Consolidated Financial Results for the Year Ended June 30, 2018 (Japanese GAAP)

August 8, 2018

Company name: Lasertec Corporation
Stock exchange listing: Tokyo Stock Exchange
Code number: 6920
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Date of ordinary general meeting of shareholders: September 26, 2018
Dividend payable date: September 27, 2018
Date of securities report filing: September 27, 2018
Preparation of supplementary materials for financial results: Yes
Financial results briefing: Yes (for analysts and institutional investors)

(Figures less than a million yen are rounded down.)

1. Consolidated financial results for the year ended June 30, 2018

(1) Consolidated operating results

(The percentage figures indicate changes from the previous fiscal year.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2018	21,252	23.0	5,685	16.0	5,706	14.9	4,366	23.5
June 30, 2017	17,278	--	4,901	--	4,964	--	3,534	--

(Note) Comprehensive income: Year ended June 30, 2018: 4,378 million yen [14.6%]
Year ended June 30, 2017: 3,821 million yen [--%]

Fiscal year ended	Net income per share	Net income per share, fully diluted	Return on shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
June 30, 2018	96.84	96.76	17.0	16.0	26.8
June 30, 2017	78.39	78.33	15.3	16.9	28.4

(Reference) Profit/loss on equity method: Year ended June 30, 2018: None Year ended June 30, 2017: None

(Notes) 1. The figures of percentage of change for the fiscal year ended June 30, 2017, are not indicated above because of retrospective changes due to the change in accounting policy.
2. Effective April 1, 2017, the company split its common stock 2 for 1 in accordance with the resolution of the Board of Directors dated February 27, 2017. The figures of "net income per share" and "net income per share, fully diluted" are calculated as if the stock split took place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
June 30, 2018	38,121	27,053	70.9	599.52
June 30, 2017	33,019	24,479	74.1	542.43

(Reference) Equity: June 30, 2018: 27,032 million yen June 30, 2017: 24,457 million yen

(Note) Effective April 1, 2017, the company split its common stock 2 for 1 in accordance with the resolution of the Board of Directors dated February 27, 2017. The figures of “net assets per share” are calculated as if the stock split took place at the beginning of the previous fiscal year.

(3) Consolidated cash flow position

Fiscal year ended	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
June 30, 2018	2,916	(684)	(1,805)	10,107
June 30, 2017	3,495	(612)	(1,151)	9,736

(Note) Because of retrospective changes due to the change in accounting policy, the figures of the fiscal year ended June 30, 2017 indicated above are the figures of retrospectively changed financial results.

2. Dividends

Fiscal year ended	Dividend per share					Dividend payment (Total)	Dividend ratio (Consolidated)	The ratio of dividend to shareholders' equity (Consolidated)
	End 1Q	End 2Q	End 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
June 30, 2017	--	0.00	--	28.00	28.00	1,262	35.7	5.5
June 30, 2018	--	12.00	--	22.00	34.00	1,533	35.1	6.0
June 30, 2019 (Forecast)	--	16.00	--	23.00	39.00		35.2	

(Note) Because of retrospective changes due to the change in accounting policy, the figures of dividend ratio indicated above are calculated using the figures of retrospectively changed financial results of the previous fiscal year.

3. Forecast of consolidated financial results for the year ending June 30, 2019

(The percentage figures indicate changes from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First 2Qs	14,300	36.8	3,300	0.7	3,300	0.2	2,600	7.6	57.66
Annual	28,000	31.7	6,500	14.3	6,500	13.9	5,000	14.5	110.89

※ Notes

(1) Significant changes of subsidiaries during the period (changes of specified subsidiaries accompanying changes in the scope of consolidation): None

Number of subsidiaries added to consolidation: None (Company names: N/A)
Number of subsidiaries excluded from consolidation: None (Company names: N/A)

(2) Changes in accounting policy, changes or restatement of accounting estimates
① Changes in accounting policy due to revision of accounting standards: None
② Changes in accounting policy other than ①: Yes
③ Changes in accounting estimates: None
④ Restatement due to revision: None

(Note) For details, see "(5) Notes to consolidated financial statements (Changes in accounting policy)" on page 14 of the attached supplementary material.

(3) Number of issued shares (common stock):

(Shares)

① Number of issued shares at the end of the period (including treasury stock)	June 30, 2018	47,143,200	June 30, 2017	47,143,200
② Number of treasury shares at the end of the period	June 30, 2018	2,054,078	June 30, 2017	2,053,968
③ Average number of shares during the period	June 30, 2018	45,089,195	June 30, 2017	45,089,356

(Note) Effective April 1, 2017, the company split its common stock 2 for 1 in accordance with the resolution of the Board of Directors dated February 27, 2017. The number of issued shares at the end of the period (including treasury shares), the number of treasury shares at the end of the period, and the average number of shares during the period are calculated as if the stock split took place at the beginning of the previous fiscal year.

