Reference) Net worth: Fiscal Year Ended March 31, 2019: 36,427 million yen

Fiscal Year Ended March 31, 2018: 36,010 million yen

* The closing announcement is not subject to an audit by a certified public accountant or an audit corporation.

* Explanation about Appropriate Use of the Forecast of Business Results and other Matters to be Noted

Description regarding the future such as the forecast of business results stated in this material is based on information which the Company has currently obtained and certain assumptions that the Company determines to be reasonable, although actual results may significantly differ from the forecast depending on various factors.

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1. Summary of Business Results, etc.

(1) Summary of Business Results for the Current Year

The Japanese economy in the current consolidated fiscal year (hereinafter referred to as “Current Year”) continued along a recovery trend due to improvements in corporate profits and the employment environment, etc. On the other hand, uncertainty about the future has intensified due to ongoing trade friction originating from U.S. trade policies, concerns about monetary policy, a slowdown in the Chinese economy and the Brexit crisis.

Under such circumstances, as for the business results for the Current Year of the Company Group (the Company, consolidated subsidiaries and companies to which the equity method is applied), sales were ¥44,728 million (an increase of 9.3% as compared with the previous year), operating profit was ¥3,119 million (a decrease of 14.0% as compared with the previous year), ordinary profit was ¥4,297 million (an increase of 6.3% as compared with the previous year) and net profit attributable to owners of the parent was ¥2,861 million (a decrease of 17.2% as compared with the previous year).

Sales of each segment were as follows.

(Electronic materials)

Due to an increase in sales of flexible printed circuit board materials, contribution of sales from new consolidated companies, etc., sales were ¥28,770 million, an increase of ¥2,011 million as compared with the previous year (7.5% as compared with the previous year).

(Industrial application structural materials)

Due to an increase in sales of aircraft interior materials and pressure vessels for water treatment, etc., net sales were ¥8,395 million, an increase of ¥1,174 million as compared with the previous year (16.3% as compared with the previous year).

(Electric insulation materials)

Due to a decrease in sales from the infrastructure business, sales were ¥3,127 million, a decrease of ¥100 million as compared with the previous year (Δ 3.1% as compared with the previous year).

(Display materials)

Due to an increase in sales of 3D-related materials, etc., sales were ¥3,699 million, an increase of ¥711 million as compared with the previous year (23.8% as compared with the previous year).

(Other)

Sales were ¥735 million, an increase of ¥21 million as compared with the previous year (3.1% as compared with the previous year).

(2) Summary of Financial Conditions for the Current Year

Total assets at the end of the current consolidated fiscal year were ¥73,096 million, an increase of ¥773 million as compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in raw materials and stores of ¥427 million and notes and accounts receivable of ¥180 million.

Total liabilities were ¥19,633 million, a decrease of ¥195 million as compared with the end of the previous consolidated fiscal year. This was mainly due to a decrease in notes and accounts payable of ¥689 million and corporate income tax, etc., payable of ¥629 million.

Net assets increased by ¥968 million as compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in earned surplus of ¥1,636 million from recording of net profit attributable to owners of the parent.

(3) Summary of Cash Flow for the Current Year

Cash and cash equivalents (hereinafter referred to as “Funds”) at the end of the current consolidated fiscal year were ¥7,718 million, a decrease of ¥1,111 million as compared with the end of the previous consolidated fiscal year.

(Cash Flow from Operating Activities)

Funds earned from operating activities were ¥2,893 million (an increase of 32.6% as compared with the same period in the previous year). Major factors for an increase in Funds were net profit before taxes, etc., of ¥4,215 million and depreciation expense of ¥1,901 million, etc., and the major factor for a decrease in Funds was corporate income tax, etc., paid of ¥1,460 million, etc.

(Cash Flow from Investing Activities)

Funds used for investing activities were ¥3,304 million (an increase of 600.8% as compared with the same period in the previous year). This was mainly due to expenditures for acquisition of tangible fixed assets of ¥2,758 million and expenditures for acquisition of investment securities of ¥1,929 million, etc.

