



## ROHM Co., Ltd. Financial Highlights for the First Six Months of the Year Ending March 31, 2019

(From April 1, 2018 to September 30, 2018)

October 30, 2018

### 1. Consolidated Financial Results

(Figures are rounded down to the nearest million yen. Any fraction less than the unit is rounded off.)

		'19/3	'18/3	Change from the previous year		'18/3	'19/3 (Projected)	Note1
		First six months	First six months	Amount	Percentage	Annual	Annual	Change from the previous year
<b>Net sales</b>	Millions of yen	210,823	200,436	+10,387	+5.2%	397,106	420,000	+5.8%
<b>Cost of sales</b>	Millions of yen	131,857	127,959	+3,898	+3.0%	252,591	266,600	
<b>Selling, general and administrative expenses</b>	Millions of yen	43,595	42,715	+880	+2.1%	87,510	91,400	
<b>Operating income (loss)</b>	Millions of yen	35,370	29,761	+5,609	+18.8%	57,004	62,000	+8.8%
		(16.8%)	(14.8%)	(+2.0%)		(14.4%)	(14.8%)	
<b>Ordinary income (loss)</b>	Millions of yen	44,162	31,212	+12,950	+41.5%	54,213	70,000	+29.1%
		(20.9%)	(15.6%)	(+5.3%)		(13.7%)	(16.7%)	
<b>Profit attributable to owners of parent</b>	Millions of yen	30,948	23,108	+7,840	+33.9%	37,249	50,000	+34.2%
		(14.7%)	(11.5%)	(+3.2%)		(9.4%)	(11.9%)	
Figures in ( ) indicate ratio to sales.								
<b>Net income (loss) per share</b>	yen	292.59	218.47	+74.12	+33.9%	352.14	472.71	
<b>ROE</b>	%					5.0		
<b>ROA</b>	%					4.4		
<b>Net assets per share</b>	yen	7,376.04	7,117.92	+258.12	+3.6%	7,104.04		
<b>EBITDA</b> Note2	Millions of yen	56,592	49,915	+6,677	+13.4%	100,411		
<b>Capital expenditures</b>	Millions of yen	26,352	23,138	+3,214	+13.9%	55,911	73,000	+30.6%
<b>Depreciation</b>	Millions of yen	21,221	20,154	+1,067	+5.3%	43,407	47,000	+8.3%
<b>Research and development costs</b>	Millions of yen	19,426	18,829	+597	+3.2%	38,852	40,000	+3.0%
<b>Foreign exchange gains (losses)</b>	Millions of yen	(gain) 6,564	(loss) 690	(gain) 7,254		(loss) 7,248		
<b>Foreign exchange rate (Average yen-dollar rate)</b>	yen/US\$	110.07	111.42	-1.35	-1.2%	110.81	110.00	(Second half)

(Note) 1. As the projected data are based on the information that ROHM is currently acquiring as well as specific prerequisites judged as legitimate, actual data may be considerably different due to various factors.

2. EBITDA is calculated by adding back depreciation to operating income.

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Note: This report is a translation of the financial highlights of the Company prepared in accordance with the provisions set forth in the Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan. The original version of this report is written in Japanese. In the event of any discrepancies in words, accounts, figures, or the like between this report and the original, the original Japanese version shall govern.

## 1. Consolidated Financial Results (Continued from the previous page)

(Figures are rounded down to the nearest million yen. Any fraction less than the unit is rounded off.)