(Reference) Financial Results for the Year Ended June 30, 2018 (Non-Consolidated)

1. Financial results

(1) Operating results

(The percentage figures indicate changes from the previous fiscal year.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2018	19,220	21.6	4,530	13.2	5,153	12.1	4,178	23.2
June 30, 2017	15,806	9.9	4,004	0.9	4,595	15.0	3,390	16.5

Fiscal year ended	Net income per share	Net income per share, fully diluted
	Yen	Yen
June 30, 2018	92.67	92.59
June 30, 2017	75.20	75.14

(Note) Effective April 1, 2017, the company split its common stock 2 for 1 in accordance with the resolution of the Board of Directors dated February 27, 2017. The figures of "net income per share" and "net income per share, fully diluted" are calculated as if the stock split took place at the beginning of the previous fiscal year.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
June 30, 2018	36,503	25,541	69.9	565.99
June 30, 2017	31,320	23,148	73.8	512.91

(Reference) Equity: June 30, 2018: 25,519 million yen June 30, 2017: 23,126 million yen

(Note) Effective April 1, 2017, the company split its common stock 2 for 1 in accordance with the resolution of the Board of Directors dated February 27, 2017. The figures of “net assets per share” are calculated as if the stock split took place at the beginning of the previous fiscal year.

※ **This report of financial results is not subject to auditing by certified public accountants.**

※ **Cautionary statement for proper use of forecast of financial results and other special notes**

(Cautions about forward-looking statements)
The forecast of financial results provided in this report is based on information currently available to the company and on assumptions it has judged to be reasonable. We make no guarantees about achieving the forecast provided herein. Actual results may differ materially from the forecast due to various factors.

(Availability of presentation materials of financial results)
Lasertec will make a presentation of financial results to analysts and institutional investors on August 10, 2018. The presentation materials provided at this meeting will be available on our website.

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1. Overview of Operating Results and Others

(1) Overview of operating results

① Overview of this fiscal year (ended June 2018)

The status of the global economy during the fiscal year ended June 2018 is summarized as follows. The United States economy continued to enjoy good corporate earnings, robust employment growth and strong consumer spending throughout the period. The Federal Reserve raised interest rates under these circumstances. The European economy continued to recover at a modest pace despite facing political challenges such as Brexit and immigration issues. In China, consumer spending continued to expand, and capital investments in high-tech manufacturing industries accelerated partly due to the backing of “Made in China 2025” and other government policies. However, the prospect of the global economy became increasingly uncertain due to concerns about trade friction in the midst of protectionist measures by the United States. In the same period, the Japanese economy continued to recover steadily, with companies showing strong earnings results, with unemployment rates reaching the lowest level since the bubble economy period, and with nominal wages being on the rise.

In the semiconductor industry, our primary market, the semiconductor and semiconductor production equipment markets continued to grow steadily with the expansion of semiconductor applications facilitated by the innovations in such areas as high-performance computing (HPC) and Internet of Things (IoT).

The status of the remainder of our business areas is as follows. In the flat panel display (FPD) industry, capital expenditures for the production of large panels called G10.5 began in earnest in China. However, investments for the production of small and medium-sized panels using organic light-emitting diodes (OLEDs) slowed down.

Under these circumstances, our consolidated net sales for this fiscal year recorded 21,252 million yen, up 23.0% from the previous fiscal year. By product segment, semiconductor-related products accounted for 15,498 million yen (up 26.2%), other products for 1,802 million yen (down 7.7%) and services for 3,951 million yen (up 29.8%).

As for consolidated income for this fiscal year, we recorded an operating profit of 5,685 million yen (up 16.0%), an ordinary profit of 5,706 million yen (up 14.9%), and a 4,366-million-yen net profit attributable to owners of parent (up 23.5%).

② Forecast of the next fiscal year (ending June 2019)

It is forecast that the global economy will continue to grow gradually, driven by domestic spending growth in various countries, although uncertainties will remain because of concerns about trade friction, policy interest rate hikes, and the resurgence of geopolitical risks.

In the semiconductor industry, our primary market, we expect that manufacturers will continue to make aggressive capital investments throughout the period, driven by the strong, sustaining demand for semiconductors.

Under the circumstances, we forecast that our consolidated results in the fiscal year ending June 2019 will be 28,000 million yen in sales, 6,500 million yen in operating profit, 6,500 million yen in ordinary profit and 5,000 million yen in net profit attributable to owners of the parent.

(2) Overview of financial position

① Assets, Liabilities, and Net Assets

Total assets at the end of this consolidated fiscal year amounted to 38,121 million yen, up 5,102 million yen from the end of the previous fiscal year. This is mainly because of a 3,777 million yen increase in work in process, a 1,269 million yen increase in other current assets, and an 854 million yen increase in raw materials and supplies whereas notes and accounts receivable-trade decreased by 1,604 million yen.

Liabilities at the end of this consolidated fiscal year amounted to 11,068 million yen, up 2,528 million yen from the end of the previous fiscal year. This is mainly because of a 3,016 million yen increase in advances received whereas income taxes payable decreased by 258 million yen.

Shareholders’ equity at the end of this consolidated fiscal year amounted to 26,799 million yen, up

2,562 million yen from the end of the previous fiscal year. This is mainly because we earned a 4,366-million-yen net profit attributable to owners of parent whereas we paid 1,803 million yen in dividends.

Net assets, which consist of shareholders' equity, other accumulated comprehensive income, and subscription rights to shares, amounted to 27,053 million yen. The equity ratio became 70.9%.

② Cash Flows

Cash and cash equivalents at the end of this fiscal year amounted to 10,107 million yen, up 370 million yen from the end of the previous fiscal year. Following is the status of cash flows and their contributing factors during this fiscal year.

Net cash provided by operating activities amounted to 2,916 million yen (down 16.6% from the previous fiscal year). This is mainly because the sum of cash receipt, such as 5,706 million yen in income before income taxes and minority interests and a 3,072 million yen increase in advances received, exceeded the sum of cash payment, such as a 4,637 million yen increase in inventories and 1,648 million yen spent for income taxes paid.