(Cash Flow from Financing Activities)

Funds used for financing activities were ¥576 million (an increase of 872.7% as compared with the same period in the previous year). This was mainly due to net increase in short-term borrowings of ¥1,295 million, revenues from long-term borrowings of ¥917 million, expenditures for repayment of long-term borrowings of ¥1,341 million, dividends paid of ¥1,221 million, etc.

(Reference) Transitions of Cash Flow related Index

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net worth ratio (%)	72.2	68.6	69.3
Net worth ratio on a basis of market price (%)	43.7	49.1	39.3
Ratio of cash flow to interest bearing debt (year)	1.5	3.2	2.6
Interest coverage ratio (times)	70.5	28.5	35.3

(Note) Net worth ratio: Net worth / Total assets

Net worth ratio on a basis of market price: Total market value of shares / Total assets

Ratio of cash flow to interest bearing debt: Interest bearing debts / Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities / Interest paid

- Each index is based on financial figures on a consolidated basis.
- Total market value of shares is calculated by final share price at the end of the period × total number of outstanding shares at the end of the period (after deducting treasury stock).
- As for operating cash flow, “Cash flow from operating activities” in the consolidated cash flow statement is used.
- Interest bearing debts cover all the debts that paid interest out of debts appropriated on the consolidated balance sheet. As for interest, “Interest paid” in the consolidated cash flow statement is used.

(4) Future Outlook

For the future outlook of economy, uncertainty about the future is expected to remain as in the Current Year due to ongoing trade friction originating from U.S. trade policies, concerns about monetary policy, a slowdown in the Chinese economy and the Brexit crisis.

Based on such circumstances, we expect sales of ¥45,600 million, operating profit of ¥3,050 million, ordinary profit of ¥4,100 million and net profit attributable to owners of the parent of ¥2,750 million for the consolidated business results for the year ending March 31, 2020.

2. Basic Concept of Selection of Accounting Standards

For the time being, our Company Group will maintain the policy of preparing consolidated financial statements in compliance with Japanese standards, considering the possibility of comparison of consolidated financial statements for multiple periods and among companies.

In this regard, we will properly respond to application of the IFRS, considering the situations in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	Previous consolidated fiscal year (As of March 31, 2018)	Current consolidated fiscal year (As of March 31, 2019)
Assets		
Current Assets		
Cash and deposits	9,123,877	8,193,697
Notes and accounts receivable	15,947,189	16,127,374
Securities	1,180,101	1,401,188
Merchandise and finished goods	3,915,375	4,012,943
Work-in-progress	1,898,096	1,941,748
Raw materials and stores	2,951,263	3,378,698
Other	1,328,865	1,190,214
Allowance for doubtful accounts	△562,185	△668,052
Total Current Assets	35,782,583	35,577,813
Fixed Assets		
Tangible fixed assets		
Buildings and structures	19,379,174	19,427,835
Accumulated depreciation	△13,602,300	△13,845,280
Buildings and structures (net)	5,776,874	5,582,555
Machinery, equipment and delivery equipment	28,849,087	29,125,791
Accumulated depreciation	△25,353,015	△25,210,271
Machinery, equipment and delivery equipment (net)	3,496,072	3,915,519
Land	1,836,200	1,949,718
Construction in progress	95,996	121,693
Other	2,350,493	2,400,451
Accumulated depreciation	△1,919,982	△1,971,483
Other (net)	430,511	428,967
Total tangible fixed assets	11,635,655	11,998,454
Intangible fixed assets		
Goodwill	277,791	219,309
Other	172,949	175,923
Total intangible fixed assets	450,740	395,233
Investments and other assets		
Investment securities	23,365,824	23,142,852
Long-term loans	218,734	218,024
Net defined benefit assets	11,731	15,289
Deferred tax assets	491,956	535,679
Other	602,142	1,356,575
Allowance for doubtful accounts	△176,835	△143,823
Total investments and other assets	24,513,554	25,124,598
Total Fixed Assets	36,599,950	37,518,286
Total Assets	72,382,533	73,096,100

(Unit: thousand yen)

