Consolidated Financial Results
for the Six Months Ended June 30, 2019 [Japanese GAAP]

August 7, 2019

Company name: Roland DG Corporation
Securities Code: 6789
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Stock exchange listing: Tokyo Stock Exchange
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Scheduled date of filing quarterly securities report: August 8, 2019
Scheduled date of commencing dividend payments: September 6, 2019
Availability of supplementary briefing material on quarterly consolidated financial results: Available
Schedule of quarterly consolidated financial results briefing session: Scheduled (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended June 30, 2019 (From January 1, 2019 to June 30, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ended June 30, 2019	19,958	(4.8)	1,567	(12.0)	1,483	(8.9)	1,070	2.6
Six months ended June 30, 2018	20,973	(2.0)	1,781	30.1	1,627	19.5	1,042	–

(Note) Comprehensive income: Six months ended June 30, 2019: 889 million yen [41.4%]
Six months ended June 30, 2018: 629 million yen [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2019	85.32	–
Six months ended June 30, 2018	83.15	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of June 30, 2019	37,279	24,320	65.2	1,947.99
As of December 31, 2018	36,710	24,182	65.9	1,926.09

(Reference) Equity: As of June 30, 2019: 24,320 million yen
As of December 31, 2018: 24,182 million yen

2. Dividends

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2018	–	25.00	–	45.00	70.00
Fiscal year ending December 31, 2019	–	25.00			
Fiscal year ending December 31, 2019 (Forecast)			–	25.00	50.00

(Note) Revision of dividend forecasts from recently announced figures: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2019 (From January 1, 2019 to December 31, 2019) (% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	42,000	(1.8)	3,000	(29.4)	2,800	(29.6)	1,900	(34.1)	151.33

(Note) Revision of financial results forecasts from recently announced figures: No

*** Notes**

(1) Significant changes of subsidiaries during the six months ended June 30, 2019 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Adoption of special accounting methods for preparing Quarterly Consolidated Financial Statement: No

(3) Changes in accounting policies, changes in accounting estimates and corrections of errors
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Any changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Corrections of errors: No

(4) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):

Six months ended June 30, 2019	12,656,311 shares
Fiscal year ended December 31, 2018	12,656,311 shares

2) Total number of treasury shares at the end of the period:

Six months ended June 30, 2019	171,395 shares
Fiscal year ended December 31, 2018	101,195 shares

3) Average number of shares during the period:

Six months ended June 30, 2019	12,543,183 shares
Six months ended June 30, 2018	12,540,399 shares

(Note) The total number of treasury shares at the end of the six months ended June 30, 2019 and at the end of the fiscal year ended December 31, 2018 includes 171,200 shares and 101,000 shares of the Company held by the Director Stock Benefit Trust and J-ESOP Trust, respectively. The number of treasury shares excluded from calculation of the average number of shares during the period for the six months ended June 30, 2019 and ended June 30, 2018 includes 112,933 shares and 115,717 shares of the Company held by the Director Stock Benefit Trust and J-ESOP Trust, respectively.

* These consolidated financial results are outside the scope of audit.

* Explanation of the proper use of financial results forecast and other notes

  Financial results forecast was prepared based on available information at the time of the release of this document, and the Company does not in any way guarantee the achievement of the projections. Actual results may be different from the projections due to various factors. For the notes concerning the use of financial results forecast, please refer to “Explanation of Future Forecast Information such as Consolidated Performance Forecast” on page 9.

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1. Results of Operations

(1) Analysis of Results of Operations

During the six months ended June 30, 2019 (from January 1, 2019 to June 30, 2019), the Japanese economy recovered moderately as improvements in employment and income conditions continued despite continuing weakness in exports and production. However, prospects remained uncertain overseas owing to concern over the impact on the world economy of factors stemming from trade friction between the US and China.

