

# Consolidated Financial Statements-Summary

For the Fiscal Year ended March 31,2018

May 15, 2018

(All financial information has been prepared in accordance with generally accepted accounting principles in Japan)

## KUBOTEK CORPORATION

Code No., : 7709  
 Stock Exchange Listed : Tokyo Stock Exchange-1st Section  
 Location of the Head Office : 3-36, Nakanoshima 4-chome,Kita-ku,Osaka Japan  
 Representative : Tetsuo Kubo, President  
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 (URL <http://www.kubotek.com/>)

Date of annual general meeting of shareholders (scheduled) : June 26, 2018

Date of submission of annual security report (scheduled) : June 27, 2018

( Million yen: amounts less than one million yen are omitted )

### 1 . Financial Results of FY2017 (April 1,2017 through March 31,2018)

#### (1) Consolidated Operating Results

( Percentage figures indicate year-on-year change )

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Profit (loss) attributable to owners of parent	
FY2017	3,263	19.5%	195	649.9%	183	—%	122	—%
FY2016	2,731	3.6%	26	—%	12	—%	0	—%

(Reference) Comprehensive income FY2017: ¥ 139 million ( - %) FY 2016: ¥ 2 million ( - %)

	Earnings per share (Yen)	Diluted Earnings per share	ROE [Ratio of Profit (loss) attributable to owners of parent to Shareholder's Equity]	ROA [Ratio of ordinary Income/Total Assets]	Ratio of Operating Income/Net Sales
FY2017	8.91	—	10.6%	5.1%	6.0%
FY2016	0.07	—	0.1%	0.4%	1.0%

(Reference) Equity in earnings of affiliated FY2017: ¥ - million FY 2016: ¥ - million

#### (2) Consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
FY2017	3,848	1,227	31.9%	89.13
FY2016	3,346	1,087	32.5%	78.97

(Reference) Net Assets FY2017: ¥ 1,227 million FY2016: ¥ 1,087 million

#### (3) Consolidated Cash Flows

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at the end of period
FY2017	43	(190)	267	1,067
FY2016	43	(103)	(265)	939

### 2 . Cash Dividends

(Record date)	Dividends per Share					Total Dividends for the Year	Ratio of Earnings to Dividends	Ratio of Dividends to Shareholder's Equity
	First Quarter	Second Quarter	Third Quarter	Year-End	Annual			
FY2016	—	0.00	—	0.00	0.00	—	—	—
FY2017	—	0.00	—	0.00	0.00	—	—	—
FY2018	—	0.00	—	0.00	0.00		—	

### 3 . Consolidated Financial Forecasts for the Fiscal Year ending March 31,2019

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Earnings per share ( Yen )
Interim FY 2018	800	(49.2)%	(250)	—%	(260)	—%	(265)	—%	(19.25)
FY 2018	3,000	(8.1)%	100	(48.9)%	90	(50.9)%	70	(42.9)%	5.08

### 4 . Other information

(1) Changes in important subsidiaries during the period (changes of particular fully owned subsidiaries associated with changes in the scope of consolidation): None

(2) Changes in accounting policies, accounting estimates, and restatement of corrections

① Changes due to revision of accounting standards, etc.: None

② Changes other than stated in item ① : None

③ Changes in accounting estimates : None

④ Restatement of corrections : None

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

① Number of shares issued at the end of the fiscal Year (including treasury stock)

As of March 31, 2018: 13,830,000 shares; As of March 31, 2017: 13,830,000shares

② Number of treasury shares at the end of the fiscal year

As of March 31, 2018: 62,159 shares; As of March 31, 2017: 62,159shares

③ Average number of shares outstanding during the term

Ended March 31, 2018: 13,767,841 shares; Ended March 31, 2017: 13,767,883shares

### (Reference)

#### 1 . Financial Results of FY2017(April 1,2017 through March 31,2018)

##### (1)Non-consolidated Operating Results

( Percentage figures indicate year-on-year change )

	Net Sales		Operating Income		Ordinary Income		Profit (loss)	
FY2017	2,868	29.0%	110	—%	154	—%	107	254.1%
FY2016	2,224	27.2%	(37)	—%	(44)	—%	30	—%

	Earnings per share (Yen)	Diluted Earnings per share
FY2017	7.83	—
FY2016	2.21	—

##### (2)Non-consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
FY2017	3,680	1,145	31.1%	83.18
FY2016	3,146	1,037	33.0%	75.39