Net cash used in investing activities amounted to 684 million yen (up 11.7% from the previous fiscal year). This is mainly due to 460 million yen used for purchase of intangible asset.

Net cash used in financing activities amounted to 1,805 million yen (up 56.8% from the previous fiscal year). This is mainly due to 1,803 million yen used for the payment of cash dividends.

Indexes associated with cash flows for the past few years are provided below:

	Year ended June 2015	Year ended June 2016	Year ended June 2017	Year ended June 2018
Equity ratio (%)	84.6	84.2	74.1	70.9
Equity ratio on market price basis (%)	161.5	108.2	213.4	369.0
Ratio of interest-bearing debts to cash flows (year)	--	--	--	--
Interest coverage ratio (times)	1,544.4	--	25,040.0	--

- Equity ratio: Net assets divided by total assets
- Equity ratio on market price basis: Market capitalization divided by total assets
- Ratio of interest-bearing debts to cash flows: Interest-bearing debts divided by cash flows from operating activities
- Interest coverage ratio: Cash flows divided by paid interests

(Note 1) Each index is calculated based on consolidated financial results.
(Note 2) Market capitalization is calculated based on the total number of issued shares minus the number of treasury shares.
(Note 3) Cash flows denote the cash flows from operating activities on the consolidated statement of cash flows.
(Note 4) Interest-bearing debts denote all interest-bearing liabilities on the consolidated balance sheet.
(Note 5) Because of retrospective changes due to the change in accounting policy, the figures of the fiscal year ended June 30, 2017 indicated above are the figures of retrospectively changed financial results.

(3) Basic policy concerning profit distribution in this fiscal year and the next

Our basic policy concerning profit distribution is to flexibly pay dividends based on performance while maintaining profit distribution to shareholders steady, setting our dividend payout ratio guideline at 35% on a consolidated basis.

Our policy concerning retained earnings is to use them effectively for research and development of new technologies and products, for capital investment in line with business growth, and for hiring good talents in order to facilitate the further improvement of company quality and the establishment of a long-sustainable business foundation.

We have changed our policy on dividend of surplus from the annual payout, as a year-end dividend, to the semiannual payout, as interim and year-end dividends, in order to increase the opportunities of profit distribution to shareholders. We started paying an interim dividend from the fiscal year ended June 30, 2018. Our articles of incorporation state that we may, “by resolution of the Board of Directors, pay interim dividends to the shareholders or registered pledgees of shares appearing or recorded on the final Register of Shareholders as of December 31 of each year.” Interim dividends can be made with the resolution of the Board of Directors whereas year-end dividends are subject to approval at the general meeting of shareholders.

Based on the policy described herein, we are planning to pay 22 yen per share as the year-end dividend for this fiscal year. The total amount of dividends for this fiscal year will be 34 yen per share including the already-paid interim dividend (12 yen per share).

In the next fiscal year, we plan to pay dividends of 39 yen per share (16 yen as interim dividend and 23 yen as year-end dividend) based on the current forecast of financial results. The estimated dividend payout ratio is 35.2% on a consolidated basis.

2. Status of our Group

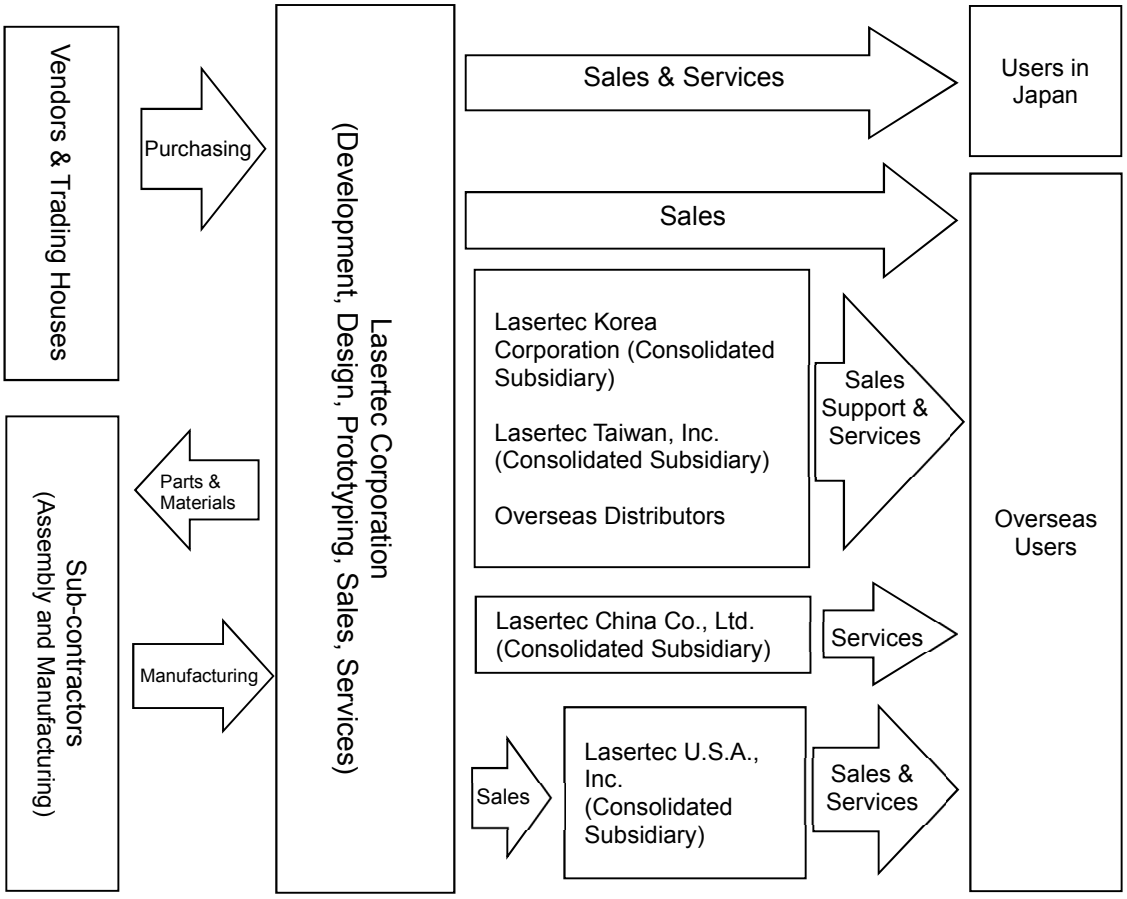
The business of our Group consists of a single segment that engages in design, manufacture and sale of inspection and measurement equipment. The operations of our business are categorized as design, manufacture, sale and service of semiconductor-related products and other products.