		'19/3	'18/3	Change from		'18/3	'19/3 (Projected)	Change from the previous year
		First six months	First six months	Amount	Percentage	Annual	Annual	
<b>Sales by segment and region (Note1)</b>								
<b>ICs</b>	Millions of yen	96,859	93,645	+3,214	+3.4%	183,430	192,511	+5.0%
(Japan)		(38,043)	(33,177)	(+4,866)	(+14.7%)	(67,024)	(76,579)	(+14.3%)
(Asia)		(52,696)	(55,155)	(-2,459)	(-4.5%)	(105,145)	(103,486)	(-1.6%)
(Americas)		(3,391)	(3,068)	(+323)	(+10.5%)	(6,410)	(6,684)	(+4.3%)
(Europe)		(2,728)	(2,244)	(+484)	(+21.5%)	(4,849)	(5,760)	(+18.8%)
<b>Discrete semiconductor devices</b>		80,524	74,410	+6,114	+8.2%	149,915	162,852	+8.6%
(Japan)		(23,851)	(21,880)	(+1,971)	(+9.0%)	(45,123)	(50,622)	(+12.2%)
(Asia)		(46,049)	(43,058)	(+2,991)	(+6.9%)	(85,307)	(90,903)	(+6.6%)
(Americas)		(4,911)	(4,403)	(+508)	(+11.5%)	(8,999)	(9,777)	(+8.6%)
(Europe)		(5,712)	(5,068)	(+644)	(+12.7%)	(10,484)	(11,548)	(+10.1%)
<b>Modules</b>		21,773	21,477	+296	+1.4%	41,829	41,356	-1.1%
(Japan)		(5,093)	(4,978)	(+115)	(+2.3%)	(9,458)	(10,165)	(+7.5%)
(Asia)		(14,722)	(14,849)	(-127)	(-0.9%)	(28,929)	(27,168)	(-6.1%)
(Americas)		(454)	(415)	(+39)	(+9.3%)	(849)	(772)	(-9.1%)
(Europe)		(1,502)	(1,233)	(+269)	(+21.8%)	(2,592)	(3,250)	(+25.4%)
<b>Others</b>		11,666	10,903	+763	+7.0%	21,930	23,279	+6.1%
(Japan)		(2,001)	(1,892)	(+109)	(+5.8%)	(3,898)	(4,069)	(+4.4%)
(Asia)		(7,355)	(6,974)	(+381)	(+5.5%)	(13,842)	(14,628)	(+5.7%)
(Americas)		(1,003)	(863)	(+140)	(+16.2%)	(1,738)	(1,950)	(+12.1%)
(Europe)		(1,306)	(1,173)	(+133)	(+11.4%)	(2,450)	(2,630)	(+7.4%)
<b>Total</b>		210,823	200,436	+10,387	+5.2%	397,106	420,000	+5.8%
(Japan)		(68,990)	(61,929)	(+7,061)	(+11.4%)	(125,504)	(141,438)	(+12.7%)
(Asia)		(120,823)	(120,037)	(+786)	(+0.7%)	(233,225)	(236,187)	(+1.3%)
(Americas)		(9,760)	(8,750)	(+1,010)	(+11.5%)	(17,999)	(19,184)	(+6.6%)
(Europe)		(11,249)	(9,719)	(+1,530)	(+15.7%)	(20,376)	(23,189)	(+13.8%)
<b>Sales by application</b>								
<b>Consumer</b>	%	32.5	34.7	-2.2		33.3		
<b>Telecommunications</b>		10.1	10.9	-0.8		10.7		
<b>Automotive</b>		32.8	30.7	+2.1		32.2		
<b>Industrial</b>		12.9	12.0	+0.9		12.1		
<b>Computers and OA</b>		11.7	11.7	0.0		11.7		
<b>Major End Products</b>								
<b>Consumer</b>		TV, Video Camera, Audio, Microwave Oven, Air Conditioner, Refrigerator, Washing Machine, Air Cleaner, Digital Still Camera, Game Machine, Electronic Musical Instrument, Electronic Cigarette, Drone, etc.						
<b>Telecommunications</b>		Smartphone, FAX, Wearable Electronics(excludes Medical Equipment), etc.						
<b>Automotive</b>		Engine Control Unit, Air Bag, Car Navigation, Car Audio, ADAS, etc.						
<b>Industrial</b>		Medical Equipment, Electrical Measuring Equipment, Machine Tool, Vending Machine, Solar Power, Smart Meter, Security Equipment, Communications Infrastructures, Cloud Server etc.						
<b>Computers and OA</b>		PC, PC Server, Tablet PC, Printer, Data Storage(DVD, HDD, Semiconductor Memory), Monitor, Terminal, etc.						

(Note1) The above amounts are sales to external customers.

## 2. Relevant information

(Figures are rounded down to the nearest million yen. Any fraction less than the unit is rounded off.)

