



# Summary of Financial Statements (Non-consolidated) for the Year Ended March 31, 2019 (Japanese GAAP)

May 9, 2019

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 Code #: 6730  
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 Scheduled date of shareholders' meeting: June 22, 2019  
 Scheduled date of release of Securities Report: June 24, 2019  
 Scheduled date of dividend payment: —  
 Availability of supplementary explanatory materials prepared for financial results: Available  
 Briefing session on financial results to be held: Yes (for analysts and institutional investors)

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(Figures are rounded down to the nearest million yen.)

## 1. Business Results for Fiscal Year 2018 (April 1, 2018 to March 31, 2019)

### (1) Operating results

(Percentage figures indicate the rate of year-on-year increase (decrease).)

	Net sales		Operating profit		Ordinary profit		Profit	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY 2018	5,003	(41.0)	(1,672)	—	(1,651)	—	(2,000)	—
FY 2017	8,477	5.8	156	10.5	164	0.9	80	(13.5)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit / Total assets	Operating profit / Net sales
	Yen	Yen	%	%	%
FY 2018	(178.83)	—	(19.3)	(14.5)	(33.4)
FY 2017	7.18	—	0.7	1.3	1.8

(Reference) Equity in earnings (losses) of non-consolidated subsidiaries and affiliates: — million yen (FY 2018); — million yen (FY 2017)

### (2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	Yen
FY 2018	9,701	9,313	96.0	832.45
FY 2017	13,035	11,418	87.6	1,020.67

(Reference) Equity capital FY 2018: 9,313 million yen FY 2017: 11,418 million yen

### (3) Status of cash flows

	Operating cash flow	Investment cash flow	Financing cash flow	Cash and cash equivalent at end of year
	millions of yen	millions of yen	millions of yen	millions of yen
FY 2018	(250)	(35)	(55)	6,536
FY 2017	(1,490)	(301)	(55)	6,868

## 2. Dividend Payments

	Annual Dividend					Total dividend cost (Annual)	Dividend payout ratio	Dividend / Net assets
	1Q	2Q	3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	millions of yen	%	%
FY 2017	—	0.00	—	5.00	5.00	55	69.6	0.5
FY 2018	—	0.00	—	0.00	0.00	—	—	—
FY 2019 (Projection)	—	0.00	—	5.00	5.00		50.9	

## 3. Forecast Results for Fiscal Year 2019 (April 1, 2019 to March 31, 2020)

(Percentage figures indicate the rate of year-on-year increase (decrease).)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	Yen
1st Half	3,100	41.5	(150)	-	(150)	-	(150)	-	(13.40)
Full Year	7,000	39.9	110	-	110	-	110	-	9.83

### \* Matters of Note

#### (1) Changes to accounting policies, changes to accounting estimates, and restatements:

- 1) Changes to accounting policies accompanying the revision of accounting standards, etc.: None
- 2) Changes to accounting policies other than 1) above: None
- 3) Changes to accounting estimates: Yes
- 4) Restatements: None

#### (2) Number of shares issued (common shares)

1) The number of shares issued at end of year (including treasury stock)	FY 2018	11,187,749 shares	FY 2017	11,187,749 shares
2) The number of shares of treasury stock at end of year	FY 2018	152 shares	FY 2017	152 shares
3) Average number of shares of common shares during year	FY 2018	11,187,597 shares	FY 2017	11,187,597 shares

\* These financial results are outside the scope of audit by certified public accountants or an audit firm.

#### \* Explanation of appropriate use of results forecasts, other matters of note:

##### (Note on forward-looking statements, etc.)

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as at the date of publication of this document. Actual results may differ significantly from these forecasts due to various factors. For assumed conditions of the earnings forecasts and precautions, etc. in using the earnings forecasts, please refer to [Appendix] P. 4 “1. Overview of Business Results, etc. (4) Future outlook.”

#### (Method of obtaining supplementary explanatory materials and contents of briefing session on financial results)

Supplementary explanatory materials on financial results are provided on TDnet on the same date.

The Company is planning to hold a briefing session for analysts and institutional investors on Friday, May 10, 2019. The video of the briefing session is scheduled to be posted on the Company’s website immediately after the session.