(Reference) Net Assets:

FY2017: ¥ 1,145million

FY2016: ¥ 1,037million

## Disclaimer Regarding Forecast Statements

Statements made in this release with respect to Kubotek's forecast for FY2018, are based on assumptions and beliefs in light of the information currently available to us, and therefore investors should not place undue reliance on them as they make a judgment about their investment. Kubotek cautions investors that a number of important factors could cause actual results to differ materially from those discussed in the forecast statements. Our major product of display inspection systems, such as for liquid crystal display are for highly competitive markets characterized by keen demand for production efficiency, quick adaptation of emerging new materials and rapid development of production technology. And this industry is strongly affected by factors such as demand fluctuation, the general trend of capital market, pricing pressures, and general economic conditions in East Asia market. Moreover, exchange rates between yen and other currencies in which Kubotek possibly makes significant sales or in which Kubotek's assets and liabilities are denominated, may change to influence the business performances, though Kubotek's business is yen-based so far.

## Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Thousand yen: amounts less than one thousand yen are omitted)

	FY2016 (As of Mar. 31, 2017)	FY2017 (As of Mar. 31, 2018)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	971,459	1,099,414
Notes and accounts receivable - trade	926,873	1,216,793
Electronically recorded monetary claims - operating	92,576	97,034
Merchandise and finished goods	9,116	14,236
Work in process	293,049	265,701
Raw materials and supplies	94,840	112,524
Deferred tax assets	904	1,772
Other	29,584	100,626
Allowance for doubtful accounts	(92,531)	(21,639)
Total current assets	2,325,874	2,886,465
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	659,211	659,211
Accumulated depreciation	(454,698)	(467,782)
Buildings and structures, net	204,513	191,429
Machinery, equipment and vehicles	57,216	60,446
Accumulated depreciation	(54,085)	(55,454)
Machinery, equipment and vehicles, net	3,130	4,992
Tools, furniture and fixtures	444,703	465,311
Accumulated depreciation	(418,047)	(434,138)
Tools, furniture and fixtures, net	26,656	31,172
Land	558,514	558,514
Construction in progress	13,270	-
Total property, plant and equipment	806,084	786,109
<b>Intangible assets</b>		
Software	162,405	147,036
Other	2,285	2,285
Total intangible assets	164,690	149,322
<b>Investments and other assets</b>		
Investment securities	26,053	3,765
Claims provable in bankruptcy, claims provable in rehabilitation and other	238	79,360
Other	23,758	23,060
Allowance for doubtful accounts	(238)	(79,360)
Total investments and other assets	49,811	26,826
Total non-current assets	1,020,586	962,257
Total assets	3,346,461	3,848,723

(Thousand yen: amounts less than one thousand yen are omitted)

	FY2016 (As of Mar. 31, 2017)	FY2017 (As of Mar. 31, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	445,119	478,669
Short-term loans payable	659,000	1,100,000
Current portion of long-term loans payable	396,000	291,000
Income taxes payable	12,840	30,730
Advances received	235,692	227,882
Provision for bonuses	15,660	16,070
Provision for loss on liquidation of subsidiaries and associates	–	30,032
Other	100,203	142,759
Total current liabilities	1,864,515	2,317,144
Non-current liabilities		
Long-term loans payable	337,000	246,000
Deferred tax liabilities	5,048	5,187
Net defined benefit liability	49,931	49,571
Other	2,762	3,725
Total non-current liabilities	394,742	304,484
Total liabilities	2,259,258	2,621,628
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,951,750	1,951,750
Retained earnings	(801,815)	(679,148)
Treasury shares	(81,717)	(81,717)
Total shareholders' equity	1,068,216	1,190,883
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	132	(355)
Foreign currency translation adjustment	18,853	36,566
Total accumulated other comprehensive income	18,986	36,211
Total net assets	1,087,203	1,227,094
Total liabilities and net assets	3,346,461	3,848,723

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

## Consolidated Statements of Income

(Thousand yen: amounts less than one thousand yen are omitted)

