

FYE September 2018 Financial Report [Japan GAAP] (Consolidated)



November 12, 2018

Company Name SK-Electronics Co., Ltd. Stock Exchange Listing: Tokyo Stock Exchange
 Code No. 6677 URL <http://www.sk-el.co.jp>
 Representative (Title) President Masanori Ishida
 Contact (Title) Director Yasuhisa Mukaida (TEL) 075 (441) 2333
 Scheduled Date for Annual Shareholders' Meeting: December 21, 2018 Scheduled Date for Commencement of Dividend Payments: December 25, 2018
 Scheduled Date for Submitting Annual Security Report: December 21, 2018
 Preparation of Summary Supplementary Explanatory Materials: Yes
 Earnings Presentations: Yes (for institutional investors and analysts)

(Rounded down to the nearest ¥ million)

1. Consolidated Results of Operations for FYE 9/2018 (October 1, 2017 through September 30, 2018)

(1) Consolidated Results of Operations (% indicates increase/decrease vs. prior year)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to owners of the parent	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
FYE 9/2018	22,772	33.6	4,395	147.1	4,595	176.9	3,281	169.5
FYE 9/2017	17,044	8.3	1,779	9.0	1,659	-17.0	1,217	-31.8

(Note) Comprehensive Income FYE 9/2018 3,344 million yen (42.9%) FYE 9/2017 2,341 million yen (64.1%)

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Ordinary Income to Total Assets Ratio	Operating Income to Net Sales Ratio
	Yen	Yen	%	%	%
FYE 9/2018	311.03	—	18.4	17.4	19.3
FYE 9/2017	113.73	—	7.8	7.3	10.4

(Reference) Equity in Earnings (Loss) of Unconsolidated Subsidiaries and Affiliates FYE 9/30/2018 — million yen FYE 9/30/2017 — million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	¥ millions	¥ millions	%	Yen
FYE 9/2018	28,764	19,862	67.2	1,835.75
FYE 9/2017	24,196	16,853	67.8	1,536.95

(Reference) Owned Capital FYE 9/30/2018 19,339 million yen FYE 9/30/2017 16,406 million yen

(3) Consolidated Cash Flow

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
	¥ millions	¥ millions	¥ millions	¥ millions
FYE 9/2018	5,457	-2,070	-676	7,214
FYE 9/2017	4,217	-3,427	-784	4,501

2. Dividends

	Dividend per Share					Total Cash Dividends (FY)	Dividend Payout Ratio (Consolidated)	Dividends on Equity (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Fiscal Year End	Total			
	Yen	Yen	Yen	Yen	Yen	¥ millions	%	%
FYE 9/2017	—	0.00	—	15.00	15.00	160	13.2	1.0
FYE 9/2018	—	0.00	—	17.00	17.00	179	5.5	0.9
FYE 9/2019	—	0.00	—	17.00	17.00		5.6	

(Projected)								
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3. Projected Consolidated Results of Operations for FYE 9/2019 (October 1, 2018 through September 30, 2019)

(% indicates increase/decrease compared to prior year or prior year interim period)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to owners of the parent		Net Income per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	Yen
Interim	12,600	26.3	2,700	134.3	2,700	112.4	1,800	88.3	170.86
Full Year	25,000	9.8	4,700	6.9	4,700	2.3	3,200	-2.5	303.76

* Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries due to changes in the scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatements

<1> Changes in accounting policies in conjunction with revisions of accounting standards etc.:	None
<2> Changes in accounting policies other than those in <1>:	None
<3> Changes in accounting estimates:	None
<4> Retrospective restatements:	None

(3) Number of shares issued and outstanding (common stock)

- <1> Number of shares issued and outstanding at end of period (including treasury stock)
 <2> Number of shares of treasury stock at end of period
 <3> Average number of shares during the period

FYE 9/2018	11,368,400 shares	FYE 9/2017	11,368,400 shares
FYE 9/2018	833,716 shares	FYE 9/2017	693,662 shares
FYE 9/2018	10,551,598 shares	FYE 9/2017	10,707,441 shares

(Reference) Overview of Non-Consolidated Results of Operations

1. Non-Consolidated Results of Operations for FYE 9/2018 (October 1, 2017 through September 30, 2018)

(1) Non-Consolidated Results of Operations (% indicates increase/decrease vs. prior year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
FYE 9/2018	17,914	35.0	2,835	206.2	3,052	132.4	2,189	244.7
FYE 9/2017	13,274	9.9	925	346.8	1,313	216.0	635	-46.1