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## 1. Overview of Business Results, etc.

### (1) Overview of business results for the fiscal year under review

During fiscal 2018, a moderate recovery trend continued in the Japanese economy including signs of improvements in personal consumption amid continuous improvements in the employment and income conditions. However, economic outlook has remained uncertain due mainly to concern over the impact of volatility in the financial and capital markets, in addition to the escalation of uncertainties over the global economy such as trade issues.

The pachinko and pachislot machine market, which is the main market for the Company, has continued to face a challenging market environment, due mainly to the diversification of leisure and the effects of the revised “Ordinance for Enforcement of the Act on Control and Improvement of Amusement and Entertainment Business, etc.” that came into force as preventive measures against addictive gambling, leading to a sluggish demand for new machines at amusement facilities. In addition, the business environment surrounding the Company is becoming increasingly harsh due to increased cost-saving awareness among pachinko and pachislot machine manufacturers against the backdrop of a challenging market environment, leading to a more widespread reuse of device components including the Company’s products.

Under such circumstances, the Company worked on sales expansion for Graphics LSI products for customers in the embedded system market (Note 1), in addition to initiatives for securing stable profits in the pachinko and pachislot market, and also focused on activities for early commercialization in the following four areas: middleware, security, blockchain, and machine learning, all of which are positioned as new businesses. With a view to accelerating new business development, the Company actively considered initiatives including restructuring, alliances and investments. During fiscal 2018, the Company established a fully-owned subsidiary VIPPOOL Inc. on July 2, 2018 to accelerate commercialization in the blockchain area.

As for products targeted at the pachinko and pachislot machine market, net sales decreased 42.9% from the previous fiscal year to 4,736 million yen, affected by a temporary inventory adjustment in the market and a rise in reuse of device components, including the Company’s products, as well as the market environment. Sales of Graphics LSI products, which are the mainstay products in this market, were 290,000 units, compared to 630,000 units in the previous fiscal year. As for other products targeted at the said market, although sales of LED driver LSI products (Note 2) increased from the previous fiscal year, supported by robust demand from customers who adopt the products, sales of memory-module (Note 3) products decreased from the previous fiscal year due to the increased reuse of products by major customers.

In terms of Graphics LSI products targeted at the embedded system market, net sales increased 60.7% from the previous fiscal year to 183 million yen due to advances with the adoption of new products as well as trends in demand among customers who continuously adopt the Company’s products. As for other products, including development-support software for customers, evaluation circuit boards, and middleware products for game applications, net sales increased 16.4% from the previous fiscal year to 84 million yen.

As a result, for fiscal 2018, the Company recorded net sales of 5,003 million yen, a decrease of 41.0% from the previous fiscal year. Gross profit decreased 45.6% year-on-year to 1,708 million yen. Selling, general and administrative expenses increased 13.2% from the previous fiscal year to 3,380 million yen, mainly due to an increase in research and development expenses as a result of prototype development expenses for next-generation products.

Consequently, for fiscal 2018, the Company recorded an operating loss of 1,672 million yen (operating profit of 156 million yen in the previous fiscal year) and an ordinary loss of 1,651 million yen (ordinary profit of 164 million yen in the previous fiscal year). In addition, loss on valuation of investment securities was posted as an extraordinary loss, and estimated income taxes were added due to reversal of deferred tax assets. Accordingly, the Company recorded a loss of 2,000 million yen (profit of 80 million yen in the previous fiscal year).

(Note 1) “Embedded system market” refers to the market relating to the manufacture of embedded systems, excluding pachinko and pachislot machines. Embedded systems refer to electronic devices that have a computer embedded that carries out a particular processing specific to a certain application. Embedded systems include devices of various types and in various areas, ranging from medical devices, vending machines, to home electric appliances.

(Note 2) “LED driver LSI product” refers to the Company’s LSI products designed to efficiently control LED equipped in pachinko and pachislot machines.

(Note 3) “Memory-module” refers to the mechanism of the part that retains the image data installed in the image display boards of pachinko and pachislot machines.