	FY2016 (Apr. 2016–Mar. 2017)	FY2017 (Apr. 2017–Mar. 2018)
Net sales	2,731,063	3,263,260
Cost of sales	1,809,640	2,133,807
Gross profit	921,422	1,129,453
Selling, general and administrative expenses	895,313	933,669
Operating profit	26,109	195,783
Non-operating income		
Interest income	204	234
Dividend income	496	305
Rent income	1,111	1,111
Other	283	73
Total non-operating income	2,096	1,724
Non-operating expenses		
Interest expenses	12,260	12,014
Foreign exchange losses	3,670	2,034
Other	3	30
Total non-operating expenses	15,934	14,080
Ordinary profit	12,271	183,427
Extraordinary income		
Gain on sales of investment securities	3,589	–
Total extraordinary income	3,589	–
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	–	31,620
Total extraordinary losses	–	31,620
Profit before income taxes	15,860	151,807
Income taxes – current	9,973	29,725
Income taxes – deferred	4,943	(584)
Total income taxes	14,917	29,140
Profit	943	122,666
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	943	122,666

Consolidated Statements of Comprehensive Income

(Thousand yen: amounts less than one thousand yen are omitted)

	FY2016 (Apr. 2016–Mar. 2017)	FY2017 (Apr. 2017–Mar. 2018)
Profit	943	122,666
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,223)	(487)
Foreign currency translation adjustment	2,703	17,713
Total other comprehensive income	1,479	17,225
Comprehensive income	2,423	139,891
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,423	139,891
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated Statements of Changes in Net Assets  
 FY2016 (Apr. 2016–Mar. 2017)

(Thousand yen: amounts less than one thousand yen are omitted)

	Shareholders' equity				Accumulated other comprehensive income			Total net assets
	Capital stock	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	1,951,750	(802,758)	(81,675)	1,067,316	1,355	16,150	17,506	1,084,822
Changes of items during period								
Profit attributable to owners of parent		943		943				943
Purchase of treasury stock			(42)	(42)				(42)
Net changes of items other than shareholders' equity					(1,223)	2,703	1,479	1,479
Total changes of items during period	—	943	(42)	900	(1,223)	2,703	1,479	2,380
Balance at end of current period	1,951,750	(801,815)	(81,717)	1,068,216	132	18,853	18,986	1,087,203

FY2017 (Apr. 2017–Mar. 2018)

(Thousand yen: amounts less than one thousand yen are omitted)

	Shareholders' equity				Accumulated other comprehensive income			Total net assets
	Capital stock	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	1,951,750	(801,815)	(81,717)	1,068,216	132	18,853	18,986	1,087,203
Changes of items during period								
Profit attributable to owners of parent		122,666		122,666				122,666
Purchase of treasury stock			—	—				—
Net changes of items other than shareholders' equity					(487)	17,713	17,225	17,225
Total changes of items during period	—	122,666	—	122,666	(487)	17,713	17,225	139,891
Balance at end of current period	1,951,750	(679,148)	(81,717)	1,190,883	(355)	36,566	36,211	1,227,094



## (4) Consolidated Statements of Cash Flows

(Thousand yen: amounts less than one thousand yen are omitted)

	FY2016 (Apr. 2016–Mar. 2017)	FY2017 (Apr. 2017–Mar. 2018)
<b>Cash flows from operating activities</b>		
Profit before income taxes	15,860	151,807
Depreciation	141,826	196,561
Increase (decrease) in allowance for doubtful accounts	(11,839)	8,292
Increase (decrease) in provision for bonuses	9,960	410
Increase (decrease) in net defined benefit liability	126	(360)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	–	30,032
Interest and dividend income	(701)	(539)
Interest expenses	12,260	12,014
Foreign exchange losses (gains)	1,393	1,565
Loss (gain) on sales of investment securities	(3,589)	–
Decrease (increase) in notes and accounts receivable – trade	(278,796)	(373,179)
Decrease (increase) in inventories	16,623	4,450
Decrease (increase) in consumption taxes refund receivable	16,656	(36,644)
Increase (decrease) in notes and accounts payable – trade	169,488	31,113
Increase (decrease) in advances received	(20,594)	(3,427)
Decrease (increase) in prepaid expenses	(13,166)	(3,202)
Increase (decrease) in accounts payable – other	5,790	55,617
Other, net	12,011	(6,637)
Subtotal	73,308	67,874
Interest and dividend income received	692	536
Interest expenses paid	(11,936)	(10,197)
Income taxes paid	(18,864)	(14,885)
Net cash provided by (used in) operating activities	43,200	43,327
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(2,816)	(2,658)
Proceeds from sales of investment securities	21,118	–
Purchase of property, plant and equipment	(33,739)	(10,751)
Proceeds from sales of property, plant and equipment	61	–
Proceeds from withdrawal of time deposits	61,133	–
Payments for liquidation of subsidiaries and affiliates	–	(32,335)
Purchase of software	(147,547)	(146,836)
Other, net	(1,990)	1,668
Net cash provided by (used in) investing activities	(103,782)	(190,913)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(80,000)	463,000
Proceeds from long-term loans payable	200,000	200,000
Repayments of long-term loans payable	(385,000)	(396,000)
Purchase of treasury shares	(42)	–
Net cash provided by (used in) financing activities	(265,042)	267,000
Effect of exchange rate change on cash and cash equivalents	(14,872)	8,539
Net increase (decrease) in cash and cash equivalents	(340,496)	127,952
Cash and cash equivalents at beginning of period	1,280,289	939,793
Cash and cash equivalents at end of period	939,793	1,067,746