Although the group formulated a five-year medium-term business plan beginning in FY 2016 and was working toward its achievement, as it has become apparent that business results will substantially differ from initial targets, performance goals for the final fiscal year and the initiatives to achieve them have been revised, and the "Notice of Revision of Medium-Term Business Plan" was announced on August 8, 2018. Specifically, the period until the final fiscal year has been positioned as a transitional period toward a new growth stage, and emphasis has been placed on changing the business portfolio and enhancing operational effectiveness, with "expanding growing markets," "stopping the down trend of sales of printers in the sign market," and "improving profitability" as key issues. Among these, in "expanding growth markets," fields of focus have been revised and reselected to the three businesses of the "DP (Digital Printing) Business," the "COTO Business," and the "DGSHAPE Business," and business operations have begun. By further clarifying focus areas and allocation of management resources and swift business operations with speedy decision-making that accurately grasp market changes, the group will work to expand growth areas and create new markets.

During the six months ended June 30, 2019, in the growth area of the dental market, aiming to become the top global manufacturer as we target dental clinics in addition to dental technician offices, we engaged in activities toward accelerated regional expansion and share expansion, including enhancing distributors and solutions proposals in collaboration with CAD/CAM software vendors. In the retail market, we have been proposing UV printers for the application of in-store decorative services for smartphone cases and home appliances, etc., in addition to the application of creating novelties and original products in small-scale plants. In the COTO business, which focuses on personalization needs to optimize products based on individual interests, concerns, and events, we placed emphasis on in-store creation of personalized goods and proposal activities on decorative services for retail businesses. In addition, we created COTOVAN, a car that utilizes commercially available vehicles to install our digital tools such as UV printers and to offer services to create original products anywhere. With the COTOVAN, we strengthened activities aimed at developing the market for the COTO business by visiting retail stores and events all over Japan, and gave customers enjoyment and pleasurable experiences in forming their own designs into shapes at retail stores and event sites. By taking advantage of our product lineup, which are compact in size and create products on demand, we will propose this new business, providing value-added products and great buying experiences for our customers.

Meanwhile, in our conventional mainstay sign market, to respond to the situation in which the market has matured and competition has become fierce, we introduced a new product that provided higher expressiveness and higher reliability through the latest technologies. Also, we developed products that will lead to the development of adjacent markets for signs through co-creation with regional partners.

As a result of these initiatives, sales of printers mainly for the sign market decreased, and net sales for the six months ended June 30, 2019 decreased by 4.8% to 19,958 million yen. Cost of sales was on par with the same period of the previous term. Selling, general and administrative expenses were lower than the same period of the previous term, mainly due to lower personnel expenses. As a result, operating profit decreased by 12.0% compared with the same period of the previous term to 1,567 million yen, and ordinary profit decreased by 8.9% compared with the same period of the previous term to 1,483 million yen. Due to a decrease of income taxes – deferred and the negative effect of recording extraordinary losses including the disposal of software assets and loss on sales and retirement of non-current assets in the previous term, profit attributable to owners of parent was 1,070 million yen, increasing by 2.6%..

The exchange rates for major currencies during the six months ended June 30, 2019 (average rate during the period from January 2019 to June 2019) were 110.06 yen to the U.S. dollar (108.69 yen for the same period of the previous term) and 124.35 yen to the euro (131.67 yen for the same period of the previous term).

As the business of the Company and its consolidated subsidiaries is the manufacture and sale of computer peripheral devices and there are no other segments, it is represented as a single segment. Sales by product are as follows.

Net sales by product

(Millions of Yen)

Product	Six months ended June 30, 2018		Six months ended June 30, 2019		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Printers	7,061	33.7	6,388	32.0	(673)	(1.7)	90.5
Plotters	684	3.2	558	2.8	(125)	(0.5)	81.6
3D products	2,657	12.7	2,645	13.3	(11)	0.6	99.6
Supplies	6,802	32.4	6,694	33.5	(107)	1.1	98.4
Others	3,768	18.0	3,671	18.4	(96)	0.4	97.4
Total	20,973	100.0	19,958	100.0	(1,014)	—	95.2

[Printers]

