

## Summary of Consolidated Financial Statements for the Third Quarter Fiscal 2014 (JPGAAP)

January 30, 2015

### Tokuyama Corporation

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Stock exchange listings:

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Scheduled date for the filing of the quarterly consolidated financial statements : February 13, 2015

Scheduled date of dividends payout : -

Preparation of supplementary quarterly explanatory materials: Yes

Quarterly business results IR briefing to be held: Yes (for institutional investors and analysts)

### 1. Consolidated results for fiscal third quarter ended Dec. 31, 2014 (April 1, 2014 - Dec. 31, 2014)

(1) Performance

Note: All amounts are rounded down to the nearest million yen.

	Net sales		Operating income		Ordinary income	
	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]
Third Quarter Fiscal 2014	222,029	6.8	15,867	26.9	11,057	12.4
Third Quarter Fiscal 2013	207,920	10.0	12,508	353.6	9,835	-

(Note) Comprehensive income: 3rd Q FY14: (73,623) million yen [-%]; 3rd Q FY13: 10,850 million yen [-%]

	Net income		Net income per share	Diluted net income per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
Third Quarter Fiscal 2014	(78,878)	-	(226.73)	-
Third Quarter Fiscal 2013	7,491	-	21.53	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
Dec. 31, 2014	564,570	160,491	27.2	441.98
Mar. 31, 2014	576,315	236,453	39.9	660.18

(Reference) Shareholders' equity: Dec. 31, 2014: 153,751 million yen Mar. 31, 2014: 229,667 million yen

### 2. Dividends

(Period)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Fiscal 2013, ended Mar 31, 2014	(yen) -	(yen) 3.00	(yen) -	(yen) 3.00	(yen) 6.00
Fiscal 2014, ending Mar 31, 2015	-	0.00	-		
Fiscal 2014 (Forecast)				0.00	0.00

(Note) Revision of the latest dividends forecast: No

### 3. Consolidated performance forecast for fiscal 2014 (April 1, 2014 - March 31, 2015)

(% indicates the rate of change over the corresponding previous period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(yen)
Fiscal 2014	309,000	7.5	21,000	3.6	15,000	0.2	(75,000)	-	(215.58)

(Note) Revision of the latest consolidated performance forecast: No

## \*Notes

### (1) Changes in significant subsidiaries during this period (Apr. 1, 2014 – Dec. 30, 2014)

: No

**Addition to the scope of consolidation:** -

**Reduction from the scope of consolidation:** -

(Note) This item means changes in significant subsidiaries with changes in the scope of consolidation during this period (Apr. 1, 2014 – Dec. 30, 2014).

### (2) Application of accounting methods specific to the preparation of the quarterly consolidated financial statements

: Yes

### (3) Changes of accounting policies, changes in accounting estimates, and retrospective restatements

i. Changes of accounting policies by revision of accounting standards: Yes

ii. Changes of accounting policies other than the above: No

iii. Changes in accounting estimates: No

iv. Retrospective restatements: No

### (4) Number of shares issued (in common stock)

i. Number of shares issued at end of period (including treasury stock):	Third Quarter Fiscal 2014:	349,671,876	Fiscal 2013:	349,671,876
ii. Number of treasury stock at end of period:	Third Quarter Fiscal 2014:	1,802,130	Fiscal 2013:	1,782,644
iii. Average number of shares over period:	Third Quarter Fiscal 2014:	347,899,311	Third Quarter Fiscal 2013:	347,914,599

(Note) Notice on the implementation of quarterly review procedures

This summary of quarterly consolidated financial statements is not subject to quarterly review procedures in line with the Financial Instruments and Exchange Act. At the point of disclosure of this summary of quarterly consolidated financial statements, the quarterly consolidated financial statements review procedures in line with the Financial Instruments and Exchange Act are underway.

(Note) Cautions pertaining to appropriate use of performance forecast and other particular items

The performance forecasts and other forward-looking statements contained in this material have been prepared on the basis of information available at the date of disclosure and certain assumptions which are judged to be rational. As a result, actual performance may differ materially from forecasts due to a variety of factors that may arise in the future.

