



Closing Announcement of Fiscal Year Ended March 31, 2018 [Japanese GAAP]

May 9, 2018

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: June 28, 2018	Scheduled Date of Commencement of Dividend Payment: June 29, 2018
Scheduled Date of Submitting Financial Report: June 29, 2018	
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, 2018 (From April 1, 2017 to March 31, 2018)

(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, 2018	40,909	18.7	3,627	102.6	4,044	50.3	3,452	69.5
Fiscal Year Ended March 31, 2017	34,451	Δ7.5	1,790	Δ39.5	2,690	Δ23.4	2,037	Δ24.6

(Note) Comprehensive income: Fiscal Year Ended March 31, 2018: 4,497 million yen (146.9%)
Fiscal Year Ended March 31, 2017: 1,821 million yen (70.6%)

	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, 2018	96.31	95.48	7.2	5.9	8.9
Fiscal Year Ended March 31, 2017	57.20	57.06	4.5	4.3	5.2

(Reference) Equity method investment income: Fiscal Year Ended March 31, 2018: 463 million yen
Fiscal Year Ended March 31, 2017: 400 million yen

(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, 2018	72,644	52,492	68.3	1,378.12
Fiscal Year Ended March 31, 2017	63,808	48,551	72.2	1,290.93

(Reference) Net worth: Fiscal Year Ended March 31, 2018: 49,635 million yen
Fiscal Year Ended March 31, 2017: 46,051 million yen

(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, 2018	2,181	Δ471	Δ59	8,829
Fiscal Year Ended March 31, 2017	3,419	Δ1,671	419	7,026

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)	(million yen)	%	%
Fiscal Year Ended March 31, 2017	---	0.00	---	20.00	20.00	713	35.0	1.5
Fiscal Year Ended March 31, 2018	---	0.00	---	34.00	34.00	1,224	35.3	2.5
Fiscal Year Ending March 31, 2019 (Forecast)	---	---	---	---	---	---	---	---

Dividends for the fiscal year ending March 31, 2019 have yet to be determined.

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

(% 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)	23,400	21.2	2,000	26.1	2,550	17.0	1,650	6.0	45.81
Full year	47,700	16.6	4,250	17.2	5,450	34.8	3,600	4.3	99.95

* Notes

(1) Changes in material subsidiaries during the year (changes in specified subsidiaries accompanying changes in scope of consolidation): Yes

New: 1 company (Company Name: Satosen Co., Ltd.)

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, 2018: 36,024,124 shares,

Fiscal Year Ended March 31, 2017: 35,679,624 shares

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

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

Fiscal Year Ended March 31, 2017: 6,536 shares

3) Average number of shares during the year

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

Fiscal Year Ended March 31, 2017: 35,614,798 shares

(Reference) Overview of Individual Business Results

Individual Results for Fiscal Year Ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(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, 2018	28,503	21.8	1,944	232.6	2,451	29.1	2,503	65.0
Fiscal Year Ended March 31, 2017	23,410	Δ9.2	584	Δ58.2	1,898	Δ25.3	1,516	Δ31.7

	Net profit per share	Fully diluted net profit per share
	(Yen, Sen)	(Yen, Sen)
Fiscal Year Ended March 31, 2018	69.83	69.22
Fiscal Year Ended March 31, 2017	42.59	42.48

(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, 2018	46,496	36,138	77.4	999.83
Fiscal Year Ended March 31, 2017	42,643	33,852	79.0	944.94

(Reference) Net worth: Fiscal Year Ended March 31, 2018: 36,010 million yen

Fiscal Year Ended March 31, 2017: 33,708 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 an increase in exports and improvements in corporate profits, etc., against the backdrop of a recovery in the global economy. On the other hand, there are concerns about US protectionist policies and monetary policy, etc., and uncertainties have continued to linger.

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 ¥40,909 million (an increase of 18.7% as compared with the previous year), operating profit was ¥3,627 million (an increase of 102.6% as compared with the previous year), ordinary profit was ¥4,044 million (an increase of 50.3% as compared with the previous year) and net profit attributable to owners of the parent was ¥3,452 million (an increase of 69.5% as compared with the previous year).

Sales of each segment were as follows.

(Electronic materials)

Due to the steady advancements in sales of flexible printed circuit board materials, etc., sales were ¥26,758 million, an increase of ¥6,451 million as compared with the previous year (31.8% as compared with the previous year).