		'19/3	'18/3	Change from the previous year		'18/3	'19/3 (Projected)	Change from the previous year
		First six months	First six months	Amount	Percentage	Annual	Annual	
<b>Capital expenditures by segment</b>								
<b>ICs</b>	Millions of yen	7,674	11,866	-4,192	-35.3%	25,077	21,100	-15.9%
<b>Discrete semiconductor devices</b>		13,367	8,971	+4,396	+49.0%	23,148	39,400	+70.2%
<b>Modules</b>		733	526	+207	+39.4%	1,185	2,200	+85.6%
<b>Others</b>		3,114	1,069	+2,045	+191.1%	4,407	5,800	+31.6%
<b>Sales and administrative division</b>		1,462	703	+759	+107.9%	2,091	4,500	+115.1%
<b>Total</b>		26,352	23,138	+3,214	+13.9%	55,911	73,000	+30.6%
<b>Number of shareholders</b>								
	Number	27,541	19,938	+7,603	+38.1%	25,178		
Financial institution shareholding ratio	%	28.86	29.37	-0.51		27.51		
Foregin shareholding ratio	%	42.58	44.23	-1.65		45.54		
<b>Number of employees</b>								
	Domestic	Number	5,792	5,613	+179	+3.2%	5,633	
	Overseas	Number	17,526	17,210	+316	+1.8%	17,487	
	Total	Number	23,318	22,823	+495	+2.2%	23,120	
	(Number of R&D employees)	(Number)	(3,108)	(3,056)	(+52)	(+1.7%)	(3,094)	
<b>Number of consolidated subsidiaries</b>								
		Number	45	44	+1		45	
	(Domestic)	(Number)	(10)	(10)	(0)		(10)	
	(Overseas)	(Number)	(35)	(34)	(+1)		(35)	
<b>Number of affiliated companies</b>								
		Number	3	3	0		3	
	(Number of companies accounted for by equity method)	(Number)	(0)	(0)	(0)		(0)	
<b>Number of non-consolidated subsidiaries</b>								
		Number	1	2	-1		1	
	(Number of companies accounted for by equity method)	(Number)	(0)	(0)	(0)		(0)	



## Financial Report for the First Six Months of the Year Ending March 31, 2019 [Based on Japanese Standard] (Consolidated)

October 30, 2018

Stock Exchange Listings: Tokyo

Listed Company Name: ROHM CO., LTD.

Code No.: 6963 URL <http://www.rohm.com>

Company Representative: (Title) President

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Scheduled Date for Submitting the Quarterly Financial Reports

November 5, 2018

Scheduled Dividend Payment Date

December 7, 2018

Preparation of Supplementary Briefing Materials for the Quarterly Settlement:

Yes

Briefing Session for the Quarterly Settlement to Be Held:

Yes (For analysts and institutional investors)

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

### 1. Consolidated Financial Results for the First Six Months of the Year Ending March 31, 2019 (From April 1, 2018 to September 30, 2018)

(1) Consolidated Results of Operations (Accumulated total) (The percentages [%] represent change from the same time of the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months of the year ending March 31, 2019	210,823	5.2	35,370	18.8	44,162	41.5	30,948	33.9
First six months of the year ended March 31, 2018	200,436	16.6	29,761	88.5	31,212	278.4	23,108	183.9

(Note) Comprehensive income First six months of the year ending March 31, 2019: 41,488 million yen (14.0%)

First six months of the year ended March 31, 2018: 36,385 million yen (—%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
First six months of the year ending March 31, 2019	292.59		—	
First six months of the year ended March 31, 2018	218.47		—	

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First six months of the year ending March 31, 2019	888,679	780,670	87.8
Year ended March 31, 2018	864,072	751,877	87.0

(Reference) Shareholder's equity First six months of the year ending March 31, 2019: 780,193 million yen

Year ended March 31, 2018: 751,425 million yen

### 2. Dividend Details

	Annual dividend				
	End of the first quarter	Interim	End of the third quarter	End of year	Total
	Yen				
Year ended March 31, 2018	—	120.00	—	120.00	240.00
Year ending March 31, 2019	—	75.00			
Year ending March 31, 2019 (Estimates)			—	75.00	150.00

(Note) Revision to recently disclosed dividend estimates: None

Details of dividends for the first six months of the year ending March 31, 2019(Estimates)

Ordinary dividend: 65.00 yen

Commemorative dividend: 55.00 yen

Details of dividends for the year ending March 31, 2019(Estimates)

Ordinary dividend: 65.00 yen

Commemorative dividend: 55.00 yen

### 3. Consolidated Financial Results Forecast for the Year Ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

(The percentages [%] represent change from the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Annual	420,000	5.8	62,000	8.8	70,000	29.1	50,000	34.2	472.71

(Note) Revision to recently disclosed figures for consolidated financial results forecast: Yes

\*Note

- (1) Major Changes in Subsidiaries During the First Six Months of the Current Fiscal Year  
(Changes to specified subsidiaries accompanying revision on the scope of consolidation): None
- (2) Application of Specific Accounting Method for Compiling Consolidated Quarterly Financial Statement: None
- (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions
- |   |      |
|---|------|
| [1] Changes in accounting policies according to revision to accounting standards: | None |
| [2] Other changes in accounting policies other than items indicated in [1]:       | None |
| [3] Change in accounting estimates:   | None |
| [4] Restatement of revisions:   | None |

