October 31, 2018

Summary of Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2019 (FY2018)
(Six Months Ended September 30, 2018)

[Japanese GAAP]

Company name: Sanrio Company, Ltd. Listed Stock Exchange: TSE 1st Section
Stock code: 8136 URL: http://www.sanrio.co.jp/english/corporate/ir/
Representative: Shintaro Tsuji, President and Chief Executive Officer
Inquiries: Susumu Emori, Senior Managing Director TEL: +81-3-3779-8058

Scheduled date of filing of Quarterly Report: November 14, 2018
Starting date of dividend payment: November 20, 2018
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on October 31, 2018 at 16:00 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter of FY2018 (April 1, 2018 – September 30, 2018)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Sales		Operating Profit		Ordinary Profit		Net Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 30, 2018	28,272	(0.1)	2,158	(10.1)	2,730	2.5	1,516	(21.7)
Six months ended Sep. 30, 2017	28,299	(10.0)	2,401	(38.2)	2,664	(28.6)	1,935	(49.1)

Note: Comprehensive income (millions of yen) Six months ended Sep. 30, 2018: 800 (down 64.1%)
Six months ended Sep. 30, 2017: 2,230 (- %)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
Six months ended Sep. 30, 2018	17.87	-
Six months ended Sep. 30, 2017	22.81	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2018	95,716	52,262	54.3
As of Mar. 31, 2018	98,274	52,734	53.4

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2018: 52,005 As of Mar. 31, 2018: 52,491

2. Dividends

	Dividend per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2017	-	40.00	-	15.00	55.00
FY2018	-	15.00			
FY2018 (forecast)			-	15.00	30.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecasts for FY2018 (April 1, 2018 – March 31, 2019)

(Percentages represent year-on-year changes)

	Sales		Operating Profit		Ordinary Profit		Net Profit Attributable to Owners of Parent		Net Profit per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	60,600	0.6	5,200	(9.3)	6,000	(0.3)	3,700	(24.9)	43.61

Note: Revisions to the most recently announced consolidated forecasts: Yes

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares at the end of the period (including treasury stock)

As of Sep. 30, 2018:	89,065,301 shares	As of Mar. 31, 2018:	89,065,301 shares

2) Number of shares of treasury stock at the end of the period

As of Sep. 30, 2018:	4,218,541 shares	As of Mar. 31, 2018:	4,218,473 shares

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2018:	84,846,798 shares	Six months ended Sep. 30, 2017:	84,847,075 shares

Note 1: The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information currently available to the Company. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements” on page 5 of the attachments for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the fiscal year under review (overseas: January 1 to June 30, 2018; within Japan: April 1 to September 30, 2018), domestically the theme park business performed well, especially at Sanrio Puroland in Tama City, Tokyo, where the Marchen Theater's Kawaii Kabuki–Momotaro by the Hello Kitty Troup and the Fairyland Theater's new musical Memory Boys–Store Selling Memories, which performed from the end of June 2018, proved especially popular. In the product sales business, successive natural disasters caused by typhoons and earthquakes negatively affected customer numbers due to such factors as a reduction in overseas visitors to Japan and a suspension of store business in some areas. Overseas, in Asia royalty income from China, Hong Kong, and Macao was steady but results from Europe and the U.S. remained poor and we are continuing to take recovery measures.

As a result, although sales decreased only slightly, falling 0.1% year-on-year to 28.2 billion yen, operating profit fell 10.1% to 2.1 billion yen due to increases in the cost of sales and in selling, general and administrative expenses. Ordinary profit rose 2.5% to 2.7 billion yen, mainly due to recording a 0.2 billion yen gain on investments in partnership as non-operating profit, while net profit attributable to owners of parent fell 21.7% to 1.5 billion yen after accounting for the following: an extraordinary gain of 0.4 billion yen on sales of investment securities; an extraordinary loss of 0.4 billion yen on valuation of investment securities; expenses of 0.2 billion yen as business structure improvement expenses for restructuring the U.S. subsidiary; and a total of 0.8 billion yen in income taxes.

Since the accounting period for all overseas consolidated subsidiaries runs from January to December, the first half under review for these subsidiaries covers the period from January to June 2018.