In the sign market, to respond to the situation in which the market has matured and competition has become fierce, we made efforts to maintain our customer base in this market by strengthening our products' competitiveness. On the other hand, we developed products which meet customer needs for specific applications through co-creation with regional partners, in order to open up new opportunities in the digital printing market. In March 2019, we launched the TrueVIS VG2 series eco-solvent printer into the sign market with the newly-developed TR2 ink, which supports orange ink. With its highly regarded features including smooth gradation expression from a broad color gamut, excellent color reproduction, and advanced print & cut functions, we won the "Innovation Award" in the printer category at the ISA International Sign Expo in April, one of the largest expos held in the US for the sign graphics industry, and in May, we also won the most prestigious "EDP Awards" from the European digital printing industry. With the greatest achievement in expressiveness, the VG2 series will stimulate the sign market and awaken replacement demand in existing customers.

In retail markets, we have been proposing UV printers, etc., to small retailers engaging in decoration services for products such as smartphone cases and home appliances, in addition to small-scale plants engaging in creating original products such as novelties. In March 2019, we launched the VersaUV LEF2-200 desk-top UV printer. In addition to the series' ability to print value-added graphics and textures onto a vast array of materials on demand, we have introduced functions that are easier to use and more reliable, and contributed to the businesses of customers who are creating original products such as novelty items in small-scale plants.

In January 2019, we launched our first garment printer, the VersaSTUDIO BT-12. This A4 size desk-top printer can print photos and other graphics directly onto T-shirts, polo shirts, tote bags, and other cotton fabrics to create original products. By connecting with our software "cotodesign" launched last December, we offer total support for small retailers in all operational steps, from the creation and ordering of design data to product printing and sales. Through this, our customers can easily introduce printing services for original products even at commercial facilities such as shopping malls, kiosks, and apparel stores. We propose these as the optimal solutions for small retailers who aim to offer new services to customers and differentiate from other stores.

As a result of these factors, printer sales were 6,388 million yen, or 90.5% of the same period of the previous fiscal year. Although we took initiatives in the second quarter on introducing new products, expanding use cases and developing the market, sales on printers for the sign market decreased, which include eco-solvent printers for creating signs and displays, in addition to UV printers suitable for print on large boards such as acrylic and foam board signs and cardboard display fixtures.

[Plotters]

Sales of large format cutters for the sign market decreased. Consequently, plotter sales were 558 million yen, or 81.6% of the same period of the previous fiscal year.

[3D products]

While securing a solid footing in the 3D digital fabrication market such as the manufacturing and engraving industries as well as educational institutions, DGSHAPE Corporation, which engages in the 3D business, aims to become the top global manufacturer through regional expansion and share expansion in the growing dental market. In the dental market, we focused on sales promotion activities such as actively setting up exhibits at major tradeshows across the world including IDS 2019, the world's largest dental tradeshow held in Germany in March 2019. Although sales growth was sluggish due to restrained buying before tradeshows in some regions as well the effects of the launch of new products for mainstay models during the same period of the previous fiscal year, sales increased in some regions from development of new sales networks.

In the 3D digital fabrication market, we released DGSHAPE Corporation's first desktop engraver DE-3 in January 2019. On the base of a solid footing established with existing models, we revised our interfaces and software and enhanced usability so that even customers who have newly introduced the DE-3 can still use it right away. The DE-3 meets a wide array of engraving needs, including nameplates and labels, control panels for industrial products, and personalized novelty products. We propose solutions to inspire replacement demand in existing customers and all industries with engraving needs.

As a result of these factors, and also due to the stronger yen, sales of 3D products were on par with the same period of the previous fiscal year at 2,645 million yen, or 99.6% of the same period of the previous fiscal year.

[Supplies]

Although sales of ink for the sign market were lower than the same period of the previous fiscal year, sales of ink for UV printers and textile printers increased. However, due to the stronger yen, sales of supplies were lower than the same period of the previous fiscal year at 6,694 million yen, or 98.4% of the same period of the previous fiscal year.

[Others]

Due to the stronger yen, sales of maintenance services, service parts, and other sales were lower than the same period of the previous fiscal year at 3,671 million yen, or 97.4% of the same period of the previous fiscal year.

Sales by region are as follows.