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## 1. Qualitative information on consolidated quarterly results

### (1) Explanation concerning business results

Consolidated results for the third quarter fiscal 2014 (accumulated figures, April 1, 2014 - December 31, 2014) are summarized as follows:

(Unit: Millions of yen)

	Net sales	Operating income	Ordinary income	Net income (loss)
<b>Third Quarter Fiscal 2014</b>	<b>222,029</b>	<b>15,867</b>	<b>11,057</b>	<b>(78,878)</b>
Third Quarter Fiscal 2013	207,920	12,508	9,835	7,491
Rate of change (%)	6.8	26.9	12.4	-

#### Net sales

Consolidated net sales increased 6.8%, or ¥14.1 billion compared with the corresponding period of the previous year, to ¥222.0 billion. In addition to increased sales volumes of polycrystalline silicon and high-purity chemicals for electronics manufacturing and selling price revisions of petrochemicals and caustic soda, this was largely attributable to strong sales mainly of active pharmaceutical ingredients and the commencement of the operation of the newly added consolidated subsidiaries.

#### Cost of sales

Cost of sales increased 5.4%, or ¥8.1 billion compared with the corresponding period of the previous year, to ¥159.3 billion, due chiefly to increased sales volumes and a rise in raw material costs arising from domestic naphtha price hikes.

#### SG&A expenses

SG&A expenses increased 5.9%, or ¥2.6 billion compared with the corresponding period of the previous year, to ¥46.7 billion, due mainly to higher distribution costs resulting from increased sales volumes and an increase in amortization of goodwill.

## **Operating income**

Operating income increased 26.9%, or ¥3.3 billion compared with the corresponding period of the previous year, to ¥15.8 billion, due chiefly to increased sales volumes and profitability improvement of petrochemicals.

## **Non-operating income/expenses, Ordinary income**

Despite a decrease in costs of idle operations, non-operating income/expenses deteriorated by ¥2.1 billion compared with the corresponding period of the previous year, due chiefly to an increase in interest expenses and the posting of trial production expenses at Tokuyama Malaysia Sdn. Bhd.

As a result, ordinary income increased 12.4%, or ¥1.2 billion compared with the corresponding period of the previous year, to ¥11.0 billion.

## **Extraordinary income/losses, Income/loss before income taxes and minority interests, Income/loss before minority interests, Net income/loss**

Extraordinary income/losses deteriorated by ¥87.7 billion compared with the corresponding period of the previous year. This was largely attributable to the posting of an impairment loss on the polycrystalline silicon manufacturing facilities of Tokuyama Malaysia Sdn. Bhd.

As a result of the above, income/loss before income taxes and minority interests deteriorated by ¥86.5 billion compared with the corresponding period of the previous year, to a loss of ¥77.1 billion.

Income/loss before minority interests deteriorated by ¥86.5 billion compared with the corresponding period of the previous year, to a loss of ¥79.1 billion. After deducting minority interests, the Company recorded a net loss of ¥78.8 billion. Consequently, net income/loss deteriorated by ¥86.3 billion compared with the corresponding period of the previous year.

(Operating results by segment)

Sales

(Unit: Millions of yen)

	Reportable segment				Others	Total	Adjustment	Figures in quarterly consolidated income statement
	Chemicals	Specialty Products	Cement	Life & Amenity				
<b>Third Quarter Fiscal 2014</b>	<b>68,105</b>	<b>38,478</b>	<b>60,396</b>	<b>43,836</b>	<b>38,305</b>	<b>249,123</b>	<b>(27,093)</b>	<b>222,029</b>
Third Quarter Fiscal 2013	64,016	35,241	58,147	40,582	35,782	233,770	(25,850)	207,920
Rate of change (%)	6.4	9.2	3.9	8.0	7.1	6.6	-	6.8

Operating income

(Unit: Millions of yen)

	Reportable segment				Others	Total	Adjustment	Figures in quarterly consolidated income statement
	Chemicals	Specialty Products	Cement	Life & Amenity				
<b>Third Quarter Fiscal 2014</b>	<b>3,800</b>	<b>3,645</b>	<b>3,530</b>	<b>3,659</b>	<b>4,404</b>	<b>19,040</b>	<b>(3,173)</b>	<b>15,867</b>
Third Quarter Fiscal 2013	1,398	2,310	4,773	3,083	3,439	15,005	(2,497)	12,508
Rate of change (%)	171.8	57.8	(26.0)	18.7	28.1	26.9	-	26.9

(Note) Sales and operating income in each segment include inter-segment transactions.