(4) Number of Shares Outstanding (common shares)

[1] Year-end number of shares outstanding (incl. treasury stocks)	First six months of the year ending March 31, 2019	111,200,000 shares	Year ended March 31, 2018	111,200,000 shares
[2] Year-end number of treasury stocks	First six months of the year ending March 31, 2019	5,425,946 shares	Year ended March 31, 2018	5,425,837 shares
[3] Average number of shares during the period (Accumulated total of the quarter)	First six months of the year ending March 31, 2019	105,774,117 shares	First six months of the year ended March 31, 2018	105,775,014 shares

\* This quarterly financial report is not subject to the quarter review procedures under the Financial Instruments and Exchange Act.

\*Explanation on Adequate Usage of Financial Results Forecast

Statements on financial results forecasts in this financial report are based on current information acquired by ROHM as well as specific legitimate premises for making decisions, therefore ROHM makes no promises as to attaining these forecasts.

Actual financial results may be considerably different due to various factors. For conditions and notes used for making prepositions of financial forecasts, please refer to “1. Qualitative Information Regarding Business Results, etc. for the First Six Months of the Current Fiscal Year, (3) Qualitative Information Regarding Consolidated Financial Results Forecast” on [Page 4](#) of the Financial Report for the First Six Months of the Year Ending March 31, 2019 (Appendix).

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\*Separately attached as supplementary material are “Financial Highlights for the First Six Months of the Year Ending March 31, 2019.”

## 1. Qualitative Information Regarding Business Results, etc. for the First Six Months of the Current Fiscal Year

## (1) Business Results

General Overview of Business Performance

Led by the major nations, the world economy in the first six months of the fiscal year ending in March 2019 grew steadily in terms of real numbers, despite being underscored by future uncertainty because of the trade friction between the USA and China. By region, personal consumption and private sector capital investment in the USA were strong, while domestic demand and capital expenditures for large ticket items continued to expand in the EU. In Japan, the economy maintained its recovery tone on increased capital investment in the private sector and higher consumption. China showed signs that its economy was slowing, while the economies in other parts of Asia were solid.

In the electronics industry, the automotive electronics market was steady, despite a slowdown in new vehicle sales in the USA, thanks to the rise in new vehicle sales in China, Asia and the EU, as well as the increasing use of in-vehicle electronics that growing demand for “safety” and “environmental performance” is fueling. As for industrial equipment markets, the FA \*1 equipment market was firm in the first half of the six months owing to wider-spread factory automation and increased use of IoT \*2, but slowed in the second half. With regards to consumer products markets, prospects of a recovery in either the PC and smartphone markets remained weak, while the home appliance market was bullish, thanks to energy-saving air conditioners and other products.

Working within this business environment, the ROHM Group continued to implement important strategies aimed at strengthening product lineups for the automotive and industrial equipment markets, which are expected to grow in the mid- to long-term, and boosting sales in these two markets and especially overseas markets. Accordingly, time and resources were directed at developing new products and technologies in technological fields where the group particularly excels, to note “analog solutions”, “power solutions”, etc., and improving proposals that combine them. The ROHM Group also pushed ahead with “production innovation” by continuing its RPS activities \*3 and, with the goal of achieving “zero defects”, by building a state-of-the-art quality management system and converting its production sites into smart factories \*4. Furthermore, the ROHM Group constructively invested in equipment that will increase the group’s production capacity of SiC devices and other fields that are expected to grow in the future. Moreover, the ROHM Group undertook efforts to build up its procurement activities, by, for example, strengthening relations with suppliers.

Under these circumstances, largely because of increased sales to the automotive and industrial equipment markets, consolidated net sales for the first six months of the fiscal year ending March 31, 2019 were 210,823 million yen, increased 5.2% from the same time last year.

Operating income increased 18.8% from the same time last year to 35,370 million yen owing to increased revenues, and operating margin as well from 14.8% to 16.8%.

In turn, ordinary income increased 41.5% from the same time last year to 44,162 million yen on the increase in operating income and foreign exchange gains we could not benefit from the same time last year, while quarterly net income belonging to parent company shareholders increased 33.9% from the same time last year to 30,948 million yen between the increase in ordinary income on the one hand and an increase in total income taxes on the other.

Moreover, EBITDA \*5, an accounting metric that we emphasize in the ROHM Group, was 56,592 million yen for the first six months, increased 13.4% from the same time last year.