Net sales by region

(Millions of Yen)

Region	Six months ended June 30, 2018		Six months ended June 30, 2019		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Japan	2,165	10.3	2,271	11.4	106	1.1	104.9
North America	5,839	27.8	5,487	27.5	(352)	(0.4)	94.0
Europe	8,284	39.5	7,701	38.6	(582)	(0.9)	93.0
Asia	1,610	7.7	1,628	8.1	17	0.5	101.1
Others	3,074	14.7	2,870	14.4	(203)	(0.3)	93.4
Total	20,973	100.0	19,958	100.0	(1,014)	―	95.2

[Japan]

In 3D products, although sales of the DWX-52DCi, a dental milling machine which incorporates an automatic disc changer function, were strong in the dental market, due to the effects of new mainstay products introduced in the same period of the previous fiscal year, sales in the dental market was lower than the same period of the previous fiscal year. In printers, sales exceeded the same period of the previous fiscal year due to a steady sales increase in new VG2 series printers for the sign market as well as sales increases in 30" to 54" UV printers for prototyping packages.

As a result, net sales in Japan were 2,271 million yen, or 104.9% of the same period of the previous fiscal year.

[North America]

In printers, although sales of printers for the sign market exceeded the same period of the previous fiscal year, sales of UV printers for the retail market, particularly the LEF-300 which primarily features high productivity, decreased. In addition, sales decreased for UV printers for the sign market suitable for printing on large boards such as acrylic and foam board signs and cardboard display fixtures. Sales of 3D products were lower than the same period of the previous fiscal year, owing to the impact of factors including restrained buying in the dental market before IDS 2019, the world's largest dental tradeshow held in Germany in March 2019.

As a result, net sales in North America were 5,487 million yen, or 94.0% of the same period of the previous fiscal year.

[Europe]

In 3D products, stagnant negotiations and restrained buying were expected in the dental market before IDS 2019 held in March. However, due to the increase of sales at new distributors that were developed successfully, sales exceeded the same period of the previous fiscal year. In printers, although sales were strong for the new VG2 series printers for the sign market, sales of the existing models were sluggish. In addition, sales decreased for UV printers for the sign market suitable for printing on large boards such as acrylic and foam board signs and cardboard display fixtures.

As a result, along with the effects of the appreciated yen against the euro, net sales in Europe were 7,701 million yen, or 93.0% of the same period of the previous fiscal year.

[Asia]

In China, sales of printers for the sign market decreased. Sales of printers for the sign market and dental milling machines increased in South Korea and the ASEAN region.

As a result, net sales in Asia were 1,628 million yen, or 101.1% of the same period of the previous fiscal year.

[Other Regions]

In Australia, sales of printers for the sign market were solid, but sales of dental milling machines decreased. In South America region including Brazil, sales of printers for the sign market decreased.

As a result, net sales in these regions were 2,870 million yen, or 93.4% of the same period of the previous fiscal year.

(2) Explanation of Financial Position

Total assets as of the end of the second quarter increased by 568 million yen compared with end-of-term consolidated totals last year to a total of 37,279 million yen (101.5% of year-end consolidated totals last term). With regard to current assets, while notes and accounts receivable – trade and other current assets including accounts receivable – other decreased by 352 million yen and 568 million yen, respectively, inventories increased by 860 million yen. In non-current assets, while software decreased by 113 million yen due to amortization and other factors, leased assets-use rights increased by 688 million yen due to application of IFRS 16.

Liabilities as of the end of the second quarter increased by 430 million yen to a total of 12,958 million yen (103.4% of year-end consolidated totals last term). With regard to current liabilities, while provision for bonuses decreased by 147 million yen due to the reversal from the payment, current portion of long-term loans payable and income taxes payable increased by 360 million yen and 198 million yen, respectively. In addition, due to application of IFRS 16, lease obligations increased by 295 million yen. In non-current liabilities, while long-term loans payable decreased by 720 million yen due to the repayment, etc., long-term lease obligations increased by 409 million yen due to application of IFRS 16.