**(2) Overview of financial position for the fiscal year under review**

Total assets as of the end of fiscal 2018 decreased 3,333 million yen from the end of the previous fiscal year to 9,701 million yen (down 25.6% year-on-year). This was due mainly to factors such as the increase of 875 million yen in merchandise and finished goods, and the increase of 209 million yen in consumption taxes receivable, offset by the decrease of 2,893 million yen in accounts receivable – trade, the decrease of 675 million yen in advance payments – trade, and the decrease of 366 million yen in investment securities.

Total liabilities as of the end of fiscal 2018 decreased 1,228 million yen from the end of the previous fiscal year to 388 million yen (down 76.0% year-on-year). This was due mainly to factors such as the decrease of 1,109 million yen in accounts payable - trade.

Total net assets as of the end of fiscal 2018 decreased 2,105 million yen from the end of fiscal 2017 to 9,313 million yen (down 18.4% year-on-year). This was due mainly to factors such as the decrease of 2,056 million yen in retained earnings.

**(3) Overview of cash flows for the fiscal year under review**

Cash and cash equivalents (hereinafter “funds”) as of the end of fiscal 2018 amounted to 6,536 million yen. The status of cash flows and their contributing factors are as follows.

**(Cash flows from operating activities)**

Funds used in operating activities for fiscal 2018 amounted to 250 million yen (compared with funds used of 1,490 million yen in fiscal 2017). This was mainly due to factors such as loss before income taxes for fiscal 2018 (1,891 million yen), the increase in inventories (874 million yen), the decrease in notes and accounts payable – trade (1,109 million yen), and the decrease/increase in consumption taxes receivable/payable (276 million yen), despite the recognizing of depreciation (171 million yen), the loss on valuation of investment securities (239 million yen), the decrease in notes and accounts receivable – trade (2,893 million yen) and the decrease in other current assets (692 million yen).

**(Cash flows from investing activities)**

Funds used in investing activities for fiscal 2018 amounted to 35 million yen (compared with funds used of 301 million yen in fiscal 2017). This was mainly attributable to proceeds from distribution of investment in partnerships (53 million yen), despite the purchase of property, plant and equipment (27 million yen), and the purchase of shares of subsidiaries and associates (50 million yen).

**(Cash flows from financing activities)**

Funds used in financing activities for fiscal 2018 amounted to 55 million yen (compared with funds used of 55 million yen in fiscal 2017). This was mainly attributable to cash dividends paid (55 million yen).

**(Cash flow-related indicators)**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Ratio of shareholders' equity to total assets (%)	93.1	92.6	95.3	87.6	96.0
Ratio of market capitalization to total assets (%)	134.4	77.8	75.4	85.1	63.7
Ratio of interest-bearing liabilities to cash flow (%)	–	–	–	–	–
Interest coverage ratio (%)	–	–	–	–	–

Ratio of shareholders' equity to total assets: Shareholders' equity / total assets

Ratio of market capitalization to total assets: Market capitalization of stock / total assets

Ratio of interest-bearing liabilities to cash flow: Interest-bearing liabilities / cash flow

Interest coverage ratio: Cash flow / interest expense

(Note 1) The market capitalization of stock was calculated based on the number of shares issued and outstanding, excluding treasury stock.

(Note 2) Operating cash flow is used for “cash flow” in the above calculations.

(Note 3) “Interest-bearing liabilities” in the above calculation refers to all liabilities recorded on the balance sheets for which the Company pays interests.

#### **(4) Future outlook**

The pachinko and pachislot machine market for fiscal year 2019 is expected to see demand for the replacement of machines with models meeting the new standards in accordance with the revision of the “Ordinance for Enforcement of the Act on Control and Improvement of Amusement and Entertainment Business, etc.” However, as the market remains sluggish due to the diversification of leisure, the uncertainty about future prospects is expected to continue. Comprehensively taking into consideration such market environment, the Company estimates yearly sales volume for pachinko and pachislot machines during fiscal 2019 to be 1,550,000 units (estimated 1,790,000 units for fiscal 2018).