Among the operations described above, the design and manufacture of semiconductor-related products and other products are conducted by Lasertec Corporation.

Sales operation in North America and Europe is executed by Lasertec U.S.A., Inc., a consolidated subsidiary, whereas sales operation in Japan and Asia fall within the responsibility of Lasertec Corporation.

As for the provision of services, Lasertec USA, Inc. performs the task in North America and Europe whereas Lasertec Korea Corporation, Lasertec Taiwan, Inc., and Lasertec China Co., Ltd., all of which are consolidated subsidiaries, are assigned to the task in Korea, Taiwan, and China, respectively. Lasertec Corporation provides services in Japan and the remaining Asian countries.

The operations of Lasertec Corporation and its related parties are described below in a business flow chart.



3. Basic Policy on Selection of Accounting Principles

In light of comparability with the results of previous fiscal years and of other companies, we will continue to use the Japanese GAAP, for the time being, for compiling consolidated financial statements. With respect to the adoption of IFRS, we will carefully consider various factors in Japan and abroad in order to make a proper decision.

4. Consolidated Financial Statements

(1) Consolidated balance sheet

(In thousands of yen)

	Previous (As of June 30,2017)	Current (As of June 30,2018)
Assets		
Current assets		
Cash and deposits	9,805,620	10,176,394
Notes and accounts receivable-trade	5,425,336	3,820,832
Work in process	6,540,058	10,317,776
Raw materials and supplies	1,260,612	2,115,076
Other	1,693,510	2,963,243
Allowance for doubtful accounts	(6,054)	(5,473)
Total current assets	24,719,084	29,387,850
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,764,417	3,845,617
Accumulated depreciation	(1,875,031)	(1,974,371)
Buildings and structures, net	1,889,385	1,871,245
Machinery, equipment and vehicles	264,571	385,763
Accumulated depreciation	(160,088)	(224,755)
Machinery, equipment and vehicles, net	104,482	161,007
Tools, furniture and fixtures	1,568,612	1,593,379
Accumulated depreciation	(1,150,343)	(1,401,027)
Tools, furniture and fixtures, net	418,268	192,351
Leased assets	6,600	6,600
Accumulated depreciation	(4,180)	(5,500)
Leased assets, net	2,420	1,100
Land	4,254,773	4,254,773
Construction in progress	7,257	121,285
Total property, plant and equipment	6,676,588	6,601,764
Intangible assets	173,163	534,775
Investments and other assets		
Investment securities	583,522	610,827
Deferred tax assets	820,782	932,993
Other	46,254	53,743
Allowance for doubtful accounts	(179)	(162)
Total investments and other assets	1,450,379	1,597,401
Total noncurrent assets	8,300,132	8,733,941
Total assets	33,019,216	38,121,791

(In thousands of yen)

	Previous (As of June 30, 2017)	Current (As of June 30, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	1,627,714	1,392,704
Income taxes payable	863,312	604,912
Advances received	4,301,398	7,318,101
Provision for directors' bonuses	209,000	226,000
Provision for product warranties	288,821	321,032
Other	1,038,708	916,713
Total current liabilities	8,328,956	10,779,463
Noncurrent liabilities		
Net defined benefit liability	187,690	201,106
Other	23,224	87,677
Total noncurrent liabilities	210,914	288,783
Total liabilities	8,539,870	11,068,247
Net assets		
Shareholders' equity		
Capital stock	931,000	931,000
Capital surplus	1,080,360	1,080,360
Retained earnings	23,202,683	25,765,441
Treasury stock	(976,494)	(976,969)
Total shareholders' equity	24,237,548	26,799,832
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	295,176	314,205
Foreign currency translation adjustment	(74,878)	(81,991)
Total accumulated other comprehensive income	220,298	232,213
Subscription rights to shares	21,498	21,498
Total net assets	24,479,345	27,053,544
Total liabilities and net assets	33,019,216	38,121,791

(2) Consolidated statement of income and consolidated statement of comprehensive income

(Consolidated statement of income)

(In thousands of yen)