Net assets as of the end of the second quarter increased by 138 million yen to a total of 24,320 million yen (100.6% of year-end consolidated totals last term). Compared with the end of the previous fiscal year, while retained earnings increased by 487 million yen due mainly to the performance of this period and treasury shares increased by 168 million yen due to the acquisition of treasury shares, foreign currency translation adjustment decreased by 207 million yen due mainly to a stronger yen.

Additionally, the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28; February 16, 2018), etc., have been applied from the beginning of the first quarter ended March 31, 2019. In its treatment of the fiscal year ended December 31, 2018, the Company retrospectively applies the aforementioned accounting changes to perform comparative analysis.

(3) Explanation of Future Forecast Information such as Consolidated Performance Forecast

No revisions have been made to the consolidated financial results forecasts for the full year of the fiscal year ending December 31, 2019, which was announced on February 14, 2019. Any changes that may occur in the future will be appropriately disclosed.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of Yen)

	As of December 31, 2018	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	11,170,003	11,313,063
Notes and accounts receivable - trade	4,998,945	4,646,758
Merchandise and finished goods	5,766,572	5,974,503
Work in process	64,025	115,542
Raw materials and supplies	2,211,111	2,812,351
Other	2,065,172	1,496,896
Allowance for doubtful accounts	(87,942)	(77,592)
Total current assets	26,187,888	26,281,522
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,037,881	7,136,581
Accumulated depreciation	(4,491,880)	(4,584,920)
Buildings and structures, net	2,546,000	2,551,661
Machinery, equipment and vehicles	947,285	934,183
Accumulated depreciation	(696,498)	(669,406)
Machinery, equipment and vehicles, net	250,786	264,776
Tools, furniture and fixtures	3,789,006	3,890,825
Accumulated depreciation	(3,043,209)	(3,152,735)
Tools, furniture and fixtures, net	745,796	738,089
Land	3,124,848	3,133,124
Leased asset-use rights	—	688,152
Construction in progress	27,195	10,341
Total property, plant and equipment	6,694,627	7,386,146
Intangible assets		
Goodwill	274,443	227,049
Software	973,252	860,112
Telephone subscription right	8,258	8,093
Total intangible assets	1,255,954	1,095,255
Investments and other assets		
Investment securities	19,384	17,405
Deferred tax assets	1,668,522	1,577,612
Other	884,191	921,365
Total investments and other assets	2,572,097	2,516,383
Total non-current assets	10,522,680	10,997,785
Total assets	36,710,568	37,279,308

(Thousands of Yen)

	As of December 31, 2018	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,994,581	1,963,859
Current portion of long-term loans payable	360,000	720,000
Lease obligations	2,387	297,915
Income taxes payable	224,968	423,583
Provision for bonuses	723,324	575,526
Provision for directors' bonuses	60,000	28,500
Provision for product warranties	458,315	437,744
Other	3,314,380	3,462,870
Total current liabilities	7,137,958	7,909,999
Non-current liabilities		
Long-term loans payable	2,880,000	2,160,000
Lease obligations	6,548	416,053
Provision for employee stock ownership plan trust	113,374	101,214
Provision for management board incentive plan trust	191,756	152,334
Provision for loss on dissolution of employees' pension fund	4,671	4,503
Net defined benefit liability	858,387	849,136
Long-term accounts payable - other	39,880	38,727
Other	1,295,689	1,326,769
Total non-current liabilities	5,390,308	5,048,739
Total liabilities	12,528,266	12,958,739
Net assets		
Shareholders' equity		
Capital stock	3,668,700	3,668,700
Capital surplus	3,700,608	3,700,608
Retained earnings	18,152,407	18,639,429
Treasury shares	(442,217)	(610,697)
Total shareholders' equity	25,079,498	25,398,040
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,246)	(2,843)
Foreign currency translation adjustment	(612,127)	(820,056)
Remeasurements of defined benefit plans	(283,903)	(254,661)
Total accumulated other comprehensive income	(897,277)	(1,077,561)
Non-controlling interests	80	89
Total net assets	24,182,301	24,320,568
Total liabilities and net assets	36,710,568	37,279,308

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statements of Operations

(For the six months ended June 30, 2018 and June 30, 2019)

(Thousands of Yen)