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
FYE 9/2018	207.50	—
FYE 9/2017	59.33	—

(2) Non-Consolidated Financial Position

	Total Assets		Net Assets		Equity Ratio		Net Assets per Share	
	¥ millions	%	¥ millions	%	¥ millions	%	Yen	
FYE 9/2018	23,843		15,541		65.2		1,475.28	
FYE 9/2017	20,521		13,706		66.8		1,284.00	

(Reference) Owned Capital FYE 9/2018 15,541 million yen FYE 9/2017 13,706 million yen

2. Projected Non-Consolidated Results of Operations for FYE 9/2019 (October 1, 2018 through September 30, 2019)

(% indicates increase/decrease compared to prior year or prior year interim period)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	Yen
Interim	10,100	33.3	1,900	283.9	1,900	238.3	1,200	178.5	113.91
Full Year	20,000	11.6	3,300	16.4	3,700	21.2	2,400	9.6	227.82

*This financial report is exempt from audit procedures by either a certified public accountant or an audit firm.

*Explanation concerning appropriate use of the projected operating results and other special remarks

(Note on forward-looking statements)

The forward-looking statements, including the operating results forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business results may differ substantially due to a number of factors. Please see Page 3 “1. Qualitative Information on Consolidated Operating Results for FYE September 2018, (4) Outlook for FY2019” concerning the assumptions used as the basis for the projected operating results and matters to note before using the projected operating results.

(Revision to date format)

In the original Japanese version of the quarterly financial report, we will no longer use the Japanese calendar (imperial years) to express dates starting from consolidated FYE September 2018.

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1. Qualitative Information on Consolidated Operating Results for FYE September 2018

(1) Qualitative Explanation on Consolidated Results of Operations

In the consolidated FYE September 2018, the economy in Japan trended modestly toward recovery, reflecting improvements in the employment and income environments owing to a boost from the government's economic policies and the Bank of Japan's monetary easing policies. However, there were still uncertainties, including concerns of intensified trade friction between the United States and China.

In the flat panel display industry, in which the SK-Electronics Group is a key player, the media reported that from autumn 2019 Hon Hai Precision Industry Co., Ltd. of Taiwan aims to start mass production at the Gen-10.5 LCD panel fabrication plant currently under construction in Guangzhou, China. In the organic EL display(OLED) market, JOLED Inc. of Japan plans to mass produce the world's first printing OLED. In addition to this, Sharp Corporation announced plans to release a smartphone that uses an OLED. This illustrates that OLED development is also underway in Japan. Meanwhile in China, Tianma Microelectronics Co., Ltd. launched mass production of flexible OLED panels in Wuhan and South Korea's LG Display Co., Ltd. received authorization from the Guangzhou government to construct an OLED plant. Moreover, manufacturers in South Korean and China are planning to accelerate their development competitiveness ahead of the market release of a smartphone equipped with a foldable OLED. In the panel market, TV LCD panel prices rose for the first time in 21 months reflecting full-fledge purchasing of LCD panels in preparation for the year-end sales season and on a recovery in TV demand trends in markets in North America and China. The photomask market saw demand for photomasks from the Gen-11 LCD panel plants that were started up in China. As for high-definition photomasks, there was also brisk for use in the development of LTPS LCD panels and OLED panels.

Accordingly, the SK-Electronics Group posted consolidated net sales of ¥22,772 million, an increase of 33.6% year-on-year, operating income of ¥4,395 million, an increase of 147.1%, and ordinary income of ¥4,595 million, a rise of 176.9%. Meanwhile, net income attributable to owners of the parent totaled ¥3,281 million, a growth of 169.5%.

(2) Qualitative Explanation on Consolidated Financial Position

At the end of consolidated FYE September 2018, total assets came to ¥28,764 million, an increase of ¥4,568 million versus the end of the prior consolidated fiscal year. This mainly reflects a decline in property, plant and equipment but an increase in cash and deposits and notes and accounts receivable - trade.

Total liabilities stood at ¥8,902 million, an increase of ¥1,559 million versus the end of the prior consolidated fiscal year. This primarily reflects an increase in notes and accounts payable-trade and income taxes payable.

Total net assets were ¥19,862 million, an increase of ¥3,008 million versus the end of the prior consolidated fiscal year. This mainly reflects an increase in retained earnings.

(3) Qualitative Explanation on Cash Flows

Cash and cash equivalents ("cash") at the end of the consolidated fiscal year under review increased by ¥2,712 million compared to the end of the prior consolidated fiscal year, to ¥7,214 million.