	Previous (July 1, 2016 thru June 30, 2017)	Current (July 1, 2017 thru June 30, 2018)
Net sales	17,278,121	21,252,468
Cost of sales	7,808,448	9,251,155
Gross profit	9,469,672	12,001,312
Selling, general and administrative expenses	4,568,436	6,315,850
Operating income	4,901,235	5,685,461
Non-operating income		
Interest income	3,936	6,448
Dividend income	8,725	11,524
Foreign exchange gains	55,487	--
Rent income on noncurrent assets	1,791	1,963
Other	4,283	11,057
Total non-operating income	74,224	30,994
Non-operating expenses		
Interest expenses	139	--
Loss on retirement of noncurrent assets	10,424	238
Foreign exchange losses	--	9,128
Other	370	554
Total non-operating expenses	10,934	9,921
Ordinary income	4,964,525	5,706,533
Income before income taxes	4,964,525	5,706,533
Income taxes-current	1,483,852	1,461,276
Income taxes-deferred	(54,074)	(121,070)
Total income taxes	1,429,777	1,340,206
Net income	3,534,748	4,366,327
Net income attributable to owners of parent	3,534,748	4,366,327

(Consolidated statement of comprehensive income)

(In thousands of yen)

	Previous (July 1, 2016 thru June 30, 2017)	Current (July 1, 2017 thru June 30, 2018)
Net income	3,534,748	4,366,327
Other comprehensive income		
Valuation difference on available-for-sale securities	183,038	19,029
Foreign currency translation adjustment	103,402	(7,113)
Total other comprehensive income	286,440	11,915
Comprehensive income	3,821,189	4,378,243
Comprehensive income attributable to owners of the parent	3,821,189	4,378,243
Comprehensive income attributable to non-controlling interests	--	--

(3) Consolidated statement of shareholders' equity

(In thousands of yen)

	Previous (July 1, 2016 thru June 30, 2017)	Current (July 1, 2017 thru June 30, 2018)
Shareholders' equity		
Capital stock		
Balance at the beginning of the period	931,000	931,000
Cumulative effects of changes in accounting policies		
Balance at the beginning of the period including cumulative effects of changes in accounting policy	931,000	
Changes during the period		
Total changes during the period	--	--
Balance at the end of the period	931,000	931,000
Capital surplus		
Balance at the beginning of the period	1,080,360	1,080,360
Cumulative effects of changes in accounting policies		
Balance at the beginning of the period including cumulative effects of changes in accounting policy	1,080,360	
Changes during the period		
Total changes during the period	--	--
Balance at the end of the period	1,080,360	1,080,360
Retained earnings		
Balance at the beginning of the period	20,804,057	23,202,683
Cumulative effects of changes in accounting policies	13,662	
Balance at the beginning of the period including cumulative effects of changes in accounting policy	20,817,720	
Changes during the period		
Dividends of surplus	(1,149,784)	(1,803,569)
Net income	3,534,748	4,366,327
Purchase of treasury shares		
Total changes during the period	2,384,963	2,562,758
Balance at the end of the period	23,202,683	25,766,441
Treasury stock		
Balance at the beginning of the period	(976,139)	(976,494)
Cumulative effects of changes in accounting policies		
Balance at the beginning of the period including cumulative effects of changes in accounting policy	(976,139)	
Changes during the period		
Purchase of treasury shares	(354)	(474)
Total changes during the period	(354)	(474)
Balance at the end of the period	(976,494)	(976,969)
Total shareholders' equity		
Balance at the beginning of the period	21,839,277	24,237,548
Cumulative effects of changes in accounting policies	13,662	
Balance at the beginning of the period including cumulative effects of changes in accounting policy	21,852,940	
Changes during the period		
Dividends of surplus	(1,149,784)	(1,803,569)
Net income	3,534,748	4,366,327
Purchase of treasury shares	(354)	(474)
Total changes during the period	2,384,608	2,562,283
Balance at the end of the period	24,237,548	26,799,832

(In thousands of yen)

	Previous (July 1, 2016 thru June 30, 2017)	Current (July 1, 2017 thru June 30, 2018)
Other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of the period	112,137	295,176
Cumulative effects of changes in accounting policies		
Balance at the beginning of the period including cumulative effects of changes in accounting policy	112,137	
Changes during the period		
Net changes of items other than shareholders' equity	183,038	19,029
Total changes during the period	183,038	19,029
Balance at the end of the period	295,176	314,205
Foreign currency translation adjustment		
Balance at the beginning of the period	(164,617)	(74,878)
Cumulative effects of changes in accounting policies	(13,662)	
Balance at the beginning of the period including cumulative effects of changes in accounting policy	(178,280)	
Changes during the period		
Net changes of items other than shareholders' equity	103,402	(7,113)
Total changes during the period	103,402	(7,113)
Balance at the end of the period	(74,878)	(81,991)
Total other comprehensive income		
Balance at the beginning of the period	(52,479)	220,298
Cumulative effects of changes in accounting policies	(13,662)	
Balance at the beginning of the period including cumulative effects of changes in accounting policy	(66,142)	
Changes during the period		
Net changes of items other than shareholders' equity	286,440	11,915
Total changes during the period	286,440	11,915
Balance at the end of the period	220,298	232,213
Subscription rights to shares		
Balance at the beginning of the period	21,498	21,498
Cumulative effects of changes in accounting policies		
Balance at the beginning of the period including cumulative effects of changes in accounting policy	21,498	
Changes during the period		
Net changes of items other than shareholders' equity	--	--
Total changes during the period	--	--
Balance at the end of the period	21,498	21,498
Total net assets		
Balance at the beginning of the period	21,808,296	24,479,345
Cumulative effects of changes in accounting policies	--	
Balance at the beginning of the period including cumulative effects of changes in accounting policy	21,808,296	
Changes during the period		
Dividends of surplus	(1,149,784)	(1,803,569)
Net income	3,534,748	4,366,327
Purchase of treasury shares	(354)	(474)
Net changes of items other than shareholders' equity	286,440	11,915
Total changes during the period	2,671,049	2,574,199
Balance at the end of the period	24,479,345	27,053,544