As for the Company’s mainstay Graphics LSI products targeted at the pachinko and pachislot machine market, in light of the above-mentioned replacement demand, the Company has made plans to sell 470,000 units, 170,000 units more than the previous fiscal year, despite the anticipated harsh market environment. Of the sales of these 470,000 units, approximately 100,000 units of models with LSI-implemented modules are planned to be sold. As for other products targeted at the pachinko and pachislot machine market, while sales of LED driver LSI products decreased compared with the previous fiscal year, the Company plans greater sales than the previous fiscal year in anticipation of an increase in the number of customers adopting memory-module products.

As for products targeted at the embedded system market, the Company expects sales of approximately 53,000 units for Graphics LSI products (actual sales in the previous fiscal year of 68,000 units) in light of trends in customer demand, and also expects sales of associated system products. In addition, the Company plans higher sales than the previous fiscal year of middleware products, etc. in the four areas positioned as new businesses in anticipation of an increase in the number of new customers adopting the products, and also expects a slight increase in net sales in each of the areas of machine learning, blockchain and security from the second half of fiscal 2019.

Based on the foregoing analysis, the Company’s net sales for fiscal 2019 are forecast to increase by 1,996 million from the previous fiscal year to 7,000 million yen (up 39.9% year-on-year). Gross profit is expected to increase by 641 million yen from the previous fiscal year to 2,350 million yen (up 37.6% year-on-year) along with an increase in net sales. Selling, general and administrative expenses are projected to fall by 1,140 million yen from the previous fiscal year to 2,240 million yen (down 33.7% year-on-year), due to the concentration mainly in the previous fiscal year of prototype development expenses for next-generation mainstay products targeted at pachinko and pachislot machines, which have put pressure on the Company’s business results in recent years, in addition to efforts to reduce overall expenses. Of selling, general and administrative expenses, research and development expenses are expected to fall by 1,183 million yen from the previous fiscal year to 1,330 million yen (down 47.1% year-on-year). As for new businesses that the Company is currently promoting, although we are actively investing in research and development targeted at new businesses, many of the products supplied are in the areas of services and software, and the Company believes that research and development expenses will be lower compared with those for products for pachinko and pachislot machines, which are supplied mainly in the form of hardware.

Based on the above financial projections, the Company’s forecasts for fiscal 2019 are for operating profit to increase by 1,782 million from the previous fiscal year to 110 million yen (operating loss of 1,672 million yen for the previous fiscal year), ordinary profit to increase by 1,761 million yen year-on-year to 110 million yen (an ordinary loss of 1,651 million yen for the previous fiscal year), and profit to increase by 2,110 million yen year-on-year to 110 million (a loss of 2,000 million for the previous fiscal year).

(Note) All forward-looking statements contained herein are based on information currently available to the Company and certain assumptions deemed to be reasonable by the Company, and are subject to a number of uncertainties. The Company does not give assurances that these statements will come to fruition. Please be aware that actual results may differ significantly from these forecasts due to various factors.

## **2. Basic Policy on Selection of Accounting Standards**

In view of the Company's financial statements being utilized for calculation of possible dividend amounts under the Companies Act and calculation of taxation amounts for income taxes, concerning accounting standards, the Company applies Japanese accounting standards.

**3. Financial Statements and Primary Notes****(1) Balance Sheets**

(In millions of yen)

	FY 2017 (As of March 31, 2018)	FY 2018 (As of March 31, 2019)
Assets		
Current assets		
Cash and deposits	6,868	6,536
Accounts receivable - trade	3,304	411
Merchandise and finished goods	480	1,355
Raw materials and supplies	0	0
Advance payments - trade	707	32
Prepaid expenses	117	99
Income taxes receivable	—	22
Consumption taxes receivable	—	209
Other	0	1
Total current assets	11,479	8,669
Non-current assets		
Property, plant and equipment		
Buildings	227	186
Accumulated depreciation	(135)	(111)
Buildings, net	91	75
Tools, furniture and fixtures	1,137	969
Accumulated depreciation	(962)	(878)
Tools, furniture and fixtures, net	174	91
Total property, plant and equipment	266	166
Intangible assets		
Trademark right	0	0
Software	32	28
Total intangible assets	32	28
Investments and other assets		
Investment securities	1,044	677
Shares of subsidiaries and associates	—	50
Long-term prepaid expenses	18	19
Leasehold and guarantee deposits	92	70
Deferred tax assets	82	—
Other	19	19
Total investments and other assets	1,256	836
Total non-current assets	1,556	1,032
Total assets	13,035	9,701