(Cash Flows from Operating Activities)

Capital stemming from operating activities in consolidated FYE September 2018 totaled ¥5,457 million, an increase versus ¥4,217 million a year earlier. This is primarily attributable to income before income taxes of ¥4,693 million, depreciation of ¥3,108 million, an increase in notes and accounts receivable - trade of ¥2,514 million, an increase in notes and accounts payable - trade of ¥845 million, and income taxes paid of ¥825 million.

(Cash Flows from Investing Activities)

Cash flows used in investing activities in consolidated FYE September 2018 totaled ¥2,070 million, a decline versus ¥3,427 million a year earlier. This mainly reflects ¥2,077 million used in the purchase of property, plant and equipment.

(Cash Flows from Financing Activities)

Cash used in financing activities in consolidated FYE September 2018 amounted to ¥676 million (a decline versus ¥784 million a year earlier). This mainly reflects repayments of long-term loans payable of ¥300 million, cash dividends paid of ¥160 million, and purchase of treasury shares of ¥169 million.

(Reference) Cash Flows Indicator Trends

	FYE 9/2014	FYE 9/2015	FYE 9/2016	FYE 9/2017	FYE 9/2018
Equity Ratio (%)	54.9	61.0	70.5	67.8	67.2
Market value equity ratio (%)	81.0	44.8	49.3	55.6	81.0
Interest-bearing liabilities to cash flow (annual)	0.3	0.2	0.2	0.3	0.2
Interest coverage ratio (times)	227.8	276.2	130.0	502.4	659.9

* Equity ratio: Owned capital/Total assets

Market value equity ratio: Market capitalization/Total assets

Interest-bearing liabilities to cash flow: Interest-bearing liabilities/Cash flows

Interest coverage ratio: Cash flows/Interest payments

(Notes) 1. The above indicators have been calculated using consolidated financial figures.

2. Market capitalization is calculated by multiplying the closing share price at year end by total shares issued and outstanding at year end (excluding treasury stock).

3. Cash flows used are Cash Flows from Operating Activities.

4. Interest-bearing liabilities are all consolidated liabilities from the balance sheet for which interest is being paid.

5. Interest payments are the amount of interest paid from the Statement of Cash Flows.

(4) Outlook for FY2019

In the flat panel display market going forward, rapid growth is expected in screen sizes and enhancements in high-definition. This reflects in part the spread of TVs with larger screen sizes and 4K TVs, and the expansion of products including 8K and OLED TVs, the advent of full-screen display smartphones and more advanced high-definition technology. In addition, new devices, including foldable terminals and devices equipped with virtual, augmented and mixed reality (VR, AR and MR) technologies, are expected to hit the market. Capital investment trends are likely to be as planned for Gen-10.5 and higher LCD panel fabrication plants. We aim to improve our yield and take a break from new investment plans for organic EL panel plants, as the market has heated up in recent years.

Amid this environment, we forecast demand for 10th generation or higher photomasks owing to the launch of BOE's Gen-10.5 LCD panel fabrication plant in Hefei, China, and another Gen-10.5 LCD panel fabrication plant under construction in Wuhan, and CSOT's Gen-11 LCD panel fabrication plant which will be started up in Shenzhen. That being said, a competitor is expected to start up a photomask plant in Hefei for use with 10th generation or higher panels. We plan to aggressively promote the competitive edge we have built owing to our track record and experience. We also aim to further curtail delivery times to steadily win orders. For photomasks that are 8.5 generation and earlier, we estimate stable demand for photomasks used in the development of organic EL panels and LTPS LCD panels ahead of the arrival of smartphones with high-definition displays. We plan to fully address this demand by responding to customer requests, including those for the use of high-definition technology and shorter delivery times, and thereby expand our order volume.

In FYE September 2019, we forecast consolidated net sales of ¥25,000 million, an increase of 9.8% year-on-year, operating income of ¥4,700 million, an increase of 6.9%, ordinary income of ¥4,700 million, an increase of 2.3%, and net income attributable to owners of the parent of ¥3,200 million, a decrease of 2.5%.

(5) Basic Policy regarding Profit Distribution and Dividends for the Consolidated Fiscal Year under Review and Subsequent Period

The SK-Electronics Group believes that sharing Group profits with our shareholders is one of our most important management

concerns, and our basic policy is to implement consistent profit distributions to our shareholders, in proper consideration of changes in the operating results of the Group. We will declare dividends in light of the availability of internal funds required for investment in equipment and research and development to expand our business, our projections of future operating results and other considerations.

