

October 30, 2018

SCREEN Holdings Co., Ltd.  
Tenjinkita-machi 1-1, Teranouchi-agaru 4-chome, Horikawa-dori,  
Kamigyo-ku, Kyoto 602-8585, Japan

## CONSOLIDATED FINANCIAL REPORT FOR THE SECOND QUARTER ENDED SEPTEMBER 30, 2018 [Japanese GAAP]

SCREEN Holdings Co., Ltd. is listed on the First Section of the Tokyo Stock Exchange with the securities code number 7735.  
(URL <https://www.screen.co.jp/>)

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Date planned for the filing of the quarterly report: November 13, 2018  
Date of payment for cash dividends: —

Figures have been rounded down to eliminate amounts less than one million yen, except per share figures.

### PERFORMANCE FOR THE SECOND QUARTER ENDED SEPTEMBER 30, 2018 (APR. 1, 2018-SEPT. 30, 2018)

(Millions of yen, except per share figures)

(Percentage are the rate of increase or decrease from the previous corresponding period.)

#### (1) Business Results

	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
<b>Six months ended Sept. 30, 2018</b>	<b>¥170,081</b>	<b>10.6%</b>	<b>¥ 15,188</b>	<b>-10.2%</b>	<b>¥ 15,306</b>	<b>-7.1%</b>
Six months ended Sept. 30, 2017	153,834	13.0	16,918	38.9	16,482	40.9

Note: Comprehensive income

Six months ended Sept. 30, 2018: ¥ 9,856 million (-37.4%)  
Six months ended Sept. 30, 2017: ¥ 15,754 million (138.9%)

	Profit Attributable to Owners of Parent	Percentage Change	Basic Earnings per Share (Yen)	Diluted Earnings per Share (Yen)
<b>Six months ended Sept. 30, 2018</b>	<b>¥ 9,585</b>	<b>-10.1%</b>	<b>¥ 205.46</b>	<b>¥ 198.77</b>
Six months ended Sept. 30, 2017	10,666	12.8	227.20	—

#### (2) Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
<b>Sept. 30, 2018</b>	<b>¥393,760</b>	<b>¥175,524</b>	<b>44.6%</b>
Mar. 31, 2018	365,874	170,880	46.7

Note: Equity

As of Sept. 30, 2018: ¥ 175,499 million  
As of Mar. 31, 2018: ¥ 170,839 million

**CASH DIVIDENDS**

Record date	Cash Dividends per Share				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Annual
Fiscal year ended Mar. 31, 2018	¥ —	¥ —	¥ —	¥110.00	¥110.00
Fiscal year ending Mar. 31, 2019	—	—			
Fiscal year ending Mar. 31, 2019 (Forecast)			—	155.00	155.00

Note: Revision of the latest forecast of cash dividends: No

**FORECAST OF BUSINESS RESULTS FOR FISCAL YEAR ENDING MARCH 31, 2019**

(Millions of yen, except per share figures)

(Percentage are the rate of increase or decrease from the previous corresponding period.)

	Net Sales	Percentage Change	Operating Income	Percentage Change
Fiscal year ending Mar. 31, 2019	¥ 374,000	10.2 %	¥ 43,500	1.8 %

  

	Ordinary Income	Percentage Change	Profit Attributable to Owners of Parent	Percentage Change	Basic Earnings per Share (Yen)
Fiscal year ending Mar. 31, 2019	¥ 42,000	1.6 %	¥ 30,500	7.0 %	¥ 653.77

Note: Revision of the latest business forecast: Yes

**NOTES**

- (1) Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation): No  
New Company: Not applicable Exclusion: Not applicable
- (2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: Yes  
Please refer to P.10 [Notes for quarterly consolidated financial statements] for more information.
- (3) Changes of accounting policies, changes in accounting estimates and retrospective restatement
- Changes of accounting policies accompanied by revision of accounting standard etc.: No
  - Changes of accounting policies other than 1: No
  - Changes in accounting estimates: No
  - Retrospective restatement: No
- (4) Number of shares outstanding
- Number of shares outstanding as of end of period (including treasury stock)  
As of Sept. 30, 2018: 50,794,866 shares As of Mar. 31, 2018: 50,794,866 shares
  - Number of treasury stock as of end of period  
As of Sept. 30, 2018: 4,142,285 shares As of Mar. 31, 2018: 4,142,444 shares
  - Average number of shares outstanding  
Six months ended Sept. 30, 2018: 46,652,624 shares Six months ended Sept. 30, 2017: 46,945,341 shares

\*This quarterly earnings report is exempt from the quarterly review procedure by certified public accountants or audit firm.