	Previous consolidated fiscal year (As of March 31, 2018)	Current consolidated fiscal year (As of March 31, 2019)
Liabilities		
Current Liabilities		
Notes and accounts payable	6,794,393	6,105,195
Bonds to be redeemed within a year	36,800	36,800
Short-term borrowings	4,242,472	5,394,122
Current portion of long-term borrowings	864,130	779,820
Lease liabilities	18,230	17,535
Corporate income tax, etc., payable	930,529	300,788
Reserve for bonuses	598,261	510,407
Reserve for officers' bonuses	5,956	3,957
Other	2,491,726	3,024,295
Total Current Liabilities	15,982,499	16,172,921
Fixed Liabilities		
Bonds	164,800	128,000
Long-term borrowings	1,642,485	1,265,465
Lease liabilities	33,691	13,201
Deferred tax liabilities	1,011,591	1,074,271
Net defined benefit liabilities	603,556	626,885
Asset retirement obligations	92,837	92,502
Other	357,334	260,723
Total Fixed Liabilities	3,906,295	3,461,049
Total Liabilities	19,888,795	19,633,971
Net Assets		
Shareholders' equity		
Capital	7,458,242	7,541,693
Capital surplus	6,570,209	6,653,615
Earned surplus	33,493,564	35,130,363
Treasury stock	△4,467	△4,764
Total shareholders' equity	47,517,548	49,320,907
Accumulated other comprehensive income		
Valuation difference on other securities	1,214,473	745,120
Deferred hedge profit/loss	---	443
Foreign currency translation adjustments	1,081,810	707,571
Accumulated adjustment for retirement benefits	△176,694	△147,916
Total accumulated other comprehensive income	2,119,588	1,305,219
New share subscription rights	127,640	144,419
Non-controlling interest	2,728,960	2,691,582
Total Net Assets	52,493,738	53,462,129
Total Liabilities and Net Assets	72,382,533	73,096,100

(2) Consolidated Profit and Loss Statement and Consolidated Statement of Comprehensive Income
(Consolidated Profit and Loss Statement)

(Unit: thousand yen)

	Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Sales	40,909,534	44,728,243
Cost of Goods Sold	32,730,617	36,607,194
Gross Profit on Sales	8,178,916	8,121,049
Selling, General and Administrative Expenses		
Freight and packaging expenses	707,496	713,508
Wages and allowances	1,293,438	1,407,937
Transfer to reserve for bonuses	113,388	104,273
Transfer to reserve for officers' bonuses	5,956	3,957
Transfer to reserve for retirement benefits	55,169	69,002
Transfer to allowance for doubtful accounts	52,607	61,311
Other	2,323,315	2,641,496
Total Selling, General and Administrative Expenses	4,551,372	5,001,486
Operating Profit	3,627,543	3,119,562
Non-Operating Income		
Interest income	310,701	336,000
Dividend income	92,786	101,318
Investment profit by equity method	463,698	558,090
Foreign exchange profit	---	160,081
Other	335,942	353,494
Total Non-Operating Income	1,203,130	1,508,984
Non-Operating Expenses		
Interest expenses	76,466	81,880
Loss on redemption of investment securities	84,446	62,541
Foreign currency exchange loss	170,966	---
Rent expenses	83,031	63,473
Transfer to allowance for doubtful accounts	311,796	48,687
Other	59,534	74,307
Total Non-Operating Expenses	786,241	330,890
Ordinary Profit	4,044,433	4,297,655
Extraordinary Profits		
Profit on sale of fixed assets	3,268	33,719
Profit on sale of investment securities	743,019	65,010
Other	105,523	14,374
Total Extraordinary Profits	851,812	113,104
Extraordinary Losses		
Loss on impairment	26,028	96,725
Retirement loss on fixed assets	13,579	53,231
Loss on sale of investment securities	40,202	---
Valuation loss on investment securities	63,595	45,000
Other	7,307	---
Total Extraordinary Losses	150,712	194,956
Net profit before taxes, etc.	4,745,532	4,215,803
Corporate income tax, resident tax and business tax payable	1,199,341	862,516
Adjustment of corporate income tax, etc.	△205,044	204,008
Total corporate income tax, etc.	994,296	1,066,525
Net Profit	3,751,236	3,149,278
Net profit attributable to non-controlling interests	297,508	287,899
Net profit attributable to owners of the parent	3,453,727	2,861,378

(Consolidated Statement of Comprehensive Income)

(Unit: thousand yen)

	Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Net profit	3,751,236	3,149,278
Other comprehensive income		
Valuation difference on other securities	271,773	△469,322
Deferred hedge profit/loss	△5,153	443
Foreign currency translation adjustments	491,053	△384,361
Adjustment for retirement benefits	2,861	22,493
Share of other comprehensive income of companies to which equity method is applied	△13,356	△117,745
Total other comprehensive income	747,179	△948,493
Comprehensive income	4,498,416	2,200,785
(Breakdown)		
Comprehensive income attributable to owners of the parent	4,004,414	2,047,009
Comprehensive income attributable to non- controlling interests	494,001	153,776

(3) Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets
Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)

(Unit: thousand yen)

	Shareholders' equity				Total shareholders' equity
	Capital	Capital surplus	Earned surplus	Treasury stock	
Balance at the beginning of the period	7,317,019	6,429,038	30,740,318	Δ3,891	44,482,485
Changes during the period					
Issue of new shares	141,222	141,170			282,393
Dividends of surplus			Δ713,461		Δ713,461
Change in scope of consolidation			Δ4,320		Δ4,320
Changes in scope of equity method			17,300		17,300
Net profit attributable to owners of the parent			3,453,727		3,453,727
Acquisition of treasury stock				Δ576	Δ576
Changes in items other than shareholders' equity during the period (net)					
Total changes during the period	141,222	141,170	2,753,245	Δ576	3,035,062
Balance at the end of the period	7,458,242	6,570,209	33,493,564	Δ4,467	47,517,548

	Accumulated other comprehensive income					New share subscription rights	Non-controlling interest	Total net assets
	Valuation difference on other securities	Deferred hedge profit/loss	Foreign currency translation adjustments	Accumulated adjustment for retirement benefits	Total accumulated other comprehensive income			
Balance at the beginning of the period	942,763	5,153	808,002	Δ187,018	1,568,901	143,292	2,356,620	48,551,300
Changes during the period								
Issue of new shares								282,393
Dividends of surplus								Δ713,461
Change in scope of consolidation								Δ4,320
Changes in scope of equity method			Δ17,300		Δ17,300			0
Net profit attributable to owners of the parent								3,453,727
Acquisition of treasury stock								Δ576
Changes in items other than shareholders' equity during the period (net)	271,709	Δ5,153	291,107	10,324	567,987	Δ15,651	372,339	924,675
Total changes during the period	271,709	Δ5,153	273,807	10,324	550,686	Δ15,651	372,339	3,942,437
Balance at the end of the period	1,214,473	---	1,081,810	Δ176,694	2,119,588	127,640	2,728,960	52,493,738

Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)

(Unit: thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	7,458,242	6,570,209	33,493,564	Δ4,467	47,517,548
Changes during the period					
Issue of new shares	83,450	83,406			166,857
Dividends of surplus			Δ1,224,579		Δ1,224,579
Change in scope of consolidation					---
Changes in scope of equity method					---
Net profit attributable to owners of the parent			2,861,378		2,861,378
Acquisition of treasury stock				Δ296	Δ296
Changes in items other than shareholders' equity during the period (net)					
Total changes during the period	83,450	83,406	1,636,799	Δ296	1,803,359
Balance at the end of the period	7,541,693	6,653,615	35,130,363	Δ4,764	49,320,907

	Accumulated other comprehensive income					New share subscription rights	Non-controlling interest	Total net assets
	Valuation difference on other securities	Deferred hedge profit/loss	Foreign currency translation adjustments	Accumulated adjustment for retirement benefits	Total accumulated other comprehensive income			
Balance at the beginning of the period	1,214,473	---	1,081,810	Δ176,694	2,119,588	127,640	2,728,960	52,493,738
Changes during the period								
Issue of new shares								166,857
Dividends of surplus								Δ1,224,579
Change in scope of consolidation								---
Changes in scope of equity method								---
Net profit attributable to owners of the parent								2,861,378
Acquisition of treasury stock								Δ296
Changes in items other than shareholders' equity during the period (net)	Δ469,352	443	Δ374,238	28,778	Δ814,369	16,778	Δ37,378	Δ834,968
Total changes during the period	Δ469,352	443	Δ374,238	28,778	Δ814,369	16,778	Δ37,378	968,390
Balance at the end of the period	745,120	443	707,571	Δ147,916	1,305,219	144,419	2,691,582	53,462,129