With regard to the distribution of profits at the end of the consolidated FYE September 2018, the SK-Electronics Group plans to apportion a dividend of ¥17 per share in accordance with its basic policy on profit distribution.

Furthermore, the distribution of retained earnings for the next fiscal year (FYE September 2019) is expected to be ¥17 per share, in accordance with our basic policy on profit distribution.

2. Basic Policy regarding Selection of Accounting Standards

The SK-Electronics Group prepares consolidated financial statements in accordance with generally accepted accounting principles in Japan. There are no scheduled changes in accounting standards for the time being. That being said, the SK-Electronics Group plans to adopt the International Financial Reporting Standards (IFRS) should the need arise to adequately respond to various circumstances in Japan and abroad.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Unit: ¥ thousands)

	Prior consolidated fiscal year (FYE 9/2017)	Current consolidated fiscal year (FYE 9/2018)
Assets		
Current assets		
Cash and deposits	4,501,430	7,214,123
Notes and accounts receivable - trade	4,715,123	7,236,815
Merchandise and finished goods	69,580	52,478
Work in process	370,838	402,226
Raw materials and supplies	1,373,940	1,714,420
Deferred tax assets	254,706	290,597
Other	763,621	420,912
Allowance for doubtful accounts	-2,239	-3,299
Total current assets	12,047,000	17,328,275
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,645,440	3,394,212
Machinery, equipment and vehicles, net	5,403,010	4,431,685
Land	1,607,750	1,667,702
Construction in progress	316,367	952,032
Other, net	183,412	140,552
Total property, plant and equipment	11,155,981	10,586,184
Intangible assets		
Software	450,034	348,600
Other	770	596
Total intangible assets	450,804	349,196
Investments and other assets		
Investment securities	376,013	340,316
Long-term loans receivable	30,000	6,000
Deferred tax assets	14,559	9,227
Other	121,963	145,614
Allowance for doubtful accounts	-100	-100
Total investments and other assets	542,435	501,057
Total non-current assets	12,149,222	11,436,439
Assets	24,196,222	28,764,714

(Unit: ¥ thousands)

	Prior consolidated fiscal year (FYE 9/2017)	Current consolidated fiscal year (FYE 9/2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,364,482	4,213,194
Current portion of long-term loans payable	300,000	300,000
Income taxes payable	512,294	1,076,108
Allowance for bonuses to directors	45,000	85,000
Other	1,958,719	2,420,721
Total current liabilities	6,180,495	8,095,023
Non-current liabilities		
Long-term loans payable	1,050,000	750,000
Deferred tax liabilities	42,934	7,917
Other	68,902	49,336
Total non-current liabilities	1,161,836	807,253
Total liabilities	7,342,332	8,902,277
Net assets		
Shareholders' equity		
Capital stock	4,109,722	4,109,722
Capital surplus	4,051,600	4,051,600
Retained earnings	8,155,349	11,277,069
Treasury shares	-631,099	-800,478
Total shareholders' equity	15,685,572	18,637,913
Other cumulative comprehensive income		
Valuation difference on available-for-sale securities	211,331	186,557
Foreign currency translation adjustment	509,628	514,604
Total other cumulative comprehensive income	720,959	701,162
Noncontrolling interests	447,359	523,361
Total net assets	16,853,890	19,862,437
Total liabilities and net assets	24,196,222	28,764,714

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

Consolidated Statement of Income

(Unit: ¥ thousands)

	Prior consolidated fiscal year (From October 1, 2016 to September 30, 2017)	Current consolidated fiscal year (From October 1, 2017 to September 30, 2018)
Net sales	17,044,865	22,772,091
Cost of sales	12,637,034	15,761,750
Gross profit	4,407,831	7,010,341
Selling, general and administrative expenses	2,628,781	2,614,689
Operating Income	1,779,049	4,395,651
Non-operating income		
Interest income	7,034	7,997
Real estate rent	19,951	19,993
Subsidy income	26,831	61,600
Gain on foreign exchange rate translations	—	93,900
Other	41,792	38,943
Total non-operating income	95,610	222,434
Non-operating expenses		
Interest expenses	8,497	8,269
Rent cost of real estate	10,608	11,365
Foreign exchange losses	184,840	—
Other	10,733	2,682
Total non-operating expenses	214,680	22,317
Ordinary Income	1,659,979	4,595,768
Extraordinary income		
Subsidy income	100,000	100,000
Insurance payment received	351,737	—
Total extraordinary income	451,737	100,000
Extraordinary losses		
Loss on retirement of non-current assets	4,742	2,539
Impairment losses	248,361	—
Total extraordinary losses	253,103	2,539
Income before income taxes	1,858,613	4,693,229
Income taxes - current	774,703	1,383,908
Income taxes - deferred	-295,666	-54,695
Total income taxes	479,037	1,329,212
Net Income	1,379,576	3,364,016
Net income attributable to the noncontrolling interests	161,789	82,175
Net income attributable to owners of the parent	1,217,787	3,281,841