\*Explanation for appropriate use of forecasts and other notes

- SCREEN Holdings has revised our business forecast for the fiscal year ending March 31, 2019 that was previously announced on July 31, 2018, as noted in this financial report.
- The forward-looking statements such as operational forecasts contained in this document are based on the information currently available to SCREEN Holdings and certain assumptions that are regarded as legitimate. SCREEN Holdings does not promise that the forecasts or estimates will be accurate. Large discrepancies may be seen in the actual results due to various factors. Please refer to P.4 "3. Qualitative information regarding consolidated business results forecasts" for the assumptions used and other notes.

## [Qualitative Information, Financial Statements]

### 1. Qualitative information regarding the status of consolidated business results

During the first half of the fiscal year ending March 31, 2019 (the six-month period from April 1, 2018 to September 30, 2018), global economic conditions continued to gradually improve despite an increasingly unclear outlook due to growing trade tensions and a downturn risk in emerging economies. The U.S. economy continued to improve, as consumer spending and capital investment increased due in part to the effects of income tax cuts. In Europe, economic recovery continued, albeit gradually, due mainly to an expansion in consumer spending. China's economy remained firm due in part to the effects of the government's economic policy. The Japanese economy, meanwhile, saw gentle improvement, backed by recovery in consumer spending and capital investment.

With regard to the business conditions surrounding the SCREEN Group, in the semiconductor industry, capital investment among memory manufacturers expanded, backed by an increase in memory demand due to growing data center processing volumes despite a decrease in mass production investment by foundries. In addition, active capital investment by logic chip makers continued amid strong demand for servers. In the FPD business field, in addition to a high level of investment in large-sized LCD panels for televisions due to the shift to larger, higher resolution television displays, there was also active investment in small- to medium-sized displays for smart phones.

Under these circumstances, the SCREEN Group posted consolidated net sales of ¥170,081 million for the first half of the fiscal year ending March 31, 2019, an increase of ¥16,246 million from the corresponding period of the previous fiscal year. However, on the earnings front, as a result of a rise in the variable cost ratio and an increase in personnel and other fixed costs to keep pace with rising production and the strengthening of overseas bases mainly in the semiconductor production equipment business, operating income totaled ¥15,188 million, down ¥1,729 million year on year. Ordinary income amounted to ¥15,306 million, down ¥1,176 million year on year. Profit attributable to owners of parent totaled ¥9,585 million, down ¥1,080 million compared with the corresponding period of the previous fiscal year.

Performance by reportable segment is explained below.

#### ***The Semiconductor Production Equipment (SE) Business***

In the SE business, sales to memory manufacturers expanded year on year, and those to logic chip manufacturers were firm, despite a decrease in sales to foundries. By product, sales of batch-type cleaning equipment and single wafer cleaning equipment grew. By region, sales to Taiwan fell, and those to China and Japan expanded. As a result, net sales in this segment amounted to ¥112,882 million, up 13.1% year on year. Operating income in this segment came to ¥11,608 million, down 20.2% from the corresponding period of the previous fiscal year, reflecting mainly a rise in the variable cost ratio following a delay in efforts to improve costs caused by a temporary disruption in procurement owing to natural disasters and the increase in personnel and other fixed costs arising from an expansion in net sales.

#### ***The Graphic Arts Equipment (GA) Business***

In the GA business, overseas sales of POD (print on demand) equipment and those of ink and other consumables increased and sales in Japan fell. As a result, net sales in this segment amounted to ¥23,878 million, down 3.7% year on year. Operating income in this segment came to ¥446 million, down 65.0% from the corresponding period of the previous fiscal year, reflecting mainly the decrease in net sales and a rise in personnel and other fixed costs.