## \*1. FA (Factory Automation)

Systems that automate the various processes of a factory.

## \*2. IoT (Internet of Things)

A technological scenario in which all sorts of equipment and appliances connect to the internet and control each other by exchanging information.

## \*3. RPS (Rohm Production System) activities

A production system centered on improvement activities for integrating higher quality into products, shortening lead time and thoroughly eliminating waste in inventory and other operations at all Group plants. ROHM believes that establishing production systems of unparalleled efficiency and quality is essential for strengthening the Group’s earning structure.

## \*4. Smart factory

A factory that improves product quality and production efficiency by interconnecting production systems over a network.

## \*5 EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)

An accounting metric widely used around the world to compare businesses in terms of earning power, calculated by adding interests and depreciation to a company’s pretax earnings. The ROHM Group simplifies the EBITDA calculation by adding back depreciation to operating income.

Overview of Performance by Segment

## &lt;ICs&gt;

Consolidated net sales for the first six months of the year ending March 31, 2019 were 96,859 million yen (an increase of 3.4% from the same time last year) and segment income was 11,548 million yen (an increase of 7.8% from the same time last year).

Sales to the automotive electronics market were steady, despite an adjustment in power ICs for car audio, as sales of isolated gate driver ICs \*6 for xEV \*7 grew and driver ICs were widely adopted for instrument panels and power ICs for car bodies. In the industrial equipment market, sales of power ICs for FA and measuring equipment grew initially, but that growth tapered off in the latter half of the six months. In the consumer electronics segment, while sales of LCD driver ICs for TVs and driver ICs and other products for cameras declined on the one hand, sales of products for amusement were good on the other.

## \*6. Isolated gate driver IC

A gate driver IC drives power semiconductors like SiC and IGBT \*8, but by incorporating an isolated element in a gate driver, external isolating components that are critical to protecting people and systems have become unnecessary.

## \*7. xEV

A collective acronym for vehicles that use an electric power drive such as electric vehicles (EV), hybrid vehicles (HV) and plug-in hybrid vehicles (PHV).

## \*8. IGBT (Short for Insulated Gate Bipolar Transistor)

A bipolar transistor \*9 that lessens the operating resistance by incorporating a MOSFET \*10 for the gate. Suited for high current switching, IGBTs are often used for power control applications.

## \*9. Bipolar transistor

A 3-terminal semiconductor that structures N-type and P-type semiconductors into either P-N-P or N-P-N junctions. Bipolar transistors are widely used in electronic devices for current amplification/switching and other signal processing tasks.

## \*10. MOSFET (Metal Oxide Semiconductor Field Effect Transistor)

This type of transistor enables faster switching with less power consumption than bipolar transistors, and is widely used in a variety of electronic products.

## &lt;Discrete Semiconductor Devices&gt;

Consolidated net sales for the first six months of the year ending March 31, 2019 were 80,524 million yen (an increase of 8.2% from the same time last year) and segment income was 18,437 million yen (an increase of 16.1% from the same time last year).

With regard to transistors, sales of power MOSFETs to the automotive and industrial equipment markets were firm. As for diodes, sales of power diodes and other products to the automotive electronics markets were strong. With regard to power devices, sales of SiC devices to the solar power and automotive electronics markets grew considerably, and IGBT sales to the automotive electronics markets were good. Sales of photodiodes for amusement products fell, as did semiconductor laser sales for optical disks, etc.

## &lt;Modules&gt;

Consolidated net sales for the first six months of the year ending March 31, 2019 were 21,773 million yen (an increase of 1.4% from the same time last year) and segment income was 3,505 million yen (an increase of 47.8% from the same time last year).

With regard to printheads, sales of printheads for mobile payment terminals and other applications were strong. As for optical modules, sensor modules for smartphones and wearable electronics went through an adjustment.

## &lt;Others&gt;

Consolidated net sales for the first six months of the year ending March 31, 2019 were 11,666 million yen (an increase of 7.0% from the same time last year) and segment income was 2,255 million yen (an increase of 41.6% from the same time last year).

Sales of resistors were driven by the automotive electronics market. Sales of tantalum capacitors for smartphones and PCs decreased.



Sales mentioned in 'Overview of Performance by Segment' above were to customers outside of the ROHM Group.

## (2) Financial Conditions

At the end of the first six months of the year ending March 31, 2019, total assets of the ROHM Group were 888,679 million yen, constituting an increase of 24,607 million yen from the end of the previous fiscal year. The main factors behind this were increases respectively in notes and accounts receivable (trade) of 13,842 million yen, inventory of 10,519 million yen, and property, plants and equipment of 7,367 million yen, and a decrease in securities of 14,792 million yen.