(Industrial application structural materials)

While sales of interior materials for aircraft increased from the previous year, due to a decrease in sales of pressure vessels for water treatment, net sales were ¥7,220 million, a decrease of ¥98 million as compared with the previous year (1.4% as compared with the previous year).

(Electric insulation materials)

Due to a slight increase in sales from the infrastructure business, sales were ¥3,228 million, an increase of ¥110 million as compared with the previous year (3.6% as compared with the previous year).

(Display materials)

Due to an increase in sales of 3D-related materials, sales were ¥2,988 million, an increase of ¥185 million as compared with the previous year (6.6% as compared with the previous year).

(Other)

Sales were ¥713 million, a decrease of ¥191 million as compared with the previous year (21.2% 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 ¥72,644 million, an increase of ¥8,835 million as compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in notes and accounts receivable of ¥3,328 million and cash and deposits of ¥1,455 million.

Total liabilities were ¥20,151 million, an increase of ¥4,894 million as compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in short-term borrowings (including current portion of long-term borrowings) of ¥1,751 million, notes and accounts payable of ¥1,626 million and corporation income tax, etc., payable of ¥567 million.

Net assets increased by ¥3,941 million as compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in earned surplus of ¥2,752 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 ¥8,829 million, an increase of ¥1,803 million as compared with the end of the previous consolidated fiscal year.

(Cash Flow from Operating Activities)

Funds earned from operating activities were ¥2,181 million (a decrease of 36.2% as compared with the same period in the previous year). Major factors for an increase in Funds were net profit before taxes, etc., of ¥4,745 million and depreciation expense of ¥1,712 million, etc., and the major factor for a decrease in Funds was an increase in trades receivable of ¥2,663 million, etc.

(Cash Flow from Investing Activities)

Funds used for investing activities were ¥471 million (a decrease of 71.8% as compared with the same period in the previous year). This was mainly due to revenues from the sale of investment securities of ¥2,987 million, expenditures for acquisition of tangible fixed assets of ¥1,700 million and expenditures for acquisition of investment securities of ¥1,418 million, etc.

(Cash Flow from Financing Activities)

Funds used for financing activities were ¥59 million (an increase of ¥419 million in the same period in the previous year). This was mainly due to net increase in short-term borrowings of ¥911 million, revenues from long-term borrowings of ¥690 million, expenditures for repayment of long-term borrowings of ¥913 million, dividends paid of ¥712 million, etc.

(Reference) Transitions of Cash Flow related Index

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net worth ratio (%)	73.8	72.2	68.3
Net worth ratio on a basis of market price (%)	33.6	43.7	48.9
Ratio of cash flow to interest bearing debt (year)	0.9	1.5	3.2
Interest coverage ratio (times)	46.6	70.5	28.5

(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

1. Each index is based on financial figures on a consolidated basis.
2. 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).
3. As for operating cash flow, “Cash flow from operating activities” in the consolidated cash flow statement is used.
4. 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

Although it is necessary to take into consideration global economic trends and fluctuations in exchange rates, we expect a gradual economic recovery will continue for the foreseeable future.

Based on such circumstances, we expect sales of ¥47,700 million, operating profit of ¥4,250 million, ordinary profit of ¥5,450 million and net profit attributable to owners of the parent of ¥3,600 million for the consolidated business results for the year ending March 31, 2019.

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, 2017)	Current consolidated fiscal year (As of March 31, 2018)
Assets		
Current Assets		
Cash and deposits	7,667,985	9,123,877
Notes and accounts receivable	12,618,700	15,947,189
Securities	797,550	1,180,101
Merchandise and finished goods	2,602,353	3,915,375
Work-in-progress	1,301,381	1,898,096
Raw materials and stores	2,095,419	2,951,263
Deferred tax assets	383,814	584,907
Other	947,890	1,328,865
Allowance for doubtful accounts	△127,077	△562,185
Total Current Assets	28,288,018	36,367,491
Fixed Assets		
Tangible fixed assets		
Buildings and structures	18,970,204	17,659,504
Accumulated depreciation	△13,153,475	△11,882,630
Buildings and structures (net)	5,816,729	5,776,874
Machinery, equipment and delivery equipment	28,118,092	27,201,403
Accumulated depreciation	△24,769,585	△23,705,331
Machinery, equipment and delivery equipment (net)	3,348,507	3,496,072
Land	1,449,574	1,836,200
Construction in progress	58,001	95,996
Other	2,234,282	2,339,902
Accumulated depreciation	△1,841,690	△1,909,391
Other (net)	392,591	430,511
Total tangible fixed assets	11,065,403	11,635,655
Intangible fixed assets		
Other	65,486	418,631
Total intangible fixed assets	65,486	418,631
Investments and other assets		
Investment securities	23,864,265	23,365,824
Long-term loans	210,592	218,734
Net defined benefit assets	---	11,731
Deferred tax assets	122,604	200,976
Other	373,965	602,142
Allowance for doubtful accounts	△181,927	△176,835
Total investments and other assets	24,389,500	24,222,574
Total Fixed Assets	35,520,391	36,276,860
Total Assets	63,808,409	72,644,352