(4) Consolidated Cash Flow Statement

(Unit: thousand yen)

	Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Cash flow from operating activities		
Net profit before taxes, etc.	4,745,532	4,215,803
Depreciation expense	1,715,300	1,901,582
Loss on impairment	26,028	96,725
Amortization of goodwill	14,620	58,482
Stock compensation expenses	42,636	53,638
Increase/decrease in provision for product warranties (Δ: decrease)	Δ44	Δ82
Increase/decrease in reserve for bonuses (Δ: decrease)	131,882	Δ87,853
Increase/decrease in reserve for officers' bonuses (Δ: decrease)	2,383	Δ1,999
Increase/decrease in allowance for doubtful accounts (Δ: decrease)	352,842	109,999
Increase/decrease in net defined benefit liabilities (Δ: decrease)	36,012	55,693
Interest and dividend income	Δ403,488	Δ437,318
Interest expenses	76,466	81,880
Foreign currency exchange profit/loss (Δ: profit)	Δ81,697	Δ21,172
Investment profit/loss by equity method (Δ: profit)	Δ463,698	Δ558,090
Profit/loss on sale of investment securities (Δ: profit)	Δ702,816	Δ64,987
Loss on compensation for damages	---	3,876
Valuation profit/loss on investment securities (Δ: profit)	63,595	45,000
Profit/loss on redemption of investment securities (Δ: profit)	42,556	Δ12,096
Profit/loss on sale of fixed assets (Δ: profit)	Δ3,268	Δ33,719
Loss on retirement of tangible fixed assets	7,299	20,107
Profit on reversal of new share subscription rights	Δ2,054	Δ7,341
Profit/loss on changes in equity (Δ: profit)	Δ46,229	Δ7,033
Other extraordinary profit/loss (Δ: profit)	Δ49,932	---
Increase/decrease in accounts receivable (Δ: increase)	Δ2,663,182	Δ517,924
Increase/decrease in inventories (Δ: increase)	Δ2,152,410	Δ682,445
Increase/decrease in trades payable (Δ: decrease)	1,375,862	Δ588,527
Increase/decrease in consumption tax, etc., payable (Δ: decrease)	Δ35,911	36,330
Increase/decrease in other assets (Δ: increase)	66,227	135,546
Increase/decrease in other liabilities (Δ: decrease)	277,931	44,988
Subtotal	2,372,440	3,839,063
Interest and dividends received	562,878	603,579
Interest paid	Δ84,476	Δ84,622
Corporate income tax, etc., paid or refund (Δ: paid)	Δ726,094	Δ1,460,756
Insurance benefits received	---	87,807
Amount paid for compensation for damages	---	Δ91,683
Other revenue	57,240	---
Cash flow from operating activities	2,181,988	2,893,387

(Unit: thousand yen)

	Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Cash flow from investing activities		
Expenditure for placement in term deposits	---	Δ100,000
Revenue from refund of term deposits	226,918	3,000
Expenditure for acquisition of tangible fixed assets	Δ1,700,551	Δ2,758,365
Revenue from sale of tangible fixed assets	6,392	38,574
Expenditure for acquisition of intangible fixed assets	Δ29,580	Δ43,057
Expenditure for acquisition of investment securities	Δ1,418,992	Δ1,929,842
Revenue from sale of investment securities	2,987,494	1,476,584
Revenue from liquidation of subsidiaries	31,096	---
Expenditure for lending	Δ172,342	Δ55,049
Revenue from collection of loans	156,772	33,500
Expenditure for acquisition of shares of a subsidiary accompanying the change in scope of consolidation	Δ549,365	---
Increase/decrease in investments and other assets (Δ: increase)	Δ9,302	30,463
Cash flow from investing activities	Δ471,462	Δ3,304,192
Cash flow from financing activities		
Net increase/decrease in short-term borrowings (Δ: decrease)	911,107	1,295,491
Revenue from long-term borrowings	690,400	917,500
Expenditure for repayment of long-term borrowings	Δ913,848	Δ1,341,230
Expenditure for repayment of lease liabilities	Δ22,156	Δ20,968
Expenditure for repayment of long-term accrued amount	Δ116,665	Δ115,173
Expenditure for redemption of bonds	---	Δ36,800
Proceeds from stocks issued	226,159	137,338
Expenditure for acquisition of treasury stock	Δ576	Δ296
Dividends paid	Δ712,054	Δ1,221,488
Dividends paid to non-controlling interests	Δ121,662	Δ191,154
Cash flow from financing activities	Δ59,296	Δ576,781
Translation differences in cash and cash equivalents	262,416	Δ123,536
Increase/decrease in cash and cash equivalents (Δ: decrease)	1,913,646	Δ1,111,123
Cash and cash equivalents at the beginning of the period	7,026,200	8,829,805
Decrease in cash and cash equivalents in connection with exclusion from consolidation	Δ110,040	---
Cash and cash equivalents at the end of the period	8,829,805	7,718,682