#### ***The Display Production Equipment and Coater (FT) Business***

In the FT business, sales of production equipment for large-sized panels to China and Taiwan and sales of production equipment for small- and medium-sized panels to China increased year on year. As a result, net sales in this segment amounted to ¥25,419 million, up 11.1% year on year. Operating income in this segment came to ¥2,849 million, up 52.6% from the corresponding period of the previous fiscal year, reflecting mainly the increase in net sales.

#### ***The PCB-Related Equipment (PE) Business***

In the PE business, sales of direct imaging equipment, especially in Taiwan, rose year on year. As a result, net sales in this segment amounted to ¥7,169 million, up 24.1% year on year. Operating income in this segment came to ¥1,065 million, up 170.8% from the corresponding period of the previous fiscal year, reflecting mainly the increase in net sales.

## 2. Qualitative information regarding changes in consolidated financial position

Total assets as of September 30, 2018 stood at ¥393,760 million, an increase of ¥27,886 million, or 7.6%, compared with March 31, 2018. This was largely due to increases in inventories as well as an increase in property, plant and equipment, despite a decrease in notes and accounts receivable including electronically recorded monetary claims.

Total liabilities amounted to ¥218,236 million, up ¥23,242 million, or 11.9%, compared with the end of the previous fiscal year. This was mainly attributable to an issuance of convertible bond-type bonds with share acquisition rights.

Total net assets amounted to ¥175,524 million, up ¥4,643 million, or 2.7%, from March 31, 2018. This was mainly attributable to the recording of profit attributable to owners of parent and an increase in foreign currency translation adjustment due to weakening yen, despite payment of cash dividends and a decrease in valuation difference on available-for-sale securities.

As a result, the equity ratio as of September 30, 2018 stood at 44.6%.

### *Status of Cash Flows*

The status of cash flows for the first half of the fiscal year ending March 31, 2019 is as follows.

Net cash used in operating activities amounted to ¥7,999 million, compared with ¥18,437 million provided by operating activities in the first half of the previous fiscal year. This was because an increase in inventories, income taxes paid, and other outflows exceeded income before income taxes, the decrease in notes and accounts receivable including electronically recorded monetary claims, and other inflows.

Net cash used in investing activities amounted to ¥11,922 million, compared with ¥2,991 million used in investing activities in the first half of the previous fiscal year. This was largely attributable to the purchase of property, plant and equipment, such as equipment for R&D.

Net cash provided by financing activities amounted to ¥20,318 million, compared with ¥7,254 million used in financing activities in the first half of the previous fiscal year. This was due to an issuance of convertible bond-type bonds with share acquisition rights, despite cash dividends paid.

As a result, cash and cash equivalents as of September 30, 2018, totaled ¥51,894 million, up ¥1,077 million from March 31, 2018.

## 3. Qualitative information regarding consolidated business results forecasts

SCREEN Holdings has revised its consolidated business forecast for the fiscal year ending March 31, 2019, from the previous forecast announced on July 31, 2018, as shown below. The revision is largely attributable to the prospect that both sales and profit to fall below previous forecasts due mainly to a decrease in sales in the GA business and a rise in the variable cost ratio in the SE business. For details, please refer to today's "First Half Business Forecast Differences with its Results and Full-Year Business Forecast Revision".

### **Business forecast**

Fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

		Fiscal year ending Mar. 31, 2019
Net Sales		¥ 374,000
	SE	260,000
	GA	48,000
	FT	50,000
	PE	13,000
	Other and Adjustments	3,000
Operating Income		43,500
Ordinary Income		42,000
Profit Attributable to Owners of Parent		30,500

Note: The aforementioned forecasts are based on foreign currency exchange rate estimates of US\$1.00 = ¥105 and EUR1.00 = ¥130.

Business forecasts are also made in accordance with currently available information and rational assumptions.

However, it should be noted that actual results could differ significantly due to a variety of factors.