Reportable Segment (100 millions of yen)

		Sales				Segment profit (operating profit)			
	First six months of	FY2017	FY2018	Increase/ decrease	Change (%)	FY2017	FY2018	Increase/ decrease	Change (%)
Japan	Product sales/others	168	168	(0)	(0.2)	17	16	(1)	(9.2)
	Royalties	45	47	1	3.1				
	Total	214	215	1	0.5				
Europe	Product sales/others	0	0	(0)	(12.1)	(1)	(0)	0	-
	Royalties	10	10	0	0.3				
	Total	10	10	0	0.2				
North America	Product sales/others	5	4	(0)	(5.1)	(4)	(5)	(0)	-
	Royalties	8	7	(0)	(11.2)				
	Total	13	12	(1)	(8.8)				
Latin America	Product sales/others	0	0	0	116.2	0	0	(0)	(82.0)
	Royalties	4	2	(1)	(37.5)				
	Total	4	2	(1)	(36.1)				
Asia	Product sales/others	4	5	1	36.8	15	15	0	0.1
	Royalties	36	36	(0)	(0.2)				
	Total	40	42	1	3.5				
Adjustment		-	-	-	-	(4)	(4)	0	-
Consolidated	Product sales/others	177	178	0	0.5	24	21	(2)	(10.1)
	Royalties	105	103	(1)	(1.2)				
	Total	282	282	(0)	(0.1)				

Note: Regional subsidiaries overseas pay the amount of royalties commensurate as the cost of sales while the Japanese parent company (the copyright holder) calculates this income as sales. Because consolidated transactions are eliminated, however, these are not included in Japan's sales figures stated above (although included in segment profit (operating profit)).

Further, the above sales figures are "sales to customers," and the inter-segment sales, which are not limited to the above-mentioned royalties, are eliminated as internal transaction sales.

i. Japan: Sales rose 0.5% year-on-year to 21.5 billion yen and operating profit fell 9.2% to 1.6 billion yen.

In the product sales business, although regional and suburban consumption trends remained challenging, there was steady growth in flagship stores in metropolitan areas and stores with large numbers of customers from overseas. However, from July, a decline in customer numbers, including overseas visitors, due to such factors as suspension of business in some local stores resulting from the hot weather and from typhoons, earthquakes, and other natural disasters greatly affected sales. In this situation, measures including character awards products to show appreciation for customer support, collaborative products with other companies' characters, and coordination with character cafés proved successful. As a result, same-store sales (based on directly owned stores and directly operated shops within department stores) achieved 99.7% of the previous year's level. With regard to the future, we are working to increase sales by further strengthening the growing area of e-commerce; creating actual store environments that highlight seasons such as Halloween and Christmas; taking measures to attract customers through store events; further stimulating demand through additional product proposals and promotions aimed at the high gift-giving season; implementing new initiatives for visitors from overseas; and creating new themes.

In the licensing business, product licensing rights sold well including miscellaneous goods focused on a design that includes several Sanrio characters, collaboration with animation content, coordination with Sanrio Puroland, and merchandizing of Mr. Men and Little Miss. However, the weather and natural disasters had a great impact on some of our suppliers, which affected the Company in turn. In enterprise planning, Johnson & Johnson K.K. baby oil, Kanebo Cosmetics Inc. makeup products, Daiichi Sankyo Healthcare Co., Ltd. skincare products, and others sold steadily. In addition, "happy meal" toys at McDonald's Company (Japan), Ltd. and store purchase promotion campaigns with major drink manufacturers including Suntoryfoods Limited, Asahi Soft Drinks Co., Ltd., and Pokka Sapporo Food & Beverage Co., Ltd. contributed to earnings. Finally, the start of operation for the Hello Kitty Shinkansen Bullet Train run by the West Japan Railway Company has led to merchandizing of confectionery manufacturers and expanded advertising business with related companies such as Nippon Travel Agency Co., Ltd.

In the theme parks business, at Sanrio Puroland in Tokyo's Tama City, visitor numbers rose 10.5%, or 68,000, year-on-year to 717,000. The Marchen Theater's new production, Kawaii Kabuki–Momotaro by the Hello Kitty Troupe, produced in collaboration with Shochiku Co., Ltd. from March 2018, proved a hit. In addition, following on from previous work at the Fairyland Theater, a new musical production with male-only actors called Memory Boys—Store Selling Memories launched in June in collaboration with Nelke Planning Co., Ltd. also contributed to the strong results. Moreover, this summer we transformed the content from last year's Summer Festival to the Puro Summer Festival, and from September the Puro Halloween Party has proved popular. Furthermore, enterprise planning for welfare agency services performed well and the number of customers from overseas has risen due to such factors as e-ticket sales through overseas agents. As a result of the increase in customer numbers, sales including tickets, products such as souvenirs, and restaurants all increased year-on-year. In addition, sales from events involving "cosplay" and star appearances as well as venue rentals including corporate bargains rose 50% year-on-year. Operating profit increased, with the rise in sales compensating for the increase in personnel and other expenses incurred from attracting greater numbers of customers and hosting events.