Liabilities decreased 4,185 million yen from the end of the previous fiscal year, to 108,009 million yen. The main factors behind this were increases respectively in “other” current liabilities of 1,181 million yen (of which 1,815 million yen was for accrued expenses) and notes and accounts payable (trade) of 1,059 million yen, and a decrease in accounts payable of 6,588 million yen.

Net assets increased 28,793 million yen from the end of the previous fiscal year, to 780,670 million yen. The main factors behind this were increases respectively in shareholders' equity of 18,255 million yen and foreign currency translation adjustments of 9,938 million yen resulted from posting quarterly profits attributable to owners of the parent company.

As a result, equity ratio increased from the 87.0% of the end of the previous year to 87.8%.

Cash flows were as follows.

Cash flows from business activities at the end of the first six months of the year ending March 31, 2019 were 29,773 million yen to the positive side as revenues decreased 5,310 million yen from the same period last year (a positive cash flow of 35,083 million yen). The primary positive factor behind this was an increase in profit before income taxes, while the negative factors working against this were increases in both inventories and income taxes paid.

Cash flows from investment activities during the reported term were 24,372 million yen to the negative side as purchases decreased 4,230 million yen from the same period last year (a negative cash flow of 28,602 million yen). The primary negative factor working against this was an increase in purchases of property, plants and equipment, while the main positive factor behind this was an increase in proceeds from sales and redemption of short-term and long-term investment securities.

Cash flows from financial activities during the reported term were 12,705 million yen to the negative side as expenditures increased 4,227 million yen from the same period last year (a negative cash flow of 8,478 million yen). The primary factor behind this was an increase in cash dividends paid.

After factoring in an effect of 5,533 million yen from exchange rate changes, cash and cash equivalents at the end of the reported term decreased 1,771 million yen from the end of the previous fiscal year, to 242,202 million yen.

## (3) Qualitative Information Regarding Consolidated Financial Results Forecast

The recovery across the world economy is continuing at a gradual pace and the electronics market is bullish, especially in the automotive and industrial equipment sectors. Therefore, we expect sales to meet our initial forecast. Operating income, on the other hand, should top our initial projection as average exchange rates during the quarter depreciated the yen more than initially projected. This lower-than-expected yen will translate into exchange rate gains, therefore we expect both ordinary income and quarterly profits attributable to parent company shareholders to exceed our initial forecasts.

### <Consolidated Annual Financial Forecast>

	Year Ended on March 31, 2018	Year Ending on March 31, 2019 Forecast		Percent Change From the Previous Year
		Previous Forecast (Declared on April 26, 2018)	Current Forecast (Declared on October 30, 2018)	
Sales	397,100 million yen	420,000 million yen	420,000 million yen	+5.8 %
Operating income	57,000 million yen	58,000 million yen	62,000 million yen	+8.8 %
Ordinary income	54,200 million yen	61,000 million yen	70,000 million yen	+29.1 %
Quarterly profits attributable to parent company shareholders	37,200 million yen	44,000 million yen	50,000 million yen	+34.2 %

Figures are based on an exchange rate of 1 USD to 110 JPY in the second half of the fiscal year.

## 2. Consolidated Quarterly Financial Statements

## (1) Consolidated Quarterly Balance Sheet

(Millions of yen)

	End of the accounting year ended March 31, 2018 (March 31, 2018)	First six months of the year ending March 31, 2019 (September 30, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	264,600	271,052
Notes and accounts receivable - trade	85,292	99,134
Electronically recorded monetary claims - operating	5,409	5,611
Securities	41,221	26,429
Merchandise and finished goods	27,563	28,230
Work in process	41,643	47,884
Raw materials and supplies	29,082	32,694
Income taxes receivable	205	161
Other	9,620	9,665
Allowance for doubtful accounts	-457	-112
<b>Total current assets</b>	<b>504,182</b>	<b>520,752</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	233,592	238,309
Machinery, equipment and vehicles	544,650	565,627
Tools, furniture and fixtures	49,661	50,800
Land	66,809	66,997
Construction in progress	19,691	25,194
Accumulated depreciation	-674,177	-699,334
<b>Total property, plant and equipment</b>	<b>240,227</b>	<b>247,594</b>
Intangible assets		
Other	5,410	4,709
<b>Total intangible assets</b>	<b>5,410</b>	<b>4,709</b>
Investments and other assets		
Investment securities	94,615	97,669
Net defined benefit asset	2,073	2,279
Deferred tax assets	5,974	5,384
Other	12,199	11,004
Allowance for doubtful accounts	-612	-714
<b>Total investments and other assets</b>	<b>114,251</b>	<b>115,623</b>
<b>Total non-current assets</b>	<b>359,889</b>	<b>367,927</b>
<b>Total assets</b>	<b>864,072</b>	<b>888,679</b>