(4) Consolidated statement of cash flows

(In thousands of yen)

	Previous (July 1, 2016 thru June 30, 2017)	Current (July 1, 2017 thru June 30, 2018)
Cash flows from operating activities		
Income before income taxes	4,964,525	5,706,533
Depreciation and amortization	418,760	558,285
Loss on retirement of property, plant and equipment	10,424	238
Increase (decrease) in allowance for doubtful accounts	2,218	(584)
Increase (decrease) in provision for directors' bonuses	49,000	17,000
Increase (decrease) in provision for product warranties	89,769	31,382
Increase (decrease) in net defined benefit liability	(9,721)	13,135
Interest and dividend income	(12,689)	(17,972)
Interest expenses	139	--
Foreign exchange losses (gains)	40,464	74
Decrease (increase) on notes and accounts receivable-trade	(1,781,630)	1,601,083
Decrease (increase) in inventories	(2,150,602)	(4,637,568)
Decrease (increase) in long-term account receivable-other	73,334	--
Increase (decrease) in accounts payable-trade	110,778	(503,670)
Increase (decrease) in advances received	3,195,867	3,072,750
Other, net	60,372	(1,293,829)
Sub-total	5,061,011	4,546,859
Interest and dividend income received	12,577	17,880
Interest expenses paid	(139)	--
Income taxes paid	(1,577,470)	(1,648,013)
Net cash provided by (used in) operating activities	3,495,978	2,916,726
Cash flows from investing activities		
Payments into time deposits	(134,470)	(69,930)
Proceeds from withdrawal of time deposits	134,470	69,930
Purchase of property, plant and equipment	(470,037)	(223,820)
Purchase of intangible assets	(142,567)	(460,544)
Net cash provided by (used in) investing activities	(612,605)	(684,364)
Cash flows from financing activities		
Cash dividends paid	(1,149,784)	(1,803,569)
Other, net	(1,674)	(1,900)
Net cash provided by (used in) financing activities	(1,151,459)	(1,805,469)
Effect of exchange rate change on cash and cash equivalents	37,136	(56,608)
Net increase (decrease) in cash and cash equivalents	1,769,050	370,284
Cash and cash equivalents at beginning of period	7,967,900	9,736,950
Cash and cash equivalents at end of period	9,736,950	10,107,234

(5) Notes to consolidated financial statements

(Note on going concern assumption)

None

(Changes in accounting policy)

(Change in the method of conversion for profits and losses of overseas consolidated subsidiaries)

Previously, we converted the values of profits and losses of each overseas consolidated subsidiary to Japanese yen using the spot rate of foreign currency exchange as of the date of account settlement by the overseas consolidated subsidiary. At the start of this fiscal year, we changed the method of conversion to the one using the average foreign exchange rate of the period.

This change, which is introduced because of the increased importance of our overseas subsidiaries, will make the effect of short-term foreign exchange fluctuations on income evenly distributed throughout the reporting period. As such, profits and losses generated during the period will be more properly reflected on the consolidated financial statements.

This change in accounting policy is retrospectively applied. The figures on the consolidated financial statements of the previous fiscal year reflect this retrospective change.

The effect of this change on income statements for the previous fiscal year is insignificant, and so is the cumulative effect prior to the beginning of the previous fiscal year.

(Changes in presentation)

(Changes due to the early application of Partial Amendments to Accounting Standard for Tax Effect Accounting)

Because ASBJ Statement No. 28 Partial Amendments to Accounting Standard for Tax Effect Accounting dated February 16, 2018, (hereinafter “ASBJ No. 28”) can be applied to our consolidated financial statements of the fiscal year ended June 30, 2018, we have applied ASBJ No. 28 from this fiscal year and changed the presentation of statements to the manner of classifying “deferred tax assets” as “investment and other assets” and “deferred tax liabilities” as “noncurrent liabilities.” As a result, 720,179 thousand yen previously listed as “deferred tax assets” in “current assets” on the consolidated balance sheet of the previous fiscal year is removed, and the same amount is added to “deferred tax assets” in “investment and other assets,” making its total 820,782 thousand yen.

(Consolidated statement of cash flows)

Previously, “loss on retirement of property, plant and equipment” was included in “other, net” in “cash flows from operating activities.” Starting this fiscal year, we list it as a discrete item to increase the clarity of the statement. The consolidated financial statements of the previous fiscal year are revised to reflect this change. As a result, 10,424 thousand yen is removed from “other, net” in “cash flows from operating activities” and listed as a discrete item of “loss on retirement of property, plant and equipment” on the consolidated statement of cash flows of the previous fiscal year.

(Reference)

(1) Production by category

Production by category for the fiscal year is as follows.