## Chemicals

With regard to caustic soda, sales increased compared with the corresponding period of the previous year. In addition to steady domestic sales, this was attributable to our efforts to revise selling prices in order to absorb a rise in raw materials prices.

With regard to vinyl chloride monomer (VCM), despite an increase in raw material costs arising from domestic naphtha price hikes, profitability improved owing to high export prices against the backdrop of stronger Asian market conditions and the weaker yen.

With regard to polyvinyl chloride (PVC), although sales volume decreased due mainly to a drop in housing starts arising from reaction to the rush housing

demand before the consumption tax increase, sales increased compared with the corresponding period of the previous year. This was attributable to selling price revisions we made to absorb a rise in raw materials prices.

With regard to soda ash and calcium chloride, sales increased compared with the corresponding period of the previous year. This was attributable to the commencement of the operation of TOKUYAMA & CENTRAL SODA Inc.

As a result of the above, segment net sales increased 6.4% compared with the corresponding period of the previous year, to ¥68.1 billion and operating income increased 171.8% to ¥3.8 billion. The segment reported higher earnings on higher sales.

### **Specialty Products**

With regard to semiconductor-grade polycrystalline silicon, sales volume increased owing mainly to strong demand for mobile terminals including smartphones. On the other hand, with regard to solar cell-grade polycrystalline silicon, the Company's consolidated subsidiary Tokuyama Malaysia Sdn. Bhd. commenced shipments of solar cell-grade polycrystalline silicon under circumstances where demand for solar panels continued to expand. As a result of the above, sales of polycrystalline silicon increased compared with the corresponding period of the previous year.

With regard to fumed silica, sales were steady, mainly of its application as a polishing material for semiconductors. As a result of this, sales increased compared with the corresponding period of the previous year.

With regard to aluminum nitride, sales increased compared with the corresponding period of the previous year. This was attributable to an increase in sales volumes of such applications as heat dissipation materials used for power devices for industrial machinery and LEDs.

With regard to high-purity chemicals for electronics manufacturing, sales increased compared with the corresponding period of the previous year, owing to strong sales of such applications as semiconductor and liquid crystal production.

As a result of the above, segment net sales increased 9.2% compared with the corresponding period of the previous year, to ¥38.4 billion and operating income increased 57.8% to ¥3.6 billion. The segment reported higher earnings on higher sales.

## **Cement**

In the cement business, domestic sales volume decreased due chiefly to a labor shortage in the construction industry and delay in construction work caused by unseasonably bad weather. On the other hand, exports to Asia increased against the backdrop of steady demand in the Asian market. As a result of the above, total sales volumes were roughly flat compared with the corresponding period of the previous year. On the cost front, distribution costs increased due largely to the construction of new cement tankers.

In the recycling and environment-related business, the amount of waste the Company accepted remained almost flat.

With regard to consolidated subsidiaries, sales increased compared with the corresponding period of the previous year, mainly because Hiroshima Tokuyama Ready Mixed Concrete Co., Ltd. launched its operations.

As a result of the above, segment net sales increased 3.9% compared with the corresponding period of the previous year, to ¥60.3 billion, while operating income decreased 26.0% to ¥3.5 billion. The segment reported lower earnings on higher sales.



## **Life & Amenity**

Sales of active pharmaceutical ingredients grew owing to increased sales volumes of generic drugs and other applications.

With regard to microporous film, the manufacturing facilities of Tianjin Tokuyama Plastics Co., Ltd. commenced operations, and due to this, sales volumes of such applications as sanitary articles including disposable diapers increased. As a result of this, sales increased compared with the corresponding period of the previous year.

With regard to polyolefin film, in addition to steady sales mainly of its application as packaging material for everyday items at convenience stores, we revised selling prices to absorb a rise in raw material prices. As a result of the above, sales increased compared with the corresponding period of the previous year.

With regard to gas sensors, sales increased compared with the corresponding period of the previous year. This was attributable to strong overseas sales of such applications as gas alarm devices and air cleaners.