At Harmony Land in Oita Prefecture, measures to impart a sense of coolness during the summer season, night parades, and strengthening of the swimming pool business contributed to visitor numbers but the family group stratum centered on preschool children struggled to grow amid the effects of torrential rain and typhoons in western Japan and the continuing record heatwave, limiting the rise in visitor numbers to 5.7%, or 13,000 year-on-year for a total of 246,000. For customers visiting from overseas, the group travel plan with charter flights for Taiwanese originally set up for Harmony Land only was established this year for multiple facilities, leading to a year-on-year fall in visitor numbers to Harmony Land of 3,000 people.

In the other business category, delivery of custom-made robots for museum rentals, as humanoid hotel reception guides, and for dentistry training contributed to sales.

Meanwhile, operating profit from domestic business declined year-on-year due to a fall in overseas master license revenues and other factors.

ii. Europe: Sales rose 0.2% year-on-year to 1.0 billion yen and operating loss stood at 99 million yen, an improvement of 11 million yen.

The sales situation in the major European countries remains severe, with sales in the main licensing categories falling below the previous year's level. In the Near and Middle East, Eastern Europe, and Russia, growth is inadequate as yet despite efforts to cultivate sales. In addition, we are struggling to expand Mr. Men and Little Miss in Asia. In the category of selling, general, and administrative expenses, sales commissions declined, contributing to higher operating profit as a result of canceling an agreement with a sales agency in the UK and switching to direct sales. Although the difficult business situation persists, we plan to implement marketing using YouTubers and other famous influencers, strengthen initiatives through collaborations with famous brands and leading fast fashion names, and enhance the major softline merchandise category.

iii. North America: Sales fell 8.8% year-on-year to 1.2 billion yen and operating loss stood at 0.5 billion yen, a fall of 48 million yen.

In the United States, income from real estate leasing ceased with the sale of the U.S. subsidiary head office, warehouse and rental facility in San Francisco. Regarding sales, the major categories of apparel and health & beauty performed at a significantly lower level than the previous year. We will continue to aim for the bottoming out of business results through strengthening mixed characters including hello sanrio, which is also an initiative in the medium-term management plan, "Aggretsuko," a character that started to be streamed at Netflix from April, which is very well received characters other than "Hello Kitty."

iv. Latin America: Sales fell 36.1% year-on-year to 0.2 billion yen and operating profit fell 82.0% to 12 million yen.

Sales and profits declined in the Latin American region due to the strong impact of poor economic conditions in the major countries of Mexico, Brazil, Chile, and Peru. In Brazil, health & beauty and household goods performed well but were unable to compensate for the decline in the core apparel category. In Mexico, the core categories of apparel and household goods performed well but all other categories did poorly. From now on, we will undertake direct licensing transactions with retailers and create character exposure through social networks and space licensing facilities.

v. Asia: Sales rose 3.5% year-on-year to 4.2 billion yen and operating profit rose 0.1% to 1.5 billion yen.

In Taiwan, the major product licensing categories of apparel, baby goods, and household goods performed well. Among the characters, popular My Melody contributed to higher sales.

Sales in Hong Kong and Macao continued to perform well. Promotion campaigns with drugstores and other major distributors and initiatives with financial institutions contributed to sales. In Thailand, which achieved high growth in the previous fiscal year, we are engaging in brand control to avoid excessive exposure and sales are stalling. However, in the Philippines and Vietnam, product licensing expanded strongly and supported business results despite the small size of the market.

In South Korea, the health & beauty and food categories performed well but results fell year-on-year due to factors such as declining special corporate sales including corporate promotions, which performed well the previous year.