	For the six months ended June 30, 2018 (From January 1, 2018 to June 30, 2018)	For the six months ended June 30, 2019 (From January 1, 2019 to June 30, 2019)
Net sales	20,973,642	19,958,696
Cost of sales	11,618,644	11,071,043
Gross profit	9,354,998	8,887,652
Selling, general and administrative expenses		
Transportation and warehousing expenses	488,032	505,985
Advertising and promotion expenses	516,263	584,677
Provision of allowance for doubtful accounts	14,125	5,016
Provision for product warranties	―	7,941
Salaries and bonuses	3,636,465	3,451,402
Provision for bonuses	371,805	330,632
Provision for directors' bonuses	30,000	28,500
Provision for employee stock ownership plan trust	4,723	―
Provision for management board incentive plan trust	27,358	14,516
Retirement benefit expenses	151,845	151,213
Traveling and transportation expenses	330,448	314,827
Depreciation	346,834	464,977
Commission fee	594,035	550,849
Other	1,061,518	909,891
Total selling, general and administrative expenses	7,573,455	7,320,432
Operating profit	1,781,542	1,567,219
Non-operating income		
Interest income	5,518	9,302
Gain on valuation of investments in money held in trust	12,921	52,276
Other	45,133	39,847
Total non-operating income	63,572	101,426
Non-operating expenses		
Interest expenses	9,471	20,656
Sales discounts	80,742	67,948
Foreign exchange losses	117,678	94,520
Other	9,536	1,989
Total non-operating expenses	217,429	185,115
Ordinary profit	1,627,686	1,483,530

(Thousands of Yen)

	For the six months ended June 30, 2018 (From January 1, 2018 to June 30, 2018)	For the six months ended June 30, 2019 (From January 1, 2019 to June 30, 2019)
Extraordinary income		
Gain on sales of non-current assets	7,350	6,660
Total extraordinary income	7,350	6,660
Extraordinary losses		
Loss on sales and retirement of non-current assets	104,805	11,848
Total extraordinary losses	104,805	11,848
Profit before income taxes	1,530,230	1,478,343
Income taxes - current	298,829	348,732
Income taxes - deferred	188,604	59,475
Total income taxes	487,433	408,207
Profit	1,042,796	1,070,135
Profit attributable to non-controlling interests	2	5
Profit attributable to owners of parent	1,042,794	1,070,129

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	For the six months ended June 30, 2018 (From January 1, 2018 to June 30, 2018)	For the six months ended June 30, 2019 (From January 1, 2019 to June 30, 2019)
Profit	1,042,796	1,070,135
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,833)	(1,596)
Foreign currency translation adjustment	(426,007)	(207,925)
Remeasurements of defined benefit plans, net of tax	15,217	29,242
Total other comprehensive income	(413,623)	(180,280)
Comprehensive income	629,173	889,854
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	629,175	889,845
Comprehensive income attributable to non-controlling interests	(2)	9

(3) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

The Company

(Application of "Implementation Guidance on Tax Effect Accounting")

The "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) has been applied from the first quarter ended March 31, 2019. The effect of this change is immaterial and has not applied retroactively.

The overseas consolidated subsidiaries

(Application of IFRS 16 "Leases")

Some overseas consolidated subsidiaries have applied IFRS 16 "Leases" from the first quarter ended March 31, 2019. Under this standard, the lessee should in principle recognize assets and liabilities arising from all leases.

In applying IFRS 16 "Leases," the Company has adopted a method that recognizes the cumulative effect of applying this standard on the effective date of application as a transitional measure as of the beginning of the first quarter ended March 31, 2019.

As a result, as of the beginning of the first quarter ended March 31, 2019, leased assets increased by 466,645 thousand yen, deferred tax assets increased by 2,054 thousand yen, lease obligations in current liabilities increased by 199,604 thousand yen, lease obligations in non-current liabilities increased by 282,677 thousand yen, and retained earnings decreased by 13,582 thousand yen. The effect of this change on profit or loss and per share information during the six months ended June 30, 2019 is minimal.

(Significant Subsequent Events)

Not applicable.