(Unit: thousand yen)

	Previous consolidated fiscal year (As of March 31, 2017)	Current consolidated fiscal year (As of March 31, 2018)
Liabilities		
Current Liabilities		
Notes and accounts payable	5,168,250	6,794,393
Short-term borrowings	2,908,630	4,242,472
Current portion of long-term borrowings	446,754	864,130
Lease liabilities	17,086	18,230
Corporate income tax, etc., payable	362,974	930,529
Deferred tax liabilities	25,281	85
Reserve for bonuses	447,415	598,261
Reserve for officers' bonuses	3,573	5,956
Provision for product warranties	169	125
Bonds to be redeemed within a year	---	36,800
Other	2,299,014	2,491,601
Total Current Liabilities	11,679,149	15,982,585
Fixed Liabilities		
Bonds	---	164,800
Long-term borrowings	1,836,093	1,642,485
Lease liabilities	53,973	33,691
Deferred tax liabilities	1,008,732	1,274,507
Net defined benefit liabilities	558,112	603,556
Asset retirement obligations	57,448	92,837
Other	63,599	357,334
Total Fixed Liabilities	3,577,960	4,169,212
Total Liabilities	15,257,109	20,151,797
Net Assets		
Shareholders' equity		
Capital	7,317,019	7,458,242
Capital surplus	6,429,038	6,570,209
Earned surplus	30,740,318	33,492,381
Treasury stock	△3,891	△4,467
Total shareholders' equity	44,482,485	47,516,364
Accumulated other comprehensive income		
Valuation difference on other securities	942,763	1,214,473
Deferred hedge profit/loss	5,153	---
Foreign currency translation adjustments	808,002	1,081,810
Accumulated adjustment for retirement benefits	△187,018	△176,694
Total accumulated other comprehensive income	1,568,901	2,119,588
New share subscription rights	143,292	127,640
Non-controlling interest	2,356,620	2,728,960
Total Net Assets	48,551,300	52,492,554
Total Liabilities and Net Assets	63,808,409	72,644,352

(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, 2016 to March 31, 2017)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)
Sales	34,451,696	40,909,534
Cost of Goods Sold	28,557,289	32,730,617
Gross Profit on Sales	5,894,406	8,178,916
Selling, General and Administrative Expenses		
Freight and packaging expenses	579,862	707,496
Wages and allowances	1,172,723	1,293,438
Transfer to reserve for bonuses	88,950	113,388
Transfer to reserve for officers' bonuses	3,573	5,956
Transfer to reserve for retirement benefits	44,529	55,169
Transfer to allowance for doubtful accounts	8,281	52,607
Transfer to provision for product warranties	119	---
Other	2,205,991	2,323,500
Total Selling, General and Administrative Expenses	4,104,031	4,551,558
Operating Profit	1,790,375	3,627,358
Non-Operating Income		
Interest income	335,426	310,701
Dividend income	93,573	92,786
Investment profit by equity method	400,006	463,698
Rent income	169,072	159,403
Other	255,606	176,539
Total Non-Operating Income	1,253,685	1,203,130
Non-Operating Expenses		
Interest expenses	48,478	76,466
Loss on redemption of investment securities	16,200	84,446
Foreign currency exchange loss	129,510	170,966
Rent expenses	98,591	83,031
Transfer to allowance for doubtful accounts	---	311,796
Other	60,939	59,534
Total Non-Operating Expenses	353,720	786,241
Ordinary Profit	2,690,339	4,044,247
Extraordinary Profits		
Profit on sale of fixed assets	---	3,268
Profit on sale of investment securities	13,513	743,019
Insurance benefit income	129,723	---
Other	9,542	105,523
Total Extraordinary Profits	152,779	851,812
Extraordinary Losses		
Loss on impairment	---	26,028
Loss on sale of investment securities	4,236	40,202
Valuation loss on investment securities	1,350	63,595
Other	30,556	20,886
Total Extraordinary Losses	36,143	150,712
Net profit before taxes, etc.	2,806,975	4,745,347
Corporate income tax, resident tax and business tax payable	653,576	1,199,341
Adjustment of corporate income tax, etc.	△61,839	△204,047
Total corporate income tax, etc.	591,737	995,293
Net Profit	2,215,238	3,750,053
Net profit attributable to non-controlling interests	178,025	297,508
Net profit attributable to owners of the parent	2,037,212	3,452,544