In China, the space licensing business performed well. For product licensing, results were driven by strong sales of apparel focused on children's clothing from one of China's largest sports brands. Meanwhile, we are struggling in some areas due to the decline of accessory-related sales arising from stagnation in the jewelry and gold industries and a further decline among major cosmetics-related licensees. To compensate for this, we are focusing on new product development for Gudetama and other characters and cultivating special sales for corporate promotions.

Among characters, the growth of Bad Badtz-Maru, which is popular for apparel development in China, the anime hit Rilu Rilu Fairilu in South Korea, and Cinnamoroll and Little Twin Stars in other regions contributed to raise the composition ratio of characters other than Hello Kitty.

Reference: Sales and operating profit by overseas subsidiaries (local currency basis: unconsolidated figures before consolidation eliminations)

(Unit: thousand)	Sales			Operating profit
	Royalties	Product sales	Total	
Germany (EUR)	6,316	35	6,351	39
Year-on-year change (%)	(4.3)	(23.5)	(4.4)	-
Britain (GBP)	1,707	36	1,744	(516)
Year-on-year change (%)	(35.6)	(87.1)	(40.6)	-
North America (USD)	6,652	4,533	11,186	(4,693)
Year-on-year change (%)	(8.3)	(1.8)	(5.8)	-
Brazil (BRL)	8,712	240	8,952	399
Year-on-year change (%)	(30.2)	74.4	(29.0)	(79.3)
Chile (CLP)	-	7,236	7,236	(1,109)
Year-on-year change (%)	-	-	(66.0)	-
Hong Kong (HKD)	68,224	29,772	97,997	34,117
Year-on-year change (%)	6.0	2.3	4.8	8.5
Taiwan (NTD)	171,387	44,811	216,198	62,775
Year-on-year change (%)	0.7	127.2	13.9	5.8
South Korea (KRW)	4,124,759	189,454	4,314,213	945,229
Year-on-year change (%)	(5.1)	(4.1)	(5.1)	(17.3)
China (CNY)	93,351	32,846	126,197	43,787
Year-on-year change (%)	1.5	(22.7)	(6.1)	0.7

(2) Explanation of Financial Position

At the end of the first half of the current fiscal year, total assets stood at 95.7 billion yen, a decrease of 2.5 billion yen from the end of the previous fiscal year. The main increase was 1.4 billion yen in investment securities. The main decreases were 1.2 billion yen in cash and deposit, 1.4 billion yen in trade notes and accounts receivable, 0.2 billion yen in buildings and structures, 0.2 billion yen in intangible fixed assets, 0.4 billion yen in deferred tax assets and 0.3 billion yen in investments and other assets.

Liabilities decreased 2.0 billion yen from the end of the previous fiscal year to 43.4 billion yen. The main decreases were 0.3 billion yen in interest-bearing debt (including current portion of corporate bonds to be redeemed), 0.8 billion yen in accrued income taxes and 0.7 billion yen in net defined benefit liability. Net assets decreased 0.4 billion yen from the end of the previous fiscal year to 52.2 billion yen. The main increases were 0.7 billion yen in net unrealized gain on other securities and 0.3 billion yen in remeasurements of defined benefit plans, and the main decrease was 1.8 billion yen in foreign currency translation adjustments. The equity ratio was 54.3%, up 0.9 percentage point from the end of the previous fiscal year.

(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements

As announced on May 11, 2018, Sanrio started a three-year medium-term management plan “Marketing Innovation Project 2021” in the current fiscal year. We will take various actions in accordance with this plan in order to “become a strategic global company operating a Social Communication Gift Business.”

Regarding the results for the first half, although difficult conditions prevail in each region, we aim to meet the first-year and final-year targets for operating profit and are continuing to implement each measure of the medium-term management plan.

Accordingly, regarding the full-year consolidated forecasts announced on May 11, 2018, while operating profit remains unchanged, assessment values have changed for ordinary profit based on non-operating and extraordinary profit/loss performances and for net profit attributable to owners of parent. Nevertheless, we plan to maintain annual dividends of 30 yen, paid out as interim and year-end dividends of 15 yen per share each in line with the initial announcement.