With regard to medical diagnosis systems, profitability rose compared with the corresponding period of the previous year. In addition to steady sales of products for blood testing, this was attributable to our cost reduction efforts.

With regard to plastic window sashes, sales decreased compared with the corresponding period of the previous year. This was attributable to a decrease in sales volume arising from reaction to the rush demand before the consumption tax increase.

As a result of the above, segment net sales increased 8.0% compared with the corresponding period of the previous year, to ¥43.8 billion and operating income increased 18.7% to ¥3.6 billion. The segment reported higher earnings on higher sales.

## **(2) Explanation concerning financial position**

### **(Status of assets, liabilities and net assets)**

As of December 31, 2014, total assets amounted to ¥564.5 billion, a decrease of ¥11.7 billion compared with those as of March 31, 2014.

This was largely attributable to a decrease in property, plant and equipment resulting from the posting of a loss on the impairment of polycrystalline silicon manufacturing facilities of Tokuyama Malaysia Sdn. Bhd.

Total liabilities amounted to ¥404.0 billion, an increase of ¥64.2 billion compared with those as of March 31, 2014.

This was largely attributable to long-term loans payable through a medium-term commitment line agreement.

Net assets totaled ¥160.4 billion, a decrease of ¥75.9 billion compared with those as of March 31, 2014.

This was largely attributable to a decrease in retained earnings resulting from the posting of the impairment loss.

At the end of the second quarter of fiscal 2014, the fiscal year ending March 31, 2015, Tokuyama had infringed financial covenants of certain loan agreements it has with some financial institutions. In order to address this matter, the Company requested the financial institutions to negotiate with us about exemption from financial covenants and continuous transactions, and through negotiation Tokuyama has received approval from the financial institutions to its exemption from financial covenants and continuous transactions.

Moreover, although there were concerns that it would infringe certain financial covenants of some loan agreements at the time of its settlement of accounts for the fiscal year ending March 31, 2015, the Company has resolved concerns regarding future infringement by revising financial covenants.

**(3) Explanation concerning information related to future prediction such as consolidated performance forecasts**

Although the future business environment is uncertain because of the sharp depreciation of the yen and fluctuations in raw material and fuel prices, the Company's results were in line with our expectations at this time. Therefore, the Company has not revised the performance forecasts, announced on October 31, 2014.

The performance forecasts contained in this material have been prepared on the basis of information available at the date of disclosure and certain assumptions which are judged to be rational. As a result, actual performance may differ materially from forecasts due to a variety of factors that may arise in the future.

2. Consolidated Quarterly Financial Statements  
(1) Consolidated Quarterly Balance Sheets

	Millions of yen	
	3/31/2014	12/31/2014
<b>Assets</b>		
Current assets		
Cash and deposits	27,605	59,891
Notes and accounts receivable - trade	67,495	72,004
Securities	43,050	53,053
Merchandise and finished goods	14,131	16,772
Work in process	9,896	12,251
Raw materials and supplies	17,878	18,720
Deferred tax assets	1,068	1,250
Other	10,635	10,779
Allowance for doubtful accounts	(138)	(110)
Total current assets	<u>191,623</u>	<u>244,613</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	102,709	136,973
Accumulated depreciation	(71,685)	(73,621)
Buildings and structures, net	<u>31,024</u>	<u>63,351</u>
Machinery, equipment and vehicles	441,874	545,871
Accumulated depreciation	(392,062)	(399,856)
Machinery, equipment and vehicles, net	<u>49,812</u>	<u>146,015</u>
Tools, furniture and fixtures	23,002	23,167
Accumulated depreciation	(21,360)	(21,069)
Tools, furniture and fixtures, net	<u>1,642</u>	<u>2,097</u>
Land	32,667	33,163
Leased assets	2,156	2,225
Accumulated depreciation	(895)	(973)
Leased assets, net	<u>1,261</u>	<u>1,252</u>
Construction in progress	206,692	8,970
Total property, plant and equipment	<u>323,100</u>	<u>254,850</u>
Intangible assets		
Goodwill	3,608	5,755
Leased assets	29	48
Other	6,493	5,011
Total intangible assets	<u>10,131</u>	<u>10,815</u>
Investments and other assets		
Investment securities	33,334	39,512
Long-term loans receivable	3,473	3,346
Deferred tax assets	839	829
Net defined benefit asset	7,804	5,909
Other	6,264	5,068
Allowance for investment loss	(21)	(25)
Allowance for doubtful accounts	(233)	(350)
Total investments and other assets	<u>51,460</u>	<u>54,290</u>
Total non-current assets	<u>384,692</u>	<u>319,956</u>
Total assets	<u>576,315</u>	<u>564,570</u>