(5) Notes Related to Consolidated Financial Statements

(Notes on Going Concern)

No applicable matter.

(Changes in Presentation)

(Changes in connection with application of “Partial Amendment of the ‘Accounting Standards for Tax Effect Accounting,’”)

“Partial Amendment of the ‘Accounting Standards for Tax Effect Accounting’” (Accounting Standards for Business Enterprises No.28, February 16, 2018; hereinafter referred to as “Partial Amendment of Tax Effect Accounting Standards”) has been applied from the beginning of the current consolidated fiscal year. Accordingly, the presentation method was changed as deferred tax assets are indicated in the category of investments and other assets and deferred tax liabilities are indicated in the category of fixed liabilities.

As a result, in the consolidated balance sheet in the previous consolidated fiscal year, “Deferred tax assets” in “Current assets” of ¥584,907 thousand are included in “Deferred tax assets” in “Investments and other assets” of ¥491,956 thousand and “Deferred tax liabilities” in “Current liabilities” of ¥85 thousand are included in “Deferred tax liabilities” in “Fixed liabilities” of ¥1,011,591 thousand.

(Notes Related to Business Combination, etc.)

1. Determination of provisional accounting treatment related to business combination

Although provisional accounting treatment was carried out for the previous consolidated fiscal year related to business combination with Satosen Co., Ltd. which was conducted on November 30, 2017, determination was made in the current consolidated fiscal year.

In connection with the determination of provisional accounting treatment, in the comparative information included in the consolidated financial statements for the current consolidated fiscal year, material review was reflected in the initial allocation of the acquisition cost.

As a result, the provisionally calculated amount of goodwill of ¥355,527 thousand, decreased by ¥63,115 thousand after determination of accounting treatment and it was ¥292,412 thousand. A decrease in goodwill was due to an increase in other amount of intangible fixed assets of ¥95,039 thousand and in other amount of fixed liabilities of ¥31,923 thousand respectively.

(Segment Information, etc.)

[Segment Information]

1. Outline of reportable segments

Reportable segments of the Company are those whose separate financial information is obtainable out of the composition units of the Company and the subject of periodical review by the board of directors in order to determine distribution of business resources and evaluate performances.

The Company established the manufacturing and sales system by product and service at the head office and develops comprehensive strategies of the handling products and services for Japan and overseas and is developing business activities.

Therefore, the Company is composed of segments by product and service based on the manufacturing and sales system and adopts the four businesses of “electronic materials business,” “industrial application structural materials business,” “electric insulation materials business” and “display materials business” as the reportable segments.

“Electronic materials business” produces materials for flexible and rigid printed circuit boards, etc. “Industrial application structural materials business” produces FW molded products, honeycomb panels and prepregs for aircraft, pultrusion products, FRP ski sheets, etc. “Electric insulation materials business” produces glass cloth, glass tapes, prepregs for electric insulation, etc. “Display materials business” produces 3D display filters, special optical films, etc.

2. Method of calculation of the amount of sales, profit or loss, assets, liabilities and other items by reportable segment

Accounting method of reported business segments is generally the same as the statement in “Substantial Underlying Matters for Preparation of Consolidated Financial Statements.”

Profit in the reportable segments is based on operating profit (before amortization of goodwill).