Reference: Overseas Sales and Profits for the Past Six-month Periods by Area (Millions of yen)

Areas	Six months ended	Sales to customers					Operating profit				
		Sep. 2016	Sep. 2017	Change (%)	Sep. 2018	Change (%)	Sep. 2016	Sep. 2017	Change (%)	Sep. 2018	Change (%)
North America	U.S.A.	2,076	1,336	(35.6)	1,218	(8.8)	(311)	(463)	-	(512)	-
Latin America	Brazil/Chile	484	448	(7.5)	286	(36.1)	149	69	(53.5)	12	(82.0)
Asia	Hong Kong	1,656	1,421	(14.2)	1,315	(7.5)	564	530	(6.0)	502	(5.2)
	Taiwan	773	640	(17.1)	744	16.2	250	217	(12.9)	231	6.1
	South Korea	496	446	(10.2)	435	(2.5)	103	112	8.7	95	(14.9)
	China	1,594	1,559	(2.2)	1,715	10.0	654	713	9.1	746	4.6
	Subtotal	4,521	4,068	(10.0)	4,210	3.5	1,572	1,574	0.1	1,575	0.1
Europe	Germany	1,459	810	(44.4)	828	2.2	218	(52)	-	5	-
	Britain	223	201	(9.5)	185	(8.1)	(28)	(58)	-	(104)	-
	Subtotal	1,682	1,012	(39.8)	1,013	0.2	189	(111)	-	(99)	-
Total		8,764	6,865	(21.7)	6,728	(2.0)	1,600	1,069	(33.2)	977	(8.6)

2. Quarterly Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2017 (As of Mar. 31, 2018)	Second quarter of FY2018 (As of Sep. 30, 2018)
Assets		
Current assets		
Cash and deposit	44,290	42,993
Trade notes and accounts receivable	7,824	6,335
Merchandise and finished goods	4,069	4,275
Work in process	26	58
Raw materials and supplies	116	163
Other accounts receivable	880	688
Other	737	665
Allowance for doubtful accounts	(74)	(79)
Total current assets	57,871	55,102
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	5,876	5,658
Land	8,487	8,479
Other, net	2,065	2,030
Total tangible fixed assets	16,430	16,167
Intangible fixed assets	3,905	3,638
Investments and other assets		
Investment securities	11,513	12,986
Deferred tax assets	2,890	2,458
Other	6,934	6,550
Allowance for doubtful accounts	(1,305)	(1,226)
Total investments and other assets	20,033	20,769
Total fixed assets	40,368	40,575
Deferred assets	33	38
Total assets	98,274	95,716
Liabilities		
Current liabilities		
Trade notes and accounts payable	4,563	4,625
Short-term borrowings	6,737	6,581
Accrued income taxes	1,564	761
Allowance for bonuses	491	511
Reserve for adjustment of returned goods	94	79
Provision for shareholder benefit program	50	35
Provision for point card certificates	90	89
Provision for business structure improvement	-	293
Other	10,914	9,849
Total current liabilities	24,506	22,826
Long-term liabilities		
Corporate bonds	3,263	2,696
Long-term borrowings	7,523	8,479
Net defined benefit liability	6,149	5,389
Other	4,097	4,061
Total long-term liabilities	21,033	20,627
Total liabilities	45,539	43,453

(Millions of yen)

	FY2017 (As of Mar. 31, 2018)	Second quarter of FY2018 (As of Sep. 30, 2018)
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,423	3,423
Retained earnings	53,779	54,023
Treasury stock	(11,789)	(11,790)
Total shareholder's equity	55,413	55,657
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	(219)	504
Deferred hedge gain (loss)	(2)	1
Foreign currency translation adjustments	247	(1,553)
Remeasurements of defined benefit plans	(2,947)	(2,603)
Total accumulated other comprehensive income	(2,921)	(3,651)
Non-controlling interests	243	257
Total net assets	52,734	52,262
Total liabilities and net assets	98,274	95,716

(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements

Consolidated Income Statements
(For the Six-month Period)

(Millions of yen)