(Consolidated Statement of Comprehensive Income)

(Unit: thousand yen)

	Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)
Net profit	2,215,238	3,750,053
Other comprehensive income		
Valuation difference on other securities	295,687	271,773
Deferred hedge profit/loss	5,153	△5,153
Foreign currency translation adjustments	△478,630	491,053
Adjustment for retirement benefits	△75,362	2,861
Share of other comprehensive income of companies to which equity method is applied	△140,791	△13,356
Total other comprehensive income	△393,944	747,179
Comprehensive income	1,821,294	4,497,232
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,846,012	4,003,231
Comprehensive income attributable to non- controlling interests	△24,718	494,001

(3) Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets
Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)

(Unit: thousand yen)

	Shareholders' equity				Total shareholders' equity
	Capital	Capital surplus	Earned surplus	Treasury stock	
Balance at the beginning of the period	7,294,347	6,406,366	29,522,018	Δ3,670	43,219,062
Changes during the period					
Issue of new shares	22,672	22,672			45,344
Dividends of surplus			Δ818,912		Δ818,912
Change in scope of consolidation					
Changes in scope of equity method					
Net profit attributable to owners of the parent			2,037,212		2,037,212
Acquisition of treasury stock				Δ221	Δ221
Changes in items other than shareholders' equity during the period (net)					
Total changes during the period	22,672	22,672	1,218,299	Δ221	1,263,423
Balance at the end of the period	7,317,019	6,429,038	30,740,318	Δ3,891	44,482,485

	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	647,068	---	1,204,968	Δ91,934	1,760,101	117,201	2,506,066	47,602,431
Changes during the period								
Issue of new shares								45,344
Dividends of surplus								Δ818,912
Change in scope of consolidation								
Changes in scope of equity method								
Net profit attributable to owners of the parent								2,037,212
Acquisition of treasury stock								Δ221
Changes in items other than shareholders' equity during the period (net)	295,695	5,153	Δ396,965	Δ95,083	Δ191,200	26,091	Δ149,445	Δ314,554
Total changes during the period	295,695	5,153	Δ396,965	Δ95,083	Δ191,200	26,091	Δ149,445	948,868
Balance at the end of the period	942,763	5,153	808,002	Δ187,018	1,568,901	143,292	2,356,620	48,551,300

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

(Unit: thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
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			3,452,544		3,452,544
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	2,752,062	Δ576	3,033,879
Balance at the end of the period	7,458,242	6,570,209	33,492,381	Δ4,467	47,516,364

	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								3,452,544
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	3,941,254
Balance at the end of the period	1,214,473	---	1,081,810	Δ176,694	2,119,588	127,640	2,728,960	52,492,554

(4) Consolidated Cash Flow Statement

(Unit: thousand yen)

	Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)
Cash flow from operating activities		
Net profit before taxes, etc.	2,806,975	4,745,347
Depreciation expense	1,678,117	1,712,330
Loss on impairment	---	26,028
Amortization of goodwill	89	17,776
Stock compensation expenses	44,725	42,636
Increase/decrease in provision for product warranties (Δ : decrease)	119	Δ 44
Increase/decrease in reserve for bonuses (Δ : decrease)	Δ 15,200	131,882
Increase/decrease in reserve for officers' bonuses (Δ : decrease)	Δ 3,134	2,383
Increase/decrease in allowance for doubtful accounts (Δ : decrease)	Δ 70,227	352,842
Increase/decrease in other allowance (Δ : decrease)	7,081	---
Increase/decrease in net defined benefit liabilities (Δ : decrease)	27,599	36,012
Interest and dividend income	Δ 428,999	Δ 403,488
Profit/loss on combined share extinction (Δ : profit)	Δ 828	---
Insurance benefit income	Δ 129,723	---
Interest expenses	48,478	76,466
Foreign currency exchange profit/loss (Δ : profit)	27,679	Δ 81,697
Investment profit/loss by equity method (Δ : profit)	Δ 400,006	Δ 463,698
Profit/loss on sale of investment securities (Δ : profit)	Δ 9,276	Δ 702,816
Valuation profit/loss on investment securities (Δ : profit)	1,350	63,595
Profit/loss on sale of membership rights (Δ : profit)	11,407	---
Profit/loss on sale of golf membership rights (Δ : profit)	515	---
Profit/loss on redemption of investment securities (Δ : profit)	Δ 78,205	42,556
Profit/loss on sale of fixed assets (Δ : profit)	---	Δ 3,268
Loss on retirement of tangible fixed assets	8,812	7,299
Profit on reversal of new share subscription rights	Δ 8,714	Δ 2,054
Profit/loss on changes in equity (Δ : profit)	---	Δ 46,229
Other extraordinary profit/loss (Δ : profit)	---	Δ 49,932
Increase/decrease in accounts receivable (Δ : increase)	Δ 1,037,746	Δ 2,663,182
Increase/decrease in inventories (Δ : increase)	886,484	Δ 2,152,410
Increase/decrease in trades payable (Δ : decrease)	Δ 33,473	1,375,862
Increase/decrease in consumption tax, etc., payable (Δ : decrease)	Δ 85,945	Δ 35,911
Increase/decrease in other assets (Δ : increase)	Δ 286,709	66,227
Increase/decrease in other liabilities (Δ : decrease)	56,101	277,931
Subtotal	3,017,346	2,372,440
Interest and dividends received	605,179	562,878
Insurance benefits received	129,723	---
Interest paid	Δ 31,765	Δ 84,476
Corporate income tax, etc., paid or refund (Δ : paid)	Δ 260,947	Δ 726,094
Other revenue	---	57,240
Amount paid for loss on litigation	Δ 40,000	---
Cash flow from operating activities	3,419,536	2,181,988

(Unit: thousand yen)

	Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)
Cash flow from investing activities		
Expenditure for placement in term deposits	Δ289,287	---
Revenue from refund of term deposits	421,921	226,918
Expenditure for acquisition of tangible fixed assets	Δ1,291,804	Δ1,700,551
Revenue from sale of tangible fixed assets	---	6,392
Expenditure for acquisition of intangible fixed assets	Δ21,501	Δ29,580
Expenditure for acquisition of investment securities	Δ1,666,784	Δ1,418,992
Revenue from sale of investment securities	1,377,993	2,987,494
Revenue from liquidation of subsidiaries	---	31,096
Expenditure for lending	Δ210,813	Δ172,342
Revenue from collection of loans	8,000	156,772
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
Other revenue	392	---
Cash flow from investing activities	Δ1,671,883	Δ471,462
Cash flow from financing activities		
Net increase/decrease in short-term borrowings (Δ: decrease)	305,034	911,107
Revenue from long-term borrowings	2,350,244	690,400
Expenditure for repayment of long-term borrowings	Δ1,310,505	Δ913,848
Expenditure for repayment of lease liabilities	Δ19,410	Δ22,156
Expenditure for repayment of long-term accrued amount	---	Δ116,665
Proceeds from stocks issued	35,423	226,159
Expenditure for acquisition of treasury stock	Δ221	Δ576
Dividends paid	Δ816,582	Δ712,054
Dividends paid to non-controlling interests	Δ124,727	Δ121,662
Cash flow from financing activities	419,255	Δ59,296
Translation differences in cash and cash equivalents	Δ54,341	262,416
Increase/decrease in cash and cash equivalents (Δ: decrease)	2,112,566	1,913,646
Cash and cash equivalents at the beginning of the period	4,901,124	7,026,200
Increase in cash and cash equivalents in connection with merger	12,508	---
Decrease in cash and cash equivalents in connection with exclusion from consolidation	---	Δ110,040
Cash and cash equivalents at the end of the period	7,026,200	8,829,805

(5) Notes Related to Consolidated Financial Statements

(Notes on Going Concern)

No applicable matter.

(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.

In this regard, from the current consolidated fiscal year, the Company reviewed the reportable segments triggered by the liquidation of subsidiaries, and “Related goods sales,” a previous reportable segment was included in “Other.” In connection therewith, reportable segment information for the previous consolidated fiscal year was prepared based on the reportable segment after the change.

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.