**CONSOLIDATED BALANCE SHEETS**

(Millions of yen)

	Mar. 31, 2018	Sept. 30, 2018
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and time deposits	¥ 53,114	¥ 52,784
Notes and accounts receivable - trade	71,887	71,580
Electronically recorded monetary claims - operating	13,519	7,887
Merchandise and finished goods	51,303	66,184
Work in process	44,262	48,255
Raw materials and supplies	10,755	14,150
Other	10,500	13,891
Allowance for doubtful accounts	(587)	(638)
Total current assets	<u>254,755</u>	<u>274,095</u>
<b>Non-current assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures	53,307	54,255
Machinery, equipment and vehicles	44,395	45,137
Other	34,196	38,965
Accumulated depreciation	(82,926)	(83,622)
Total property, plant and equipment	<u>48,973</u>	<u>54,737</u>
<b>Intangible assets:</b>		
Other	4,953	6,939
Total intangible assets	<u>4,953</u>	<u>6,939</u>
<b>Investments and other assets:</b>		
Investment securities	41,479	41,720
Net defined benefit asset	5,576	5,875
Deferred tax assets	6,849	7,165
Other	3,559	3,503
Allowance for doubtful accounts	(273)	(275)
Total investments and other assets	<u>57,192</u>	<u>57,988</u>
Total non-current assets	<u>111,118</u>	<u>119,665</u>
<b>Total assets</b>	<u>365,874</u>	<u>393,760</u>

**CONSOLIDATED BALANCE SHEETS**

(Millions of yen)

	Mar. 31, 2018	Sept. 30, 2018
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable - trade	¥ 30,911	¥ 28,774
Electronically recorded obligations - operating	84,199	90,251
Current portion of long-term loans payable	5,679	2,536
Lease obligations	390	412
Income taxes payable	9,650	6,662
Notes payable - facilities	3	1
Electronically recorded obligations - facilities	26	11
Advances received	17,142	17,751
Provision for bonuses	4,204	1,330
Provision for directors' bonuses	219	82
Provision for product warranties	6,373	6,595
Provision for loss on order received	58	4
Other	16,649	16,121
Total current liabilities	<u>175,508</u>	<u>170,536</u>
<b>Non-current liabilities:</b>		
Convertible bond-type bonds with share acquisition rights	—	30,140
Long-term loans payable	5,227	4,030
Lease obligations	1,858	1,691
Net defined benefit liability	856	877
Provision for directors' retirement benefits	141	164
Provision for stock payment	28	28
Provision for management board incentive plan trust	45	30
Asset retirement obligations	56	56
Other	11,270	10,680
Total non-current liabilities	<u>19,484</u>	<u>47,700</u>
Total liabilities	<u>194,993</u>	<u>218,236</u>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Capital stock	54,044	54,044
Capital surplus	4,546	4,488
Retained earnings	117,358	121,800
Treasury stock	(18,085)	(18,084)
Total shareholders' equity	<u>157,864</u>	<u>162,249</u>
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	18,427	17,496
Foreign currency translation adjustment	(4,714)	(3,743)
Remeasurements of defined benefit plans	(738)	(502)
Total accumulated other comprehensive income	<u>12,974</u>	<u>13,250</u>
<b>Non-controlling interests</b>	<u>40</u>	<u>24</u>
<b>Total net assets</b>	<u>170,880</u>	<u>175,524</u>
<b>Total liabilities and net assets</b>	<u>365,874</u>	<u>393,760</u>

**CONSOLIDATED STATEMENTS OF INCOME**

(Millions of yen)

**Apr.1, 2017 – Sept. 30, 2017**    **Apr.1, 2018 – Sept. 30, 2018**

<b>Net sales</b>	¥ 153,834	¥ 170,081
<b>Cost of sales</b>	105,321	120,509
<b>Gross profit</b>	48,513	49,571
<b>Selling, general and administrative expenses</b>	31,595	34,383
<b>Operating income</b>	16,918	15,188
<b>Non-operating income</b>		
Interest income	26	42
Dividends income	291	280
Foreign exchange gains, net	—	119
Gain on sales of non-current assets	22	384
Other	234	338
Total non-operating income	575	1,165
<b>Non-operating expenses</b>		
Interest expenses	302	262
Foreign exchange losses, net	353	—
Share of loss of entities accounted for using equity method	—	56
Loss on retirement of non-current assets	44	350
Other	309	378
Total non-operating expenses	1,010	1,048
<b>Ordinary income</b>	16,482	15,306
<b>Extraordinary income</b>		
Gain on sales of investment securities	199	444
Total extraordinary income	199	444
<b>Extraordinary loss</b>		
Loss on valuation of investment securities	59	18
Total extraordinary loss	59	18
<b>Income before income taxes</b>	16,623	15,732
<b>Income taxes</b>	5,957	6,148
<b>Profit</b>	10,666	9,584
<b>Loss attributable to non-controlling interests</b>	—	(0)
<b>Profit attributable to owners of parent</b>	10,666	9,585