## **Segment Information**

### **(1) Overview of reportable segments**

The Company's reportable segments are components of an entity for which separate financial information is available and evaluated regularly by the director in determining the allocation of management resources and in assessing performance. The Kubotek group of companies operates manufacture and sale of Inspection systems, 3D solution systems and Media & Network products, and is managed under the three regions of Japan, U.S.A. and Korea. Each region is managed as an independent unit, expanding business activities based on the development of a comprehensive strategy for each region. The Group's results are therefore reported based on these three segments, Japan, U.S.A. and Korea.

### **(2) Net sales, operating income or loss, assets, liabilities, and other items by reportable segments**

FY2016 results (Apr. 2016 - Mar. 2017)

(Thousand yen)

	Reportable segments			Total
	Japan	U.S.A.	Korea	
Net sales				
Sales to external customers	2,148,250	424,431	158,381	2,731,063
Inter-segment sales or transfers	75,823	26,000	44,041	145,864
Total	2,224,074	450,431	202,422	2,876,928
Segment operating income (loss)	(37,279)	21,376	4,768	(11,135)
Segment assets	3,146,947	120,068	165,147	3,432,162
Other items				
Depreciation and amortization	136,579	5,024	222	141,826
Increase in tangible fixed assets or intangible fixed assets	191,214	1,635	—	192,850

FY2017 results (Apr. 2017 - Mar. 2018)

(Thousand yen)

	Reportable segments			Total
	Japan	U.S.A.	Korea	
Net sales				
Sales to external customers	2,670,371	386,416	206,472	3,263,260
Inter-segment sales or transfers	198,132	20,643	48,129	266,906
Total	2,868,503	407,060	254,602	3,530,166
Segment operating income	110,841	40,843	1,953	153,638
Segment assets	3,680,618	130,414	204,234	4,015,268
Other items				
Depreciation and amortization	204,548	3,383	53	207,985
Increase in tangible fixed assets or intangible fixed assets	167,037	3,862	—	170,899

**(3) Reconciliation of published figures and aggregates of reportable segments in FY2017**

(Thousand yen)

Net sales	FY2016	FY2017
Reportable segments	2,876,928	3,530,166
Elimination of intersegment transactions	(145,864)	(266,906)
Net sales	2,731,063	3,263,260

(Thousand yen)

Operating income	FY2016	FY2017
Reportable segments	(11,135)	153,638
Elimination of intersegment transactions	9,464	9,321
Intersegment income adjustment	(11,890)	(972)
Other	39,670	33,796
Operating income (loss)	26,109	195,783

(Thousand yen)

Assets	FY2016	FY2017
Reportable segments	3,432,162	4,015,268
Elimination of intersegment transactions	(344,341)	(440,255)
Intersegment income adjustment	(13,312)	(14,285)
Other	271,952	287,995
Total assets	3,346,461	3,848,723

(Thousand yen)

Other items	Reportable segments		Adjustment		Consolidated total	
	FY2016	FY2017	FY2016	FY2017	FY2016	FY2017
Depreciation and amortization	141,826	207,985	—	(11,424)	141,826	196,561
Increase in tangible fixed assets and intangible fixed assets	192,850	170,899	(11,424)	(12,037)	181,426	158,862

(Notes:)

Depreciation and amortization, Increase in tangible fixed assets and intangible fixed assets are elimination of intersegment income.

## **Related Information**

FY2016 results (Apr. 2016 - Mar. 2017)

### **(1) Information by product/service**

(Thousand yen)

	Inspection systems	3D solution systems	Others	Total
Sales to external customers	1,958,038	658,227	114,797	2,731,063

(Notes:)

The amounts of Media & Network products are classified in Others.