(Millions of yen)

	End of the accounting year ended March 31, 2018 (March 31, 2018)	First six months of the year ending March 31, 2019 (September 30, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	13,788	14,847
Electronically recorded obligations - operating	4,903	4,495
Accounts payable - other	25,936	19,348
Income taxes payable	10,423	11,075
Other	23,004	24,185
Total current liabilities	78,055	73,952
Non-current liabilities		
Deferred tax liabilities	21,735	22,087
Net defined benefit liability	10,136	10,492
Other	2,266	1,476
Total non-current liabilities	34,138	34,056
Total liabilities	112,194	108,009
<b>Net assets</b>		
Shareholders' equity		
Capital stock	86,969	86,969
Capital surplus	102,403	102,403
Retained earnings	620,151	638,407
Treasury shares	-47,788	-47,789
Total shareholders' equity	761,736	779,991
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	33,931	34,189
Foreign currency translation adjustment	-40,666	-30,728
Remeasurements of defined benefit plans	-3,576	-3,259
Total accumulated other comprehensive income	-10,311	201
Non-controlling interests	452	476
Total net assets	751,877	780,670
Total liabilities and net assets	864,072	888,679

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

(Consolidated quarterly statement of income)

(First six months of the year ending March 31, 2019)

(Millions of yen)

	First six months of the year ended March 31, 2018 (From April 1, 2017 to September 30, 2017)	First six months of the year ending March 31, 2019 (From April 1, 2018 to September 30, 2018)
Net sales	200,436	210,823
Cost of sales	127,959	131,857
Gross profit	72,477	78,966
Selling, general and administrative expenses	42,715	43,595
Operating profit	29,761	35,370
Non-operating income		
Interest income	1,309	1,798
Dividend income	426	518
Foreign exchange gains	-	6,564
Other	484	678
Total non-operating income	2,221	9,560
Non-operating expenses		
Foreign exchange losses	690	-
Settlement package	-	752
Other	79	15
Total non-operating expenses	769	768
Ordinary profit	31,212	44,162
Extraordinary income		
Gain on sales of non-current assets	92	17
Total extraordinary income	92	17
Extraordinary losses		
Loss on sales of non-current assets	33	32
Loss on abandonment of non-current assets	163	44
Impairment loss	215	509
Loss on valuation of investment securities	-	0
Provision for loss on business liquidation	-	237
Special retirement expenses	-	89
Total extraordinary losses	412	914
Profit before income taxes	30,892	43,265
Income taxes - current	8,703	12,256
Income taxes - deferred	-931	44
Total income taxes	7,771	12,300
Profit	23,121	30,964
Profit attributable to non-controlling interests	12	16
Profit attributable to owners of parent	23,108	30,948

(Consolidated quarterly statement of comprehensive income)  
 (First six months of the year ending March 31, 2019)

(Millions of yen)

	First six months of the year ended March 31, 2018 (From April 1, 2017 to September 30, 2017)	First six months of the year ending March 31, 2019 (From April 1, 2018 to September 30, 2018)
Profit	23,121	30,964
Other comprehensive income		
Valuation difference on available-for-sale securities	6,684	257
Foreign currency translation adjustment	6,151	9,948
Remeasurements of defined benefit plans, net of tax	428	316
Total other comprehensive income	13,264	10,523
Comprehensive income	36,385	41,488
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	36,376	41,461
Comprehensive income attributable to non-controlling interests	9	26