Millions of yen  
3/31/2014                      12/31/2014

Liabilities	3/31/2014	12/31/2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	40,089	46,880
Short-term loans payable	12,347	13,778
Commercial papers	4,000	3,000
Current portion of long-term loans payable	8,811	26,750
Current portion of bonds	—	5,000
Lease obligations	376	330
Income taxes payable	1,865	653
Deferred tax liabilities	1	3
Provision for bonuses	2,056	1,196
Provision for repairs	1,429	996
Provision for product warranties	132	50
Provision For Restructuring	13	3
Provision for loss on purchase contract	—	3,718
Other	28,173	26,218
<b>Total current liabilities</b>	<b>99,297</b>	<b>128,582</b>
Non-current liabilities		
Bonds payable	50,000	45,000
Long-term loans payable	164,278	195,564
Lease obligations	953	996
Deferred tax liabilities	7,338	9,437
Provision for directors' retirement benefits	207	214
Provision for repairs	2,747	3,078
Allowance for loss on compensation for building materials	842	624
Provision for environmental measures	131	94
Provision for loss on purchase contract	—	7,162
Net defined benefit liability	1,112	1,137
Asset retirement obligations	5	5
Other	12,946	12,180
<b>Total non-current liabilities</b>	<b>240,565</b>	<b>275,496</b>
<b>Total liabilities</b>	<b>339,862</b>	<b>404,078</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	53,458	53,458
Capital surplus	57,670	57,670
Retained earnings	107,155	25,781
Treasury shares	(1,428)	(1,434)
<b>Total shareholders' equity</b>	<b>216,856</b>	<b>135,476</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,369	12,282
Deferred gains or losses on hedges	749	329
Foreign currency translation adjustment	2,710	4,594
Remeasurements of defined benefit plans	982	1,068
<b>Total accumulated other comprehensive income</b>	<b>12,811</b>	<b>18,275</b>
Minority interests	6,785	6,740
<b>Total net assets</b>	<b>236,453</b>	<b>160,491</b>
<b>Total liabilities and net assets</b>	<b>576,315</b>	<b>564,570</b>

## (2) Consolidated Quarterly Statements of Income

Millions of yen

	Q3 FY2013	Q3 FY2014
Net sales	207,920	222,029
Cost of sales	151,243	159,393
Gross profit	56,676	62,636
Selling, general and administrative expenses		
Selling expenses	25,980	27,545
General and administrative expenses	18,187	19,223
Total selling, general and administrative expenses	44,168	46,768
Operating income	12,508	15,867
Non-operating income		
Interest income	34	85
Dividend income	546	624
Share of profit of entities accounted for using equity method	426	584
Foreign exchange gains	588	—
Other	1,110	1,116
Total non-operating income	2,706	2,411
Non-operating expenses		
Interest expenses	2,307	3,533
Trial production expenses	—	1,077
Other	3,071	2,610
Total non-operating expenses	5,378	7,221
Ordinary income	9,835	11,057
Extraordinary income		
Gain on sales of non-current assets	185	50
Gain on bargain purchase	—	5
Gain on sales of investment securities	379	—
Gain on sales of shares of subsidiaries and associates	—	20
Total extraordinary income	565	76
Extraordinary losses		
Loss on sales of non-current assets	37	—
Impairment loss	226	75,942
Loss on disaster	—	4
Loss on reduction of non-current assets	—	2
Loss on disposal of non-current assets	296	294
Loss on sales of shares of subsidiaries and associates	78	8
Provision for loss on purchase contract	—	10,881
Loss on purchase contract	—	567
Other	385	594
Total extraordinary losses	1,024	88,297
Income (loss) before income taxes and minority interests	9,376	(77,163)
Income taxes	1,991	1,967
Income (loss) before minority interests	7,385	(79,130)
Minority interests in loss	(106)	(252)
Net income (loss)	7,491	(78,878)