Intersegment revenues and transfers are based on the actual market price.

In this regard, segment information in the previous consolidated fiscal year shows the amount after being reflected in the material review of the initial allocation of the acquisition cost as a result of determination of provisional accounting treatment related to business combination.

3. Information about the amount of sales, profit or loss, assets, liabilities and other items by reportable segment
Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)

(Unit: thousand yen)

	Reportable segment					Other (Note)	Total
	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Total		
Sales							
Sales to external customers	26,758,514	7,220,625	3,228,116	2,988,521	40,195,778	713,755	40,909,534
Intersegment sales or transfers	---	---	---	---	---	843,096	843,096
Total	26,758,514	7,220,625	3,228,116	2,988,521	40,195,778	1,556,851	41,752,630
Segment profit/loss (Δ)	3,113,123	1,109,805	608,213	Δ 55,614	4,775,528	240,672	5,016,201
Segment assets	27,026,311	7,974,210	3,413,591	10,924,722	49,338,835	1,454,461	50,793,297
Other							
Depreciation expense	1,195,443	175,801	78,369	145,435	1,595,048	25,512	1,620,561
Investment in companies to which the equity method is applied	---	---	---	7,713,250	7,713,250	---	7,713,250
Increase in tangible fixed assets and intangible fixed assets	894,521	136,411	36,201	49,642	1,116,776	11,103	1,127,879

Note: The category "Other" means business segments which are not included in the reportable segments and includes related goods sales, logistics related businesses and other businesses, etc.

Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)

(Unit: thousand yen)

	Reportable segment					Other (Note)	Total
	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Total		
Sales							
Sales to external customers	28,770,006	8,395,152	3,127,617	3,699,894	43,992,670	735,573	44,728,243
Intersegment sales or transfers	---	---	---	---	---	774,757	774,757
Total	28,770,006	8,395,152	3,127,617	3,699,894	43,992,670	1,510,331	45,503,001
Segment profit/loss (Δ)	2,620,863	1,393,245	430,901	114,841	4,559,852	192,791	4,752,643
Segment assets	28,191,582	8,187,279	3,224,618	11,269,843	50,873,325	1,229,002	52,102,328
Other							
Depreciation expense	1,397,503	170,987	83,532	130,836	1,782,860	21,999	1,804,859
Investment in companies to which the equity method is applied	---	---	---	8,021,428	8,021,428	---	8,021,428
Increase in tangible fixed assets and intangible fixed assets	1,958,890	168,807	81,738	144,156	2,353,593	6,703	2,360,296

Note: The category "Other" means business segments which are not included in the reportable segments and includes related goods sales, logistics related businesses and other businesses, etc.

4. Difference between the total amount of reportable segments and the amount shown in the consolidated financial statements and major details for the difference (matters concerning difference adjustment)

(Unit: thousand yen)

Sales	Previous consolidated fiscal year	Current consolidated fiscal year
Total of reportable segments	40,195,778	43,992,670
Sales in category "Other"	1,556,851	1,510,331
Elimination of intersegment transactions	△843,096	△774,757
Sales in consolidated financial statements	40,909,534	44,728,243

(Unit: thousand yen)

Profit	Previous consolidated fiscal year	Current consolidated fiscal year
Total of reportable segments	4,775,528	4,559,852
Profit in category "Other"	240,672	192,791
Elimination of intersegment transactions	△98,443	△105,450
Amortization of goodwill	△14,620	△58,482
Expenses of entire company (Note)	△1,239,914	△1,443,860
Adjustment of inventories	△35,678	△25,287
Operating profit in consolidated financial statements	3,627,543	3,119,562

Note: Expenses of the entire company are mainly general and administrative expenses not attributable to reportable segments.

(Unit: thousand yen)

Assets	Previous consolidated fiscal year	Current consolidated fiscal year
Total of reportable segments	49,338,835	50,873,325
Assets in category "Other"	1,454,461	1,229,002
Elimination by setoff of the claims to the administrative department of head office	△694,241	△453,463
Assets of entire company (Note)	22,319,156	21,472,523
Adjustment of inventories	△35,678	△25,287
Total assets in consolidated financial statements	72,382,533	73,096,100

Note: Assets of the entire company are mainly investment securities, etc., not attributable to reportable segments.