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Millions of yen)

	Apr.1, 2017 – Sept. 30, 2017	Apr.1, 2018 – Sept. 30, 2018
<b>Profit</b>	¥ 10,666	¥ 9,584
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,840	(931)
Foreign currency translation adjustment	1,000	1,011
Remeasurements of defined benefit plans	247	235
Share of other comprehensive income of entities accounted for using equity method	—	(44)
Total other comprehensive income	<u>5,088</u>	<u>271</u>
<b>Comprehensive income</b>	<u>15,754</u>	<u>9,856</u>
Comprehensive income attributable to:		
Owners of parent	15,757	9,861
Non-controlling interests	(3)	(5)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Millions of yen)

Apr.1, 2017 – Sept. 30, 2017      Apr.1, 2018 – Sept. 30, 2018

**Cash flow from operating activities:**

Income before income taxes	¥ 16,623	¥ 15,732
Depreciation and amortization	2,749	3,226
Loss (gain) on valuation of investment securities	59	18
Loss (gain) on sales of investment securities	(199)	(444)
Loss (gain) on sales of non-current assets	(22)	(384)
Loss on retirement of non-current assets	44	350
Share of loss (profit) of entities accounted for using equity method	—	56
Increase (decrease) in net defined benefit liability	(58)	(78)
Increase (decrease) in provision for bonuses	(1,963)	(2,873)
Increase (decrease) in provision for directors' bonuses	(11)	(137)
Increase (decrease) in provision for stock payment	12	(0)
Increase (decrease) in provision for management board incentive plan trust	16	(14)
Increase (decrease) in provision for product warranties	218	209
Increase (decrease) in provision for loss on order received	410	(53)
Interest and dividends income	(318)	(322)
Interest expenses	302	262
Decrease (increase) in notes and accounts receivable including electronically recorded monetary claims	2,982	6,230
Decrease (increase) in inventories	(5,334)	(22,088)
Decrease (increase) in other current assets	1,178	(349)
Increase (decrease) in notes and accounts payable including electronically recorded obligations	6,057	2,954
Increase (decrease) in other current liabilities	2,444	2,271
Other, net	(50)	(207)
Subtotal	25,141	4,356
Interest and dividends income received	328	316
Interest expenses paid	(300)	(271)
Contribution in connection with the shift to a defined-contribution pension plan	(0)	(1)
Income taxes paid	(6,732)	(12,400)
Net cash provided by (used in) operating activities	18,437	(7,999)

**Cash flow from investing activities:**

Decrease (increase) in time deposits	1,561	1,422
Purchase of property, plant and equipment	(2,582)	(9,970)
Proceeds from sales of property, plant and equipment	89	589
Purchase of investment securities	(267)	(2,020)
Proceeds from sales of investment securities	254	864
Payments for transfer of business	(1,250)	—
Other, net	(797)	(2,809)
Net cash used in investing activities	(2,991)	(11,922)

**Cash flow from financing activities:**

Repayments of long-term loans payable	(2,039)	(4,339)
Repayments of finance lease obligations	(210)	(196)
Proceeds from issuance of convertible bond-type bonds with share acquisition rights	—	30,059
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(0)	(98)
Proceeds from share issuance to non-controlling shareholders	—	23
Net decrease (increase) in treasury stock	(775)	0
Purchase of treasury shares of consolidated subsidiaries	(164)	—
Cash dividends paid	(4,063)	(5,130)
Net cash provided by (used in) financing activities	(7,254)	20,318

<b>Effect of exchange rate change on cash and cash equivalents</b>	240	681
<b>Net increase (decrease) in cash and cash equivalents</b>	8,432	1,077
<b>Cash and cash equivalents at beginning of period</b>	44,922	50,817
<b>Cash and cash equivalents at end of period</b>	53,355	51,894

## [ Notes for quarterly consolidated financial statements ]

Application of accounting methods specific to the preparation of quarterly consolidated financial statements:

## Calculation of income taxes

Income tax amount is calculated principally by multiplying reasonably estimated annual effective tax rate through the second quarter ended September 30, 2018, with the effects of deferred taxes reflected, by the amount of year-to-date income before income taxes. When calculation using reasonably estimated annual effective tax rate causes irrational results, income tax amount is calculated based on the legal tax rate.