(In thousands of yen)

Category	(July 1, 2017 thru June 30, 2018)	
	Production	Year-on-year comparison (%)
Finished goods		
Semiconductor-related products	19,312,768	9.4
Other products	3,422,817	23.8
Sub-total	22,735,585	11.3
Services	3,951,856	29.8
Total	26,687,442	13.7

(Notes)

1. Numbers shown above are based on sales prices.
2. As stated in “Changes in accounting policy,” we previously converted the values of profits and losses of each overseas consolidated subsidiary to Japanese yen using the spot rate of foreign currency exchange as of the date of account settlement by the overseas consolidated subsidiary, but, at the start of this fiscal year, we changed it to the one using the average foreign exchange rate of the period. This change is retrospectively applied, and the figures of year-on-year comparison are calculated using the retrospectively changed figures for the previous period.
3. Consumption taxes are not included.

(2) Orders and backlog by category

Orders and backlog by category for the fiscal year are as follows.

(In thousands of yen)

Category	(July 1, 2017 thru June 30, 2018)		(June 30, 2018)	
	Orders	Year-on-year comparison (%)	Backlog	Year-on-year comparison (%)
Finished goods				
Semiconductor-related products	34,826,726	81.3	34,466,273	127.7
Other products	3,909,480	32.0	4,677,149	82.0
Sub-total	38,736,206	74.7	39,143,422	121.1
Services	4,144,316	31.6	737,771	35.3
Total	42,880,522	69.4	39,881,194	118.5

(Notes)

1. Numbers shown above are based on sales prices.
2. Orders reflect adjustment for cancellation and other changes.
   As stated in “Changes in accounting policy,” we previously converted the values of profits and losses of each overseas consolidated subsidiary to Japanese yen using the spot rate of foreign currency exchange as of the date of account settlement by the overseas consolidated subsidiary, but, at the start of this fiscal year, we changed it to the one using the average foreign exchange rate of the period. This change is retrospectively applied, and the figures of year-on-year comparison are calculated using the retrospectively changed figures for the previous period.
3. Consumption taxes are not included.

(3) Sales by category

Sales by category for the fiscal year are as follows.

(In thousands of yen)

Category	(July 1, 2017 thru June 30, 2018)	
	Sales	Year-on-year comparison (%)
Finished goods		
Semiconductor-related products	15,498,249	26.2
Other products	1,802,362	(7.7)
Sub-total	17,300,611	21.5
Services	3,951,856	29.8
Total	21,252,468	23.0

(Notes)

1. As stated in “Changes in accounting policy,” we previously converted the values of profits and losses of each overseas consolidated subsidiary to Japanese yen using the spot rate of foreign currency exchange as of the date of account settlement by the overseas consolidated subsidiary, but, at the start of this fiscal year, we changed it to the one using the average foreign exchange rate of the period. This change is retrospectively applied, and the figures of year-on-year comparison are calculated using the retrospectively changed figures for the previous period.
2. Consumption taxes are not included.

5. Non-Consolidated Financial Statements

(1) Balance sheet (non-consolidated)

(In thousands of yen)

	Previous (As of June 30, 2017)	Current (As of June 30, 2018)
Assets		
Current assets		
Cash and deposits	8,523,132	9,173,203
Notes receivable-trade	217,056	186,559
Accounts receivable-trade	4,978,455	3,036,021
Work in process	6,551,299	10,337,771
Raw materials and supplies	1,067,467	1,967,907
Accounts receivable-other	1,116,060	1,428,209
Other	401,450	1,487,921
Allowance for doubtful accounts	(5,511)	(3,404)
Total current assets	22,849,410	27,614,190
Noncurrent assets		
Property, plant, and equipment		
Buildings	1,871,493	1,849,108
Structures	12,002	12,868
Machinery, equipment and vehicles	104,482	160,907
Tools, furniture and fixtures	411,122	183,975
Leased assets	2,420	1,100
Land	4,254,773	4,254,773
Construction in progress	6,258	121,285
Total property, plant, and equipment	6,662,554	6,584,019
Intangible assets	173,029	534,679
Investments and other assets		
Investment securities	583,522	610,827
Stocks of subsidiaries and affiliates	147,729	147,729
Deferred tax assets	884,387	987,785
Other	19,673	24,850
Allowance for doubtful accounts	(179)	(162)
Total investments and other assets	1,635,132	1,771,030
Total noncurrent assets	8,470,716	8,889,729
Total assets	31,320,126	36,503,919

(In thousands of yen)

	Previous (As of June 30, 2017)	Current (As of June 30, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	1,631,038	1,439,626
Accounts payable-other	667,530	863,850
Income taxes payable	739,564	472,476
Advances received	3,889,801	7,196,291
Provision for directors' bonuses	209,000	226,000
Provision for product warranties	198,758	170,677
Other	626,972	305,451
Total current liabilities	7,962,664	10,674,373
Noncurrent liabilities		
Provision for retirement benefits	187,148	201,106
Other	22,188	87,096
Total noncurrent liabilities	209,336	288,202
Total liabilities	8,172,000	10,962,576
Net Assets		
Shareholders' equity		
Capital stock	931,000	931,000
Capital surplus		
Legal capital surplus	1,080,360	1,080,360
Total capital surplus	1,080,360	1,080,360
Retained earnings		
Legal retained earnings	159,038	159,038
Other retained earnings		
General reserve	9,212,000	9,212,000
Retained earnings brought forward	12,425,546	14,800,211
Total retained earnings	21,796,584	24,171,249
Treasury stock	(976,494)	(976,969)
Total shareholders' equity	22,831,450	25,205,639
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	295,176	314,205
Total valuation and translation adjustments	295,176	314,205
Subscription rights to shares	21,498	21,498
Total net assets	23,148,125	25,541,343
Total liabilities and net assets	31,320,126	36,503,919