(3) Consolidated Quarterly Statements of Comprehensive Income

	Millions of yen	
	Q3 FY2013	Q3 FY2014
Income (loss) before minority interests	7,385	(79,130)
Other comprehensive income		
Valuation difference on available-for-sale securities	2,659	3,912
Deferred gains or losses on hedges	(1,459)	(420)
Foreign currency translation adjustment	2,051	1,864
Remeasurements of defined benefit plans, net of tax	—	86
Share of other comprehensive income of entities accounted for using equity	212	63
Total other comprehensive income	3,464	5,507
Comprehensive income	10,850	(73,623)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,839	(73,414)
Comprehensive income attributable to minority interests	10	(208)

## (4) Segment information

Third Quarter Fiscal 2013 (accumulated figures, April 1, 2013 – December 31, 2013)

### 1. Information on sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segments				Others*1	Total	Adjustment*2	Figures in quarterly consolidated income statement*3
	Chemicals	Specialty Products	Cement	Life & Amenity				
Sales								
Sales to customers	63,186	27,469	58,016	39,455	19,791	207,920	-	207,920
Inter-segment sales/transfer	829	7,772	131	1,126	15,991	25,850	(25,850)	-
Total	64,016	35,241	58,147	40,582	35,782	233,770	(25,850)	207,920
Segment income (loss)	1,398	2,310	4,773	3,083	3,439	15,005	(2,497)	12,508

\*1 “Others” segment comprises businesses other than those of the reportable segments. Concretely, the segment includes overseas sales companies, a distribution company, a real estate business, etc.

\*2 The segment income adjustment amount consists mainly of basic R&D expenses that are not allocable to a specific reportable segment.

\*3 With regard to segment income, operating income in the quarterly consolidated statement of income has been calculated by making an adjustment to the sum total of the reportable segments’ income and the “Others” segment’s income.

### 2. Information on impairment loss of non-current assets or goodwill by reportable segment

There were no material facts to be reported.

**Third Quarter Fiscal 2014 (accumulated figures, April 1, 2014 – December 31, 2014)**

### 1. Information on sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segments				Others*1	Total	Adjustment*2	Figures in quarterly consolidated income statement*3
	Chemicals	Specialty Products	Cement	Life & Amenity				
Sales								
Sales to customers	67,487	29,801	60,317	42,566	21,856	222,029	-	222,029
Inter-segment sales/transfer	618	8,676	79	1,270	16,449	27,093	(27,093)	-
Total	68,105	38,478	60,396	43,836	38,305	249,123	(27,093)	222,029
Segment income	3,800	3,645	3,530	3,659	4,404	19,040	(3,173)	15,867

\*1 The “Others” segment comprises businesses other than those of the reportable segments. Concretely, the segment includes overseas sales companies, a distribution company, a real estate business, etc.

\*2 The segment income adjustment amount consists mainly of basic R&D expenses that are not allocable to a specific reportable segment.

\*3 With regard to segment income, operating income in the quarterly consolidated statement of income has been calculated by making an adjustment to the sum total of the reportable segments’ income and the “Others” segment’s income.

### 2. Information on changes in reportable segments

(Adoption of the accounting standard for retirement benefits)

Regarding the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, issued on May 17, 2012; hereinafter “Retirement Benefits Accounting Standard”) and the “Guidance on Accounting Standard for



Retirement Benefits” (ASBJ Guidance No. 25, issued on May 17, 2012; hereinafter “Retirement Benefits Implementation Guidance”), effective from the first quarter of fiscal 2014, the Company adopted the provisions specified under the main clause of Section 35 of Retirement Benefits Accounting Standard and the main clause of Section 67 of Retirement Benefits Implementation Guidance. Under the new accounting policy, the Company has revised a method for calculating retirement benefit obligations and service costs and changed the attribution method for estimated retirement benefits from a fixed amount standard to a payment calculation standard. At the same time, the Company has changed a method for determining the discount rate from using a discount rate based on the years similar to the average remaining service period of employees to using a single weighted average discount rate which reflects the projected retirement benefit payment period and an amount by projected payment period. The effect of this change on segment information was immaterial.

3. Information on impairment loss of non-current assets or goodwill by reportable segment  
There were no material facts to be reported.