**SEGMENT INFORMATION**

## [Segment Information]

## I Six months ended Sept. 30, 2017

## Net sales and income (loss) in reportable segment

(Millions of yen)

	Reportable segment *1					Other *2	Total	Adjustments *3	Consolidated *4
	SE	GA	FT	PE	Total				
Sales									
(1)Sales to outside customers	¥ 99,817	¥ 24,742	¥ 22,867	¥ 5,762	¥ 153,190	¥ 644	¥ 153,834	¥ —	¥ 153,834
(2)Intersegment sales and transfers	0	61	18	15	96	7,001	7,097	(7,097)	—
Total	99,818	24,804	22,885	5,777	153,286	7,645	160,932	(7,097)	153,834
Segment income (loss)	14,546	1,277	1,867	393	18,084	(954)	17,130	(212)	16,918

## Notes:

\*1 The SE segment develops and manufactures semiconductor production equipment and conducts sales and maintenance services. In the GA segment, graphic arts equipment is developed, manufactured, sold and maintained. The FT segment develops, manufactures and markets display production equipment and coater equipment, and it also conducts maintenance services. In the PE segment, PCB related equipment is developed, manufactured, sold and maintained.

\*2 The "Other" category incorporates operations not included in reportable segments, including development, manufacturing and sales of equipment in life science business and other, software development, planning and production of printed matter and other businesses.

\*3 Segment income (loss) adjustment of ¥ (212) million is the Company's profit (loss) not attributable to reportable segment.

\*4 Segment income (loss) is reconciled to the operating income in the consolidated statements of income.

## II Six months ended Sept. 30, 2018

## 1. Net sales and income (loss) in reportable segment

(Millions of yen)

	Reportable segment *1					Other *2	Total	Adjustments *3	Consolidated *4
	SE	GA	FT	PE	Total				
Sales									
(1)Sales to outside customers	¥ 112,881	¥ 23,842	¥ 25,419	¥ 7,169	¥ 169,313	¥ 768	¥ 170,081	¥ —	¥ 170,081
(2)Intersegment sales and transfers	0	35	—	—	36	8,101	8,138	(8,138)	—
Total	112,882	23,878	25,419	7,169	169,349	8,870	178,219	(8,138)	170,081
Segment income (loss)	11,608	446	2,849	1,065	15,970	(725)	15,244	(56)	15,188

## Notes:

\*1 The SE segment develops and manufactures semiconductor production equipment and conducts sales and maintenance services. In the GA segment, graphic arts equipment is developed, manufactured, sold and maintained. The FT segment develops, manufactures and markets display production equipment and coater equipment, and it also conducts maintenance services. In the PE segment, PCB related equipment is developed, manufactured, sold and maintained.

\*2 The “Other” category incorporates operations not included in reportable segments, including development, manufacturing and sales of equipment in life science business and other, software development, planning and production of printed matter and other businesses.

\*3 Segment income (loss) adjustment of ¥ (56) million is the Company’s profit (loss) not attributable to reportable segment.

\*4 Segment income (loss) is reconciled to operating income in the consolidated statements of income.

## 2. The changes in reportable segments

EMD Corporation, which was originally included in the “Other” category, has been brought under the organization of SCREEN Finetech Solutions Co., Ltd. to unify operations. From the first quarter of the consolidated fiscal year ending March 31, 2019, EMD Corporation is included in the Display production equipment and coater (FT) business.

In addition, the reportable segment originally named the semiconductor equipment business has been renamed to the semiconductor production equipment business. The change is only to the segment name and does not impact any segment information.

Segment information for the first half of the previous fiscal year has been prepared according to the reclassified segments and is presented under “Net sales and income (loss) in reportable segment” for the six months ended Sept. 30, 2017.