(In millions of yen)

	FY 2017 (As of March 31, 2018)	FY 2018 (As of March 31, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	1,344	234
Accounts payable - other	82	71
Accrued expenses	18	18
Income taxes payable	43	—
Accrued consumption taxes	67	—
Advances received	0	—
Deposits received	23	22
<b>Total current liabilities</b>	<b>1,580</b>	<b>347</b>
<b>Non-current liabilities</b>		
Asset retirement obligations	35	37
Deferred tax liabilities	—	2
<b>Total non-current liabilities</b>	<b>35</b>	<b>40</b>
<b>Total liabilities</b>	<b>1,616</b>	<b>388</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,018	1,018
<b>Capital surplus</b>		
Legal capital surplus	861	861
<b>Total capital surpluses</b>	<b>861</b>	<b>861</b>
<b>Retained earnings</b>		
Legal retained earnings	1	1
<b>Other retained earnings</b>		
General reserve	8,200	8,200
Retained earnings brought forward	1,196	(859)
<b>Total retained earnings</b>	<b>9,398</b>	<b>7,341</b>
Treasury shares	(0)	(0)
<b>Total shareholders' equity</b>	<b>11,278</b>	<b>9,221</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	140	91
Deferred gains or losses on hedges	—	0
<b>Total valuation and translation adjustments</b>	<b>140</b>	<b>91</b>
<b>Total net assets</b>	<b>11,418</b>	<b>9,313</b>
<b>Total liabilities and net assets</b>	<b>13,035</b>	<b>9,701</b>

**(2) Statements of Income**

(In millions of yen)

	FY 2017 (From April 1, 2017 to March 31, 2018)	FY 2018 (From April 1, 2018 to March 31, 2019)
Net sales	8,477	5,003
Cost of sales		
Beginning finished goods	1,443	480
Purchase of finished goods	4,371	4,170
Total	5,815	4,651
Ending finished goods	480	1,355
Cost of finished goods sold	5,335	3,295
Gross profit	3,142	1,708
Selling, general and administrative expenses	2,985	3,380
Operating profit (loss)	156	(1,672)
Non-operating income		
Interest income	1	0
Dividend income	6	5
Foreign exchange gains	—	9
Gain on investments in partnership	13	—
Subsidy income	5	5
Other	2	4
Total non-operating income	29	24
Non-operating expenses		
Foreign exchange losses	21	—
Loss on investments in partnership	—	3
Loss on retirement of non-current assets	0	0
Other	—	0
Total non-operating expenses	21	4
Ordinary profit (loss)	164	(1,651)
Extraordinary income		
Gain on sales of investment securities	164	—
Total extraordinary income	164	—
Extraordinary losses		
Loss on valuation of investment securities	149	239
Loss on valuation of membership	1	—
Total extraordinary losses	150	239
Profit (loss) before income taxes	178	(1,891)
Income taxes - current	44	2
Income taxes - deferred	53	107
Total income taxes	97	109
Profit (loss)	80	(2,000)

**(3) Statements of Changes in Net Assets**

FY 2017 (From April 1, 2017 to March 31, 2018)

(In millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of current period	1,018	861	861	1	8,200	1,172	9,373
Changes of items during period							
Dividends of surplus						(55)	(55)
Profit (loss)						80	80
Net changes of items other than shareholders' equity							
Total changes of items during period	—	—	—	—	—	24	24
Balance at end of current period	1,018	861	861	1	8,200	1,196	9,398

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(0)	11,254	203	203	11,457
Changes of items during period					
Dividends of surplus		(55)			(55)
Profit (loss)		80			80
Net changes of items other than shareholders' equity			(63)	(63)	(63)
Total changes of items during period	—	24	(63)	(63)	(38)
Balance at end of current period	(0)	11,278	140	140	11,418