(Unit: thousand yen)

Other item	Total of reportable segments		Other		Adjustment		Amount shown in consolidated financial statements	
	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year
Depreciation expense	1,595,048	1,782,860	25,512	21,999	91,768	96,722	1,712,330	1,901,582
Increase in tangible fixed assets and intangible fixed assets	1,116,776	2,353,593	11,103	6,703	95,706	183,553	1,223,586	2,543,849

Note: Adjustment of increase in tangible fixed assets and intangible fixed assets is the capital investments in the assets used for the common corporate purpose.

[Related Information]

Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)

1. Information by product and service

(Unit: thousand yen)

	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Other	Total
Sales to external customers	26,758,514	7,220,625	3,228,116	2,988,521	713,755	40,909,534

2. Information by region

(1) Sales

(Unit: thousand yen)

Japan	China	Other Region	Total
18,823,232	12,452,111	9,634,189	40,909,534

Note: Sales are based on the location of customers and classified into a country or region.

(2) Tangible fixed assets

(Unit: thousand yen)

Japan	Taiwan	Other Region	Total
9,104,933	1,759,963	770,758	11,635,655

3. Information by major customer

(Unit: thousand yen)

Name of Customer	Sales	Related segment name
Sumitomo Shoji Chemicals Co., Ltd.	6,185,199	Electronic materials business

Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)

1. Information by product and service

(Unit: thousand yen)

	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Other	Total
Sales to external customers	28,770,006	8,395,152	3,127,617	3,699,894	735,573	44,728,243

2. Information by region

(1) Sales

(Unit: thousand yen)

Japan	China	Other Region	Total
20,775,148	13,236,723	10,716,371	44,728,243

Note: Sales are based on the location of customers and classified into a country or region.

(2) Tangible fixed assets

(Unit: thousand yen)

Japan	Taiwan	Other Region	Total
9,495,215	1,759,191	744,046	11,998,454

3. Information by major customer

(Unit: thousand yen)

Name of Customer	Sales	Related segment name
Sumitomo Shoji Chemicals Co., Ltd.	5,664,735	Electronic materials business

[Information about loss on impairment of fixed assets by reportable segment]

Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)

	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Other	Entire company/ Elimination	Total
Loss on impairment	---	---	---	26,028	---	---	26,028

Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)

(Unit: thousand yen)

	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Other	Entire company/ Elimination	Total
Loss on impairment	---	---	---	96,725	---	---	96,725

[Information about amortization of goodwill and unamortized balance by reportable segment]

Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)

(Unit: thousand yen)

	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Other	Entire company/ Elimination	Total
Amortization	14,620	---	---	---	---	---	14,620
Balance at the end of the period	277,791	---	---	---	---	---	277,791

Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)

(Unit: thousand yen)

	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Other	Entire company/ Elimination	Total
Amortization	58,482	---	---	---	---	---	58,482
Balance at the end of the period	219,309	---	---	---	---	---	219,309

[Information about profit on negative goodwill by reportable segment]

No applicable matter.

(Per Share Information)

	Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Net asset per share	¥1,378.16	¥1,397.78
Net profit per share	¥96.35	¥79.15
Fully diluted net profit per share	¥95.51	¥78.70

Note: Net profit and fully diluted net profit per share are calculated on the basis of the following:

	Previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Net profit per share		
Net profit attributable to owners of the parent (thousand yen)	3,453,727	2,861,378
Amounts that are not attributable to common stockholders (thousand yen)	---	---
Net profit attributable to owners of the parent for common stocks (thousand yen)	3,453,727	2,861,378
Average number of shares during the year (shares)	35,846,832	36,150,184
Fully diluted net profit per share		
Adjustment of net profit attributable to owners of the parent (thousand yen)	---	---
Increase in number of common stocks (shares)	314,832	208,623
(Of those, number of new share subscription rights (shares))	(314,832)	(208,623)
The outline of potential shares not included in the calculation of fully diluted net profit per share due to the absence of dilutive effects	Four types of new share subscription rights (567,700 shares)	Six types of new share subscription rights (848,500 shares)

(Important Events after Closing the Accounts)

No applicable matter.