## Consolidated Financial Highlights for the Second Quarter Ended September 30, 2018

(Figures less than one million yen have been omitted and other figures have been rounded.)

	FY2018	FY2019	Difference		FY2018	FY2019
	6 months ended Sept. 30, 2017	6 months ended Sept. 30, 2018			12 months ended Mar.31, 2018	12 months ending Mar.31, 2019
	Result	Result	Amount	Percentage	Result	Forecast
Net sales	¥ 153,834	¥ 170,081	¥ 16,246	10.6%	¥ 339,368	¥ 374,000
Operating income	16,918	15,188	(1,729)	-10.2%	42,725	43,500
[to net sales ratio]	11.0 %	8.9 %	-2.1 pt	—	12.6 %	11.6 %
Ordinary income	16,482	15,306	(1,176)	-7.1%	41,329	42,000
[to net sales ratio]	10.7 %	9.0 %	-1.7 pt	—	12.2 %	11.2 %
Profit attributable to owners of parent	10,666	9,585	(1,080)	-10.1%	28,507	30,500
[to net sales ratio]	6.9 %	5.6 %	-1.3 pt	—	8.4 %	8.2 %
Total assets	319,937	393,760	* 27,886	7.6%	365,874	—
Net assets	153,647	175,524	* 4,643	2.7%	170,880	—
Equity	153,647	175,499	* 4,660	2.7%	170,839	—
Equity ratio	48.0 %	44.6 %	* -2.1 pt	—	46.7 %	—
Net assets per share of capital stock (Yen)	3,279.15	3,761.85	* 99.89	2.7%	3,661.96	—
Interest-bearing debt	15,372	38,811	* 25,654	195.0%	13,156	—
Cash flows from operating activities	18,437	(7,999)	—	—	28,878	—
Cash flows from investing activities	(2,991)	(11,922)	—	—	(11,230)	—
Cash flows from financing activities	(7,254)	20,318	—	—	(11,512)	—
Depreciation and amortization	2,749	3,226	476	17.3%	5,708	8,300
Capital expenditures	4,873	11,409	6,535	134.1%	14,428	31,000
R&D expenses	9,922	10,829	906	9.1%	20,837	23,000
Number of employees	5,719	6,112	* 277	4.7%	5,835	—
Number of consolidated subsidiaries	56	58	* 1	—	57	—
[Domestic]	[28]	[28]	* [-]	—	[28]	—
[Overseas]	[28]	[30]	* [1]	—	[29]	—
Number of non-consolidated subsidiaries	2	2	* —	—	2	—
[Number of non-consolidated subsidiaries accounted for by equity method]	[-]	[-]	* [-]	—	[-]	—
Number of affiliates	—	1	* —	—	1	—
[Number of affiliates accounted for by equity method]	[-]	[1]	* [-]	—	[1]	—

\* show changes from Mar. 31, 2018

Note: The number of consolidated subsidiaries changed as follows.

SCREEN FT Changshu Co., Ltd.: Established as a 90%-owned consolidated subsidiary.

## Sales Breakdown (Consolidated)

(Millions of yen)