Consolidated Statement of Comprehensive Income

(Unit: ¥ thousands)

	Prior consolidated fiscal year (From October 1, 2016 to September 30, 2017)	Current consolidated fiscal year (From October 1, 2017 to September 30, 2018)
Net Income	1,379,576	3,364,016
Other comprehensive income		
Valuation difference on available-for-sale securities	55,570	-24,773
Foreign currency translation adjustment	905,970	5,602
Other comprehensive income	961,540	-19,171
Comprehensive Income	2,341,117	3,344,845
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	2,194,521	3,262,044
Comprehensive income attributable to noncontrolling interests	146,595	82,800

(3) Consolidated Statements of Changes in Stockholders' Equity

Prior consolidated fiscal year (From October 1, 2016 to September 30, 2017)

(Unit: ¥ thousands)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	4,109,722	4,335,413	7,132,644	-484,335	15,093,444
Changes of items during the period					
Dividends from surplus			-195,083		-195,083
Net income attributable to owners of the parent			1,217,787		1,217,787
Share buybacks				-146,763	-146,763
Net change in parent's equity related to transactions with noncontrolling shareholders		-283,813			-283,813
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	-283,813	1,022,704	-146,763	592,127
Balance at the end of current period	4,109,722	4,051,600	8,155,349	-631,099	15,685,572

	Other cumulative comprehensive income			Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	155,760	-411,536	-255,775	1,548,151	16,385,821
Changes of items during the period					
Dividends from surplus					-195,083
Net income attributable to owners of the parent					1,217,787
Share buybacks					-146,763
Net change in parent's equity related to transactions with noncontrolling shareholders					-283,813
Net changes of items other than shareholders' equity	55,570	921,164	976,734	-1,100,792	-124,057
Total changes of items during the period	55,570	921,164	976,734	-1,100,792	468,069
Balance at the end of current period	211,331	509,628	720,959	447,359	16,853,890

Current consolidated fiscal year (From October 1, 2017 to September 30, 2018)

(Unit: ¥ thousands)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	4,109,722	4,051,600	8,155,349	-631,099	15,685,572
Changes of items during the period					
Dividends from surplus			-160,121		-160,121
Net income attributable to owners of the parent			3,281,841		3,281,841
Share buybacks				-169,378	-169,378
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	3,121,720	-169,378	2,952,341
Balance at the end of current period	4,109,722	4,051,600	11,277,069	-800,478	18,637,913

	Other cumulative comprehensive income			Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	211,331	509,628	720,959	447,359	16,853,890
Changes of items during the period					
Dividends from surplus					-160,121
Net income attributable to owners of the parent					3,281,841
Share buybacks					-169,378
Net changes of items other than shareholders' equity	-24,773	4,976	-19,796	76,002	56,205
Total changes of items during the period	-24,773	4,976	-19,796	76,002	3,008,546
Balance at the end of current period	186,557	514,604	701,162	523,361	19,862,437

(4) Consolidated Statement of Cash Flows

(Unit: ¥ thousands)