(2) Statement of income (non-consolidated)

(In thousands of yen)

	Previous (July 1, 2016 thru June 30, 2017)	Current (July 1, 2017 thru June 30, 2018)
Net sales	15,806,501	19,220,234
Cost of sales	7,636,029	8,906,371
Gross profit	8,170,471	10,313,862
Selling, general and administrative expenses	4,166,177	5,782,874
Operating income	4,004,294	4,530,988
Non-operating income		
Interest income	786	1,866
Dividend income	537,230	682,364
Foreign exchange gains	59,096	--
Rent income on noncurrent assets	1,791	1,963
Other	3,616	8,050
Total non-operating income	602,521	694,245
Non-operating expenses		
Interest expenses	139	--
Foreign exchange losses	--	70,561
Loss on retirement of noncurrent assets	10,424	175
Other	370	554
Total non-operating expenses	10,934	71,291
Ordinary income	4,595,881	5,153,941
Income before income taxes	4,595,881	5,153,941
Income taxes-current	1,269,311	1,087,382
Income taxes-deferred	(64,113)	(111,674)
Total income taxes	1,205,198	975,708
Profit	3,390,682	4,178,233

(3) Statement of shareholders' equity (non-consolidated)

(In thousands of yen)

	Previous (July 1, 2016 thru June 30, 2017)	Current (July 1, 2017 thru June 30, 2018)
Shareholders' equity		
Capital stock		
Balance at the beginning of the period	931,000	931,000
Changes during the period		
Total changes during the period	--	--
Balance at the end of the period	931,000	931,000
Capital surplus		
Balance at the beginning of the period	1,080,360	1,080,360
Changes during the period		
Total changes during the period	--	--
Balance at the end of the period	1,080,360	1,080,360
Retained earnings		
Legal retained earnings		
Balance at the beginning of the period	159,038	159,038
Changes during the period		
Total changes during the period	--	--
Balance at the end of the period	159,038	159,038
Other retained earnings		
General reserve		
Balance at the beginning of the period	9,212,000	9,212,000
Changes during the period		
Total changes during the period	--	--
Balance at the end of the period	9,212,000	9,212,000
Retained earnings brought forward		
Balance at the beginning of the period	10,184,648	12,425,546
Changes during the period		
Dividends of surplus	(1,149,784)	(1,803,569)
Net income	3,390,682	4,178,233
Purchase of treasury shares		
Total changes during the period	2,240,898	2,374,664
Balance at the end of the period	12,425,546	14,800,211
Total retained earnings		
Balance at the beginning of the period	19,555,686	21,796,584
Changes during the period		
Dividends of surplus	(1,149,784)	(1,803,569)
Net income	3,390,682	4,178,233
Purchase of treasury shares		
Total changes during the period	2,240,898	2,374,664
Balance at the end of the period	21,796,584	24,171,249

(In thousands of yen)

	Previous (July 1, 2016 thru June 30, 2017)	Current (July 1, 2017 thru June 30, 2018)
Treasury stock		
Balance at the beginning of the period	(976,139)	(976,494)
Changes during the period		
Purchase of treasury shares	(354)	(474)
Total changes during the period	(354)	(474)
Balance at the end of the period	(976,494)	(976,969)
Total shareholders' equity		
Balance at the beginning of the period	20,590,906	22,831,450
Changes during the period		
Dividends of surplus	(1,149,784)	(1,803,569)
Net income	3,390,682	4,178,233
Purchase of treasury shares	(354)	(474)
Total changes during the period	2,240,543	2,374,189
Balance at the end of the period	22,831,450	25,205,639
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of the period	112,137	295,176
Changes during the period		
Net changes of items other than shareholders' equity	183,038	19,029
Total changes during the period	183,038	19,029
Balance at the end of the period	295,176	314,205
Subscription rights to shares		
Balance at the beginning of the period	21,498	21,498
Changes during the period		
Net changes of items other than shareholders' equity	--	--
Total changes during the period	--	--
Balance at the end of the period	21,498	21,498
Total net assets		
Balance at the beginning of the period	20,724,542	23,148,125
Changes during the period		
Dividends of surplus	(1,149,784)	(1,803,569)
Net income	3,390,682	4,178,233
Purchase of treasury shares	(354)	(474)
Net changes of items other than shareholders' equity	183,038	19,029
Total changes during the period	2,423,582	2,393,218
Balance at the end of the period	23,148,125	25,541,343

(4) Notes to non-consolidated financial statements
(Note on going concern assumption)
None

(Changes in presentation)

(Changes due to application of Partial Amendments to Accounting Standard for Tax Effect Accounting)

Because ASBJ Statement No. 28 Partial Amendments to Accounting Standard for Tax Effect Accounting dated February 16, 2018, (hereinafter “ASBJ No. 28”) can be applied to our consolidated financial statements of the fiscal year ended June 30, 2018, we have applied ASBJ No. 28 from this fiscal year and changed the presentation of statements to the manner of classifying “deferred tax assets” as “investment and other assets” and “deferred tax liabilities” as “noncurrent liabilities.” As a result, 704,224 thousand yen previously listed as “deferred tax assets” in “current assets” on the consolidated balance sheet of the previous fiscal year is removed, and the same amount is added to “deferred tax assets” in “investment and other assets,” making its total 884,387 thousand yen.