		FY2018						FY2019			
		3 months ended Jun. 30, 2017	3 months ended Sept. 30, 2017	6 months ended Sept. 30, 2017	3 months ended Dec. 31, 2017	3 months ended Mar. 31, 2018	12 months ended Mar.31, 2018	3 months ended Jun. 30, 2018	3 months ended Sept. 30, 2018	6 months ended Sept. 30, 2018	12 months ending Mar.31, 2019
		Result	Result	Result	Result	Result	Result	Result	Result	Result	Forecast
Semiconductor Production Equipment Business (SE)	Domestic	5,394	9,081	14,476	8,426	9,171	32,075	7,114	11,441	18,556	—
	Overseas	41,187	44,153	85,341	37,082	72,685	195,109	40,050	54,275	94,326	—
	Total	46,582	53,235	99,818	45,509	81,856	227,184	47,164	65,717	112,882	260,000
Graphic Arts Equipment Business (GA)	Domestic	4,678	6,554	11,233	5,350	6,197	22,781	4,722	4,600	9,322	—
	Overseas	6,156	7,415	13,571	6,454	10,606	30,632	6,733	7,822	14,555	—
	Total	10,835	13,969	24,804	11,804	16,804	53,414	11,455	12,422	23,878	48,000
Display Production Equipment and Coater Business (FT)	Domestic	514	1,331	1,846	739	834	3,419	304	879	1,183	—
	Overseas	12,417	8,622	21,039	8,381	12,444	41,865	10,081	14,154	24,235	—
	Total	12,932	9,953	22,885	9,120	13,279	45,285	10,385	15,034	25,419	50,000
PCB-Related Equipment Business (PE)	Domestic	468	840	1,309	1,031	590	2,931	659	895	1,555	—
	Overseas	1,918	2,549	4,468	2,437	2,356	9,262	2,588	3,025	5,613	—
	Total	2,387	3,390	5,777	3,469	2,946	12,193	3,248	3,921	7,169	13,000
Other	Domestic	195	340	536	381	451	1,369	237	385	622	—
	Overseas	51	56	107	69	73	250	68	77	145	—
	Total	247	396	644	450	525	1,619	305	463	768	3,000
Intersegment sales	Domestic	(27)	(68)	(96)	(26)	(206)	(329)	(18)	(18)	(36)	—
	Overseas	—	—	—	—	—	—	—	—	—	—
	Total	(27)	(68)	(96)	(26)	(206)	(329)	(18)	(18)	(36)	—
Grand Total	Domestic	11,225	18,081	29,306	15,902	17,039	62,247	13,019	18,184	31,204	—
	Overseas	61,732	62,796	124,528	54,425	98,166	277,120	59,521	79,355	138,876	—
	Total	72,957	80,877	153,834	70,327	115,205	339,368	72,541	97,540	170,081	374,000
	Overseas Ratio	84.6%	77.6%	80.9%	77.4%	85.2%	81.7%	82.1%	81.4%	81.7%	—

## Orders received &amp; Order backlog (Consolidated)

(Millions of yen)

		FY2018						FY2019			
		3 months ended Sept. 30, 2017		3 months ended Dec. 31, 2017		3 months ended Mar. 31, 2018		3 months ended Jun. 30, 2018		3 months ended Sept. 30, 2018	
		Orders received	Order backlog	Orders received	Order backlog	Orders received	Order backlog	Orders received	Order backlog	Orders received	Order backlog
Semiconductor Production Equipment Business (SE)	Domestic	8,526	10,572	10,201	12,346	12,682	15,857	12,988	21,732	11,018	21,309
	Overseas	44,699	66,200	78,186	107,304	59,896	94,516	37,670	92,136	47,020	84,881
	Total	53,225	76,773	88,387	119,651	72,579	110,374	50,659	113,868	58,039	106,191
Graphic Arts Equipment Business (GA)	Domestic	5,718	2,834	5,634	3,118	4,931	1,852	4,894	2,025	4,856	2,281
	Overseas	7,257	3,300	6,623	3,470	10,374	3,237	6,067	2,571	8,609	3,358
	Total	12,975	6,135	12,257	6,588	15,306	5,090	10,962	4,597	13,465	5,640
Display Production Equipment and Coater Business (FT)	Domestic	802	1,668	2,179	3,119	397	2,689	291	2,676	1,760	3,557
	Overseas	12,540	41,544	12,161	45,324	24,220	57,100	4,347	51,366	17,523	54,735
	Total	13,343	43,212	14,341	48,444	24,617	59,790	4,638	54,043	19,283	58,292
PCB-Related Equipment Business (PE)	Domestic	756	644	787	399	764	574	368	283	1,254	642
	Overseas	2,282	1,709	2,987	2,258	2,911	2,813	2,636	2,861	1,366	1,203
	Total	3,038	2,353	3,774	2,658	3,675	3,388	3,005	3,145	2,621	1,845
Grand Total	Domestic	15,804	15,719	18,802	18,985	18,776	20,974	18,543	26,718	18,890	27,790
	Overseas	66,778	112,755	99,959	158,358	97,403	157,668	50,721	148,936	74,519	144,178
	Total	82,583	128,475	118,761	177,343	116,179	178,643	69,265	175,654	93,409	171,969
	Overseas Ratio	80.9%	87.8%	84.2%	89.3%	83.8%	88.3%	73.2%	84.8%	79.8%	83.8%