## (3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	First six months of the year ended March 31, 2018 (From April 1, 2017 to September 30, 2017)	First six months of the year ending March 31, 2019 (From April 1, 2018 to September 30, 2018)
Cash flows from operating activities		
Profit before income taxes	30,892	43,265
Depreciation	20,154	21,221
Impairment loss	215	509
Amortization of goodwill	196	-
Increase (decrease) in allowance for doubtful accounts	-25	-260
Increase (decrease) in net defined benefit liability	330	306
Decrease (increase) in net defined benefit asset	451	272
Interest and dividend income	-1,736	-2,317
Foreign exchange losses (gains)	-539	-2,681
Loss (gain) on valuation of short-term and long-term investment securities	-	0
Loss (gain) on sales of non-current assets	-59	15
Decrease (increase) in notes and accounts receivable - trade	-16,462	-12,353
Decrease (increase) in inventories	-114	-8,469
Increase (decrease) in notes and accounts payable - trade	1,280	-647
Increase (decrease) in accounts payable - other	-418	-1,796
Other, net	1,581	1,402
Subtotal	35,748	38,468
Payments for business restructuring	-8	-
Interest and dividend income received	2,799	2,359
Interest expenses paid	-0	-0
Income taxes (paid) refund	-3,455	-11,054
Net cash provided by (used in) operating activities	35,083	29,773
Cash flows from investing activities		
Decrease (increase) in time deposits	5,139	4,808
Purchase of short-term and long-term investment securities	-10,054	-10,125
Proceeds from sales and redemption of short-term and long-term investment securities	1,428	13,211
Purchase of property, plant and equipment	-24,529	-31,716
Proceeds from sales of property, plant and equipment	203	28
Other, net	-789	-579
Net cash provided by (used in) investing activities	-28,602	-24,372
Cash flows from financing activities		
Purchase of treasury shares	-3	-1
Cash dividends paid	-8,462	-12,692
Other, net	-12	-11
Net cash provided by (used in) financing activities	-8,478	-12,705
Effect of exchange rate change on cash and cash equivalents	3,098	5,533
Net increase (decrease) in cash and cash equivalents	1,101	-1,771
Cash and cash equivalents at beginning of period	246,015	243,973
Cash and cash equivalents at end of period	247,116	242,202

## (4) Note on Consolidated Quarterly Financial Statement

(Note on going concern)

No applicable items

(Note in case of significant change in amount of shareholders' equity)

No applicable items

(Supplemental information)

(Application of Partial Amendments to Accounting Standards for Tax-Effect Accounting)

From the first quarter of the fiscal year ending in March 2019, we are applying the Partial Amendments to Accounting Standards for Tax-Effect Accounting (Corporate Accounting Standard No. 28, February 16, 2018). As a result, deferred tax assets appear under investments and other assets, and deferred tax liabilities appear under non-current liabilities.

(Segment information)

First six months of the year ended March 31, 2018 (From April 1, 2017 to September 30, 2017)

Information on net sales, profits or losses by individual reportable segments

(Unit: Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjusted amount (Note 2)	Amount on consolidated quarterly statement of income (Note 3)
	ICs	Discrete semi- conductor devices	Modules	Total				
Sales								
Sales to customer	93,645	74,410	21,477	189,533	10,903	200,436	-	200,436
Inter-segment sales or transfer	1,551	4,310	55	5,917	26	5,943	-5,943	-
Total	95,196	78,721	21,532	195,450	10,929	206,379	-5,943	200,436
Segment profit	10,715	15,881	2,372	28,969	1,592	30,561	-800	29,761

(Note) 1. "Others" is an operational segment that is not included in reportable segments, consisting of business in resistors and tantalum capacitors.

2. The adjusted amount of the segment profit, -800 million yen, mainly includes general administrative expenses of -708 million yen that do not attribute to the segment, and the settlement adjusted amount of -91 million yen, which is not allocated to the segment (such as adjustment for retirement benefits).

3. For segment profits, adjustments are made using the operating income of the consolidated quarterly statement of income.

First six months of the year ending March 31, 2019 (From April 1, 2018 to September 30, 2018)

Information on net sales, profits or losses by individual reportable segments

(Unit: Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjusted amount (Note 2)	Amount on consolidated quarterly statement of income (Note 3)
	ICs	Discrete semi- conductor devices	Modules	Total				
Sales								
Sales to customer	96,859	80,524	21,773	199,157	11,666	210,823	-	210,823
Inter-segment sales or transfer	1,281	3,921	43	5,245	33	5,278	-5,278	-
Total	98,140	84,445	21,816	204,402	11,699	216,102	-5,278	210,823
Segment profit	11,548	18,437	3,505	33,491	2,255	35,746	-376	35,370

(Note) 1. "Others" is an operational segment that is not included in reportable segments, consisting of business in resistors and tantalum capacitors.

2. The adjusted amount of the segment profit, -376 million yen, mainly includes general administrative expenses of -651 million yen that do not attribute to the segment, and the settlement adjusted amount of 275 million yen, which is not allocated to the segment (such as adjustment for retirement benefits).

3. For segment profits, adjustments are made using the operating income of the consolidated quarterly statement of income.