FY 2018 (From April 1, 2018 to March 31, 2019)

(In millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of current period	1,018	861	861	1	8,200	1,196	9,398
Changes of items during period							
Dividends of surplus						(55)	(55)
Profit (loss)						(2,000)	(2,000)
Net changes of items other than shareholders' equity							
Total changes of items during period	—	—	—	—	—	(2,056)	(2,056)
Balance at end of current period	1,018	861	861	1	8,200	(859)	7,341

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	(0)	11,278	140	—	140	11,418
Changes of items during period						
Dividends of surplus		(55)				(55)
Profit (loss)		(2,000)				(2,000)
Net changes of items other than shareholders' equity			(49)	0	(49)	(49)
Total changes of items during period	—	(2,056)	(49)	0	(49)	(2,105)
Balance at end of current period	(0)	9,221	91	0	91	9,313

**(4) Statements of Cash Flows**

(In millions of yen)

	FY 2017 (From April 1, 2017 to March 31, 2018)	FY 2018 (From April 1, 2018 to March 31, 2019)
Cash flows from operating activities		
Profit (loss) before income taxes	178	(1,891)
Depreciation	160	171
Interest and dividend income	(8)	(5)
Loss (gain) on investments in partnership	(13)	3
Loss (gain) on sales of investment securities	(164)	—
Loss (gain) on valuation of investment securities	149	239
Decrease (increase) in notes and accounts receivable - trade	(3,125)	2,893
Decrease (increase) in inventories	963	(874)
Decrease (increase) in other current assets	(697)	692
Increase (decrease) in notes and accounts payable - trade	1,059	(1,109)
Increase (decrease) in other current liabilities	(42)	(34)
Decrease/increase in consumption taxes receivable/payable	(10)	(276)
Other, net	42	(10)
Subtotal	(1,508)	(203)
Interest and dividend income received	8	5
Income taxes (paid) refund	9	(52)
Net cash provided by (used in) operating activities	(1,490)	(250)
Cash flows from investing activities		
Purchase of property, plant and equipment	(63)	(27)
Purchase of intangible assets	(11)	(10)
Purchase of investment securities	(444)	—
Proceeds from sales of investment securities	197	—
Purchase of shares of subsidiaries and associates	—	(50)
Proceeds from collection of leasehold and guarantee deposits	—	22
Payments for asset retirement obligations	—	(22)
Proceeds from distribution of investment in partnerships	27	53
Other, net	(7)	(0)
Net cash provided by (used in) investing activities	(301)	(35)
Cash flows from financing activities		
Cash dividends paid	(55)	(55)
Net cash provided by (used in) financing activities	(55)	(55)
Effect of exchange rate change on cash and cash equivalents	(22)	10
Net increase (decrease) in cash and cash equivalents	(1,869)	(331)
Cash and cash equivalents at beginning of period	8,738	6,868
Cash and cash equivalents at end of period	6,868	6,536

**(5) Notes to Financial Statements**  
**(Notes regarding going concern assumption)**

N/A

**(Changes in presentation)**

(Statements of Income)

“Loss on retirement of non-current assets” that was included in “other” of “non-operating expenses” for the previous fiscal year is posted independently for fiscal 2018 since the amount has exceeded 10% of the total amount of non-operating expenses. In order to reflect this change in presentation, the financial statements fiscal 2017 have been reclassified.

As a result, 0 million yen of “other” presented under “non-operating expenses” in the Statements of Income for fiscal 2017 have been reclassified as 0 million yen of “loss on retirement of non-current assets.”

(Changes in presentation with application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 28, February 16, 2018) effective from the beginning of the current fiscal year. Accordingly, the Company adopted a method whereby deferred tax assets are presented under investments and other assets, and deferred tax liabilities are presented under non-current liabilities.

As a result, 13 million yen of “deferred tax assets” presented under “current assets” in the balance sheets for fiscal 2017 are included in 82 million yen of “deferred tax assets” presented under “investments and other assets.”

**(Changes to accounting estimates)**

(Changes to estimates of asset retirement obligations)

In fiscal 2018, the Company resolved to partially terminate the building lease agreement for its head office. Consequently, the Company has shortened the useful life of non-current assets not expected to be used and changed it to the period up to termination of the agreement.