	Prior consolidated fiscal year (From October 1, 2016 to September 30, 2017)	Current consolidated fiscal year (From October 1, 2017 to September 30, 2018)
Cash Flows from Operating Activities		
Income before income taxes	1,858,613	4,693,229
Depreciation	2,069,514	3,108,464
Impairment losses	248,361	—
Amortization of goodwill	40,687	—
Increase (decrease) in allowance for doubtful accounts	463	1,060
Increase (decrease) in provision for directors' bonuses	20	40,000
Interest and dividend income	-11,426	-13,824
Interest expenses	8,497	8,269
Loss on retirement of non-current assets	4,742	2,539
Insurance payment received	-351,737	—
Decrease (increase) in notes and accounts receivable - trade	-1,073,594	-2,514,205
Decrease (increase) in inventories	-174,504	-353,989
Increase (decrease) in notes and accounts payable - trade	873,332	845,693
Other, net	58,000	459,949
Subtotal	3,550,970	6,277,186
Interest and dividend income received	11,375	13,733
Interest expenses paid	-8,394	-8,269
Proceeds from insurance income	351,737	—
Settlement package received	400,000	—
Income taxes paid	-565,464	-825,497
Refund of income and other taxes	476,878	—
Net cash provided by (used in) operating activities	4,217,104	5,457,152
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	-3,083,334	-2,077,426
Purchase of intangible assets	-366,339	-12,896
Collection of loans receivable	24,000	24,000
Other, net	-2,006	-4,389
Net cash provided by (used in) investing activities	-3,427,681	-2,070,713
Cash Flows from Financing Activities		
Proceeds from long-term loans payable	1,500,000	—
Repayments of long-term loans payable	-350,000	-300,000
Payments for installment payables - property and equipment	-61,171	-40,237
Cash dividends paid	-195,083	-160,121
Purchase of treasury shares	-146,763	-169,378
Dividends paid to noncontrolling interests	-78,468	-6,798
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-1,024,983	—
Purchase of treasury shares of subsidiaries	-427,748	—
Net cash provided by (used in) financing activities	-784,218	-676,535
Effect of exchange rate change on cash and cash equivalents	311,870	2,790
Net increase (decrease) in cash and cash equivalents	317,075	2,712,693
Balance of cash and cash equivalents at the beginning of the fiscal year	4,184,355	4,501,430
Balance of cash and cash equivalents at the end of the fiscal year	4,501,430	7,214,123

(5) Notes to the Consolidated Financial Statements

(Notes relating to the assumptions of going concerns)

The Company had no material items to report

(Segment Information)

The SK-Electronics Group is engaged in the singular business of the design, production, and sale of photomasks. The Company does not provide segment information-related details because it does not have significant underlying business segments and forms a single reportable segment.

(Per Share Information)

	Prior consolidated fiscal year (From October 1, 2016 to September 30, 2017)	Current consolidated fiscal year (From October 1, 2017 to September 30, 2018)
Net assets per share	¥1,536.95	¥1,835.75
Net Income per Share	¥113.73	¥311.03

Notes: 1 Net income per share of common stock on a fully diluted basis for the consolidated fiscal year under review is omitted because there are no diluted shares.

2 The basis for calculation of the net assets per share of common stock is shown below.

	Prior consolidated fiscal year (As of September 30, 2017)	Current consolidated fiscal year (As of September 30, 2018)
Amount reported in net assets (¥ thousands)	16,853,890	19,862,437
Amount deducted from net assets (¥ thousands)	447,359	523,361
(Portion of noncontrolling interests)	(447,359)	(523,361)
Net assets at end of period pertaining to common stock (¥ thousands)	16,406,531	19,339,076
Number of shares of common stock at end of period used to calculate net assets per share (shares)	10,674,738	10,534,684

3 The basis for calculation of net income per share is shown below.

	Prior consolidated fiscal year (From October 1, 2016 to September 30, 2017)	Current consolidated fiscal year (From October 1, 2017 to September 30, 2018)
Net income attributable to owners of the parent (¥ thousands)	1,217,787	3,281,841
Amount not attributed to common stock shareholders (¥ thousands)	—	—
Net income attributable to owners of the parent pertaining to common stock (¥ thousands)	1,217,787	3,281,841
Average number of shares of common stock outstanding during the period (shares)	10,707,441	10,551,598

(Material Events after the Close of the Consolidated Fiscal Year)

The Company had no material items to report.

4. Supplemental information

Sales trends

Sales transactions with major business partners and percentage of total sales

Business partners	Prior consolidated fiscal year (From October 1, 2016 to September 30, 2017)		Current consolidated fiscal year (From October 1, 2017 to September 30, 2018)	
	Sales (¥ thousand)	(%)	Sales (¥ thousand)	(%)
Mitsui Bussan Electronics Ltd.	2,538,240	14.9	5,680,272	24.9
SAMSUNG DISPLAY CO., LTD.	3,860,233	22.6	3,155,062	13.9
Innolux Corporation	1,856,670	10.9	2,384,701	10.5
Tianma Microelectronics Co., Ltd.	2,080,254	12.2	—	—

Notes: 1 Business partners with sales that make up less than 10% of total sales transactions have been omitted from this list.

2 The yen amounts shown above do not include consumption or other taxes.