	First six months of FY2017 (Apr. 1, 2017 – Sep. 30, 2017)	First six months of FY2018 (Apr. 1, 2018 – Sep. 30, 2018)
Sales	28,299	28,272
Cost of sales	9,788	9,946
Gross profit	18,510	18,326
Provision for sales returns	10	-
Reversal of provision for sales returns	-	15
Net gross profit on sales	18,500	18,341
Selling, general and administrative expenses	16,098	16,182
Operating profit	2,401	2,158
Non-operating profit		
Interest income	237	224
Dividend income	110	107
Foreign exchange gains	27	83
Gain on investments in partnership	-	242
Other	110	128
Total non-operating profit	486	785
Non-operating expenses		
Interest expense	91	54
Commission fee	71	141
Loss on investments in partnership	42	-
Other	18	17
Total non-operating expenses	224	214
Ordinary profit	2,664	2,730
Extraordinary gains		
Gain on sales of fixed assets	3	-
Gain on sales of investment securities	288	454
Total extraordinary gains	291	454
Extraordinary losses		
Loss on disposal of fixed assets	13	3
Loss on valuation of investment securities	-	448
Impairment loss	14	9
Business structure improvement expenses	-	289
Other	-	15
Total extraordinary losses	27	766
Net profit before income taxes	2,928	2,418
Income taxes – current	1,067	915
Income taxes – deferred	(94)	(34)
Total income taxes	972	881
Net profit	1,955	1,537
Net profit attributable to non-controlling interests	19	20
Net profit attributable to owners of parent	1,935	1,516

Consolidated Comprehensive Income Statements
(For the Six-month Period)

(Millions of yen)

	First six months of FY2017 (Apr. 1, 2017 – Sep. 30, 2017)	First six months of FY2018 (Apr. 1, 2018 – Sep. 30, 2018)
Net profit	1,955	1,537
Other comprehensive income		
Net unrealized gain (loss) on other securities	290	723
Deferred hedge gain (loss)	3	3
Foreign currency translation adjustments	(339)	(1,806)
Remeasurements of defined benefit plans, net of tax	320	343
Total other comprehensive income	275	(736)
Comprehensive income	2,230	800
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,219	786
Comprehensive income attributable to non-controlling interests	10	14

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

I. First six months of FY2017 (Apr. 1, 2017 – Sep. 30, 2017)

1. Information related to sales and profit or loss for each reportable segment (Millions of yen)

	Reportable segment						Adjustment (Note 1)	Amounts shown on consolidated income statements (Note 2)
	Japan	Europe	North America	Latin America	Asia	Total		
Sales								
Customers	21,433	1,012	1,336	448	4,068	28,299	-	28,299
(Royalty income)	(4,576)	(1,000)	(817)	(444)	(3,664)	(10,504)	(-)	(10,504)
Inter-segment	2,859	15	2	0	770	3,649	(3,649)	-
(Royalty income)	(2,742)	(15)	(-)	(-)	(0)	(2,758)	((2,758))	(-)
Total	24,292	1,028	1,338	449	4,839	31,948	(3,649)	28,299
Segment profit (loss)	1,776	(111)	(463)	69	1,574	2,845	(443)	2,401

Notes: 1. The minus 443 million yen adjustment to segment profit (loss) is the sum of eliminations for inter-segment transactions and unallocated operating expenses that are mostly general and administrative expenses that cannot be assigned to any particular segment.

2. Segment profit (loss) is adjusted to be consistent with operating profit shown on the consolidated income statements.

2. Information related to impairment losses on fixed assets, goodwill, etc. for each reportable segment

Detailed explanations are omitted due to immateriality of the amount.

II. First six months of FY2018 (Apr. 1, 2018 – Sep. 30, 2018)

1. Information related to sales and profit or loss for each reportable segment (Millions of yen)

	Reportable segment						Adjustment (Note 1)	Amounts shown on consolidated income statements (Note 2)
	Japan	Europe	North America	Latin America	Asia	Total		
Sales								
Customers	21,544	1,013	1,218	286	4,210	28,272	-	28,272
(Royalty income)	(4,718)	(1,003)	(726)	(278)	(3,656)	(10,382)	(-)	(10,382)
Inter-segment	2,773	14	2	0	573	3,364	(3,364)	-
(Royalty income)	(2,617)	(14)	(-)	(-)	(0)	(2,632)	((2,632))	(-)
Total	24,317	1,028	1,220	286	4,784	31,637	(3,364)	28,272
Segment profit (loss)	1,613	(99)	(512)	12	1,575	2,590	(431)	2,158

Notes: 1. The minus 431 million yen adjustment to segment profit (loss) is the sum of eliminations for inter-segment transactions and unallocated operating expenses that are mostly general and administrative expenses that cannot be assigned to any particular segment.

2. Segment profit (loss) is adjusted to be consistent with operating profit shown on the consolidated income statements.

2. Information related to impairment losses on fixed assets, goodwill, etc. for each reportable segment

Detailed explanations are omitted due to immateriality of the amount.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.