In addition, the Company changed estimates of asset retirement obligations, which have been recognized as costs required for restoration to original condition associated with the agreement, since it has become possible to make more precise estimates.

An increase of 24 million yen resulting from the change to accounting estimates has been added to the balance of asset retirement obligations before the change.

The effect of this change in accounting estimates was to increase operating loss, ordinary loss and loss before income taxes for the fiscal year ended March 31, 2019 each by 50 million yen.

**(Gains or losses on affiliates)**

N/A

**(Segment information, etc.)**

Description is omitted because the Company operates in a single segment of development and sales of semiconductor products.

**(Per share information)**

	FY 2017 (From April 1, 2017 to March 31, 2018)	FY 2018 (From April 1, 2018 to March 31, 2019)
Net assets per share	1,020.67 yen	832.45 yen
Basic earnings (loss) per share	7.18 yen	(178.83) yen

- (Notes)
1. Diluted earnings per share for the current fiscal year is omitted because there was a basic loss per share and there were no residual shares. Diluted earnings per share for the previous fiscal year is omitted because there were no residual shares.
  2. The basis of calculation of the basic earnings (loss) per share is as follows:

	FY 2017 (From April 1, 2017 to March 31, 2018)	FY 2018 (From April 1, 2018 to March 31, 2019)
Basic earnings per share		
Profit (loss) (millions of yen)	80	(2,000)
Amount not attributable to common shareholders (millions of yen)	-	-
Profit (loss) on common stock (millions of yen)	80	(2,000)
Average number of shares of common stock during the period (shares)	11,187,597	11,187,597

**(Major subsequent events)**

N/A

**4. Others****(1) Production, orders and sales status****1) Production**

Production results for FY 2018 are as follows:

(In millions of yen)

Classification	FY 2018 (From April 1, 2018 to March 31, 2019)	
	Amount	Change (%)
LSI products targeted at the pachinko and pachislot machine market	6,447	(8.1)
LSI products targeted at the embedded system market	153	15.7
Other	73	(11.7)
<b>Total</b>	<b>6,674</b>	<b>(7.7)</b>

- (Notes) 1. Amounts are according to sales price.  
2. Above figures are stated net of consumption taxes.

**2) Orders**

Orders for FY 2018 are as follows:

(In millions of yen)

Classification	FY 2018 (From April 1, 2018 to March 31, 2019)			
	Orders received	Change (%)	Outstanding orders	Change (%)
LSI products targeted at the pachinko and pachislot machine market	5,015	(41.6)	1,695	119.7
LSI products targeted at the embedded system market	174	57.8	32	(20.7)
Other	84	8.9	6	0.6
<b>Total</b>	<b>5,273</b>	<b>(39.9)</b>	<b>1,734</b>	<b>115.2</b>

- (Notes) 1. Amounts are according to sales price.  
2. Above figures are stated net of consumption taxes.

**3) Sales**

Sales during FY 2018 are as follows:

(In millions of yen)

Classification	FY 2018 (From April 1, 2018 to March 31, 2019)	
	Amount	Change (%)
LSI products targeted at the pachinko and pachislot machine market	4,736	(42.9)
LSI products targeted at the embedded system market	183	60.7
Other	84	16.4
<b>Total</b>	<b>5,003</b>	<b>(41.0)</b>

- (Notes) 1. Above figures are stated net of consumption taxes.  
2. Sales to the Company's main sales agent and the proportion of such sales to total sales over the past two fiscal years are as follows:

(In millions of yen)

Sales agent	FY 2017 (From April 1, 2017 to March 31, 2018)		FY 2018 (From April 1, 2018 to March 31, 2019)	
	Amount	Percentage (%)	Amount	Percentage (%)
Midoriya Electric Co., Ltd.	5,729	67.6	3,271	65.4
KAGA ELECTRONICS CO., LTD.	795	9.4	685	13.7
Fujitsu Electronics Inc.	783	9.2	521	10.4

(Note) Above figures are stated net of consumption taxes.