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, 2016 to March 31, 2017)

(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	20,306,830	7,319,538	3,117,177	2,802,618	33,546,164	905,531	34,451,696
Intersegment sales or transfers	---	---	---	---	---	753,598	753,598
Total	20,306,830	7,319,538	3,117,177	2,802,618	33,546,164	1,659,130	35,205,294
Segment profit/loss (Δ)	1,850,067	568,401	570,337	Δ 172,492	2,816,313	196,884	3,013,198
Segment assets	20,110,482	7,487,433	3,220,313	10,387,071	41,205,300	1,131,072	42,336,373
Other							
Depreciation expense	1,064,184	189,227	96,292	203,593	1,553,297	29,826	1,583,124
Investment in companies to which the equity method is applied	---	---	---	7,338,578	7,338,578	---	7,338,578
Increase in tangible fixed assets and intangible fixed assets	1,163,852	121,440	21,837	100,805	1,407,934	8,635	1,416,569

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, 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)	3,116,093	1,109,805	608,213	Δ 55,614	4,778,498	240,672	5,019,170
Segment assets	27,044,184	7,974,313	3,416,151	10,924,722	49,359,372	1,454,461	50,813,833
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.

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	33,546,164	40,195,778
Sales in category "Other"	1,659,130	1,556,851
Elimination of intersegment transactions	△753,598	△843,096
Sales in consolidated financial statements	34,451,696	40,909,534

(Unit: thousand yen)

Profit	Previous consolidated fiscal year	Current consolidated fiscal year
Total of reportable segments	2,816,313	4,778,498
Profit in category "Other"	196,884	240,672
Elimination of intersegment transactions	△70,080	△98,443
Amortization of goodwill	△89	△17,776
Expenses of entire company (Note)	△1,134,823	△1,239,914
Adjustment of inventories	△17,829	△35,678
Operating profit in consolidated financial statements	1,790,375	3,627,358

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	41,205,300	49,359,372
Assets in category "Other"	1,131,072	1,454,461
Elimination by setoff of the claims to the administrative department of head office	△578,925	△694,241
Assets of entire company (Note)	22,068,791	22,560,438
Adjustment of inventories	△17,829	△35,678
Total assets in consolidated financial statements	63,808,409	72,644,352

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	1,553,297	1,595,048	29,826	25,512	94,993	91,768	1,678,117	1,712,330
Increase in tangible fixed assets and intangible fixed assets	1,407,934	1,116,776	8,635	11,103	184,712	95,706	1,601,282	1,223,586

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, 2016 to March 31, 2017)

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	20,306,830	7,319,538	3,117,177	2,802,618	905,531	34,451,696

2. Information by region

(1) Sales

(Unit: thousand yen)

Japan	China	Other Region	Total
16,252,218	7,451,964	10,747,513	34,451,696

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
8,591,956	1,688,748	784,699	11,065,403

3. Information by major customer

(Unit: thousand yen)

Name of Customer	Sales	Related segment name
Sumitomo Shoji Chemicals Co., Ltd.	4,695,595	Electronic materials business

Current 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

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

Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)

No applicable matter.

Current 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
Loss on impairment	---	---	---	26,028	---	---	26,028

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

Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)

(Unit: thousand yen)

	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Other	Entire company/ Elimination	Total
Amortization	---	---	---	89	---	---	89
Balance at the end of the period	---	---	---	---	---	---	---

Current 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	17,776	---	---	---	---	---	17,776
Balance at the end of the period	337,751	---	---	---	---	---	337,751

Note: Balance at the end of the period of ¥337,751 thousand in electronic materials is the amount tentatively calculated as allocation of acquisition costs was not completed.

[Information about profit on negative goodwill by reportable segment]

No applicable matter.

(Per Share Information)

	Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)
Net asset per share	¥1,290.93	¥1,378.12
Net profit per share	¥57.20	¥96.31
Fully diluted net profit per share	¥57.06	¥95.48

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, 2016 to March 31, 2017)	Current consolidated fiscal year (From April 1, 2017 to March 31, 2018)
Net profit per share		
Net profit attributable to owners of the parent (thousand yen)	2,037,212	3,452,544
Amounts that are not attributable to common stockholders (thousand yen)	---	---
Net profit attributable to owners of the parent for common stocks (thousand yen)	2,037,212	3,452,544
Average number of shares during the year (shares)	35,614,798	35,846,832
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)	85,295	314,832
(Of those, number of new share subscription rights (shares))	(85,295)	(314,832)
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 (602,800 shares)	Four types of new share subscription rights (567,700 shares)

(Important Events after Closing the Accounts)

No applicable matter.