### **(2) Information by geographical segment**

#### I. Sales

(Thousand yen)

Japan	Korea	Taiwan	China	Americas	Others	Total
1,339,948	318,613	75,614	567,245	423,845	5,797	2,731,063

(Notes:)

The Geographic regions are classified by geographic proximity.

#### II. Tangible fixed assets

Tangible fixed assets information is omitted because the amounts of assets in Japan exceed 90% of the amounts of combined assets of all segments.

### **(3) Information by major customer**

(Thousand yen)

Major customers	Sales	Segments
WINTEC Co., Ltd.	344,972	Japan

FY2017 results (Apr. 2017 - Mar. 2018)

### **(1) Information by product/service**

(Thousand yen)

	Inspection systems	3D solution systems	Others	Total
Sales to external customers	2,614,568	526,969	121,722	3,263,260

(Notes:)

The amounts of Media & Network products are classified in Others.

### **(2) Information by geographical segment**

#### I. Sales

(Thousand yen)

Japan	Korea	Taiwan	China	Americas	Others	Total
1,314,358	343,521	75,528	1,141,023	385,519	3,308	3,263,260

(Notes:)

The Geographic regions are classified by geographic proximity.

## II. Tangible fixed assets

Tangible fixed assets information is omitted because the amounts of assets in Japan exceed 90% of the amounts of combined assets of all segments.

### (3) Information by major customer

(Thousand yen)

Major customers	Sales	Segments
Chengdu CEC Panda Display Technology Co., Ltd.	931,000	Japan
WINTEC Co., Ltd.	524,384	Japan
Sharp Corporation	424,230	Japan

(Loss on impairment by reportable segment)

FY2016 results (Apr. 2016 - Mar. 2017)

None.

FY2017 results (Apr. 2017 - Mar. 2018)

None.

(Amortization of goodwill and unamortized balance by reportable segment)

None.

(Gain on negative goodwill by reportable segment)

None.

## Supplementary Information

### ( Production Volume )

(Thousand yen: amounts less than one thousand yen are omitted)

BY REPORTABLE SEGMENTS	Production	Year-on-year (%)
Japan	2,625,099	18.7
U.S.A.	386,858	(8.9)
Korea	211,139	30.4
<b>T o t a l</b>	<b>3,223,097</b>	<b>15.2</b>

(Note 1) Intersegment transactions are eliminated.

(Note 2) Amounts shown above are stated based on selling price.

(Note 3) Amounts shown above do not include consumption or other taxes.

### ( Orders Received )

(Thousand yen: amounts less than one thousand yen are omitted)

BY REPORTABLE SEGMENTS	Orders	Year-on-year (%)	Backlog	Year-on-year (%)
Japan	1,650,559	(42.5)	942,326	(44.8)
Korea	210,133	34.9	12,912	1,312.7
<b>T o t a l</b>	<b>1,860,693</b>	<b>(38.5)</b>	<b>955,238</b>	<b>(44.1)</b>

(Note 1) Amounts shown above do not include consumption or other taxes.

(Note 2) There are no order results in U.S.A, because of make to stock.

### ( Sales Results )

(Thousand yen: amounts less than one thousand yen are omitted)

BY REPORTABLE SEGMENTS	Sales	Year-on-year (%)
Japan	2,670,371	24.3
U.S.A.	386,416	(9.0)
Korea	206,472	30.4
<b>T o t a l</b>	<b>3,263,260</b>	<b>19.5</b>

(Note 1) Intersegment transactions are eliminated.

(Note 2) Sales results of each major customer and the ratio of sales results to the total sales results of Kubotek.

(Thousand yen: amounts less than one thousand yen are omitted)

MAJOR CUSTOMERS	FY2016 (Apr.2016 - Mar.2017)		FY2017 (Apr.2017 - Mar.2017/2018)	
	Sales	Ratio(%)	Sales	Ratio(%)
Chengdu CEC Panda Display Technology Co., Ltd.	—	—	931,000	28.5
WINTEC Co., Ltd.	344,972	12.6	524,384	16.1
Sharp Corporation	—	—	424,230	13.0

(Note 3) The customers which are less than 10% of the amounts of total sales are omitted.

(Note 4) Amounts shown above do not include consumption or other taxes.