

Summary of Consolidated Financial Statements for the Second Quarter Fiscal 2015 (JPGAAP)

October 30, 2015

Tokuyama Corporation

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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 second quarter ended Sept. 30, 2015 (Apr. 1, 2015 – Sept. 30, 2015)

(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 [%]
Second Quarter Fiscal 2015	149,128	3.6	7,549	(28.7)	5,262	(36.5)
Second Quarter Fiscal 2014	143,880	6.6	10,590	35.6	8,284	35.9

(Note) Comprehensive income: 2nd Q FY15: 1,924 million yen [-%] 2nd Q FY14: (79,135) million yen [-%]

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	(millions of yen)	Year-on-year change [%]	(yen)	(yen)
Second Quarter Fiscal 2015	2,783	-	8.00	-
Second Quarter Fiscal 2014	(80,504)	-	(231.40)	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
Sept. 30, 2015	531,877	171,078	30.8	471.42
Mar. 31, 2015	554,527	169,445	29.3	467.36

(Reference) Shareholders' equity: Sep. 30, 2015: 163,986 million yen Mar. 31, 2015: 162,577 million yen

2. Dividends

(Period)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Fiscal 2014, ended Mar 31, 2015	(yen) -	(yen) 0.00	(yen) -	(yen) 0.00	(yen) 0.00
Fiscal 2015, ending Mar 31, 2016	-	0.00			
Fiscal 2015 (Forecast)			-	0.00	0.00

(Note) Revision of the latest dividends forecast: No

3. Consolidated performance forecast for fiscal 2015 (April 1, 2015 - March 31, 2016)

(% indicates the rate of change over the corresponding previous periods respectively)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(yen)
Fiscal 2015	306,000	1.3	20,000	2.4	14,000	8.4	14,000	-	40.25

(Note) Revision of the latest consolidated performance forecast: Yes

*The Company announced the release, "Notice concerning Difference between Performance Forecast and Actual Results for First Half Fiscal 2015, and Revision of Performance Forecast for Full Fiscal 2015," on Oct. 30, 2015.

*Notes

(1) Changes in significant subsidiaries during this period (Apr. 1, 2015 – Sept. 30, 2015)

: 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, 2015 – Sept. 30, 2015).

(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):	Second Quarter Fiscal 2015:	349,671,876	Fiscal 2014:	349,671,876
ii. Number of treasury stock at end of period:	Second Quarter Fiscal 2015:	1,816,246	Fiscal 2014:	1,805,814
iii. Average number of shares over period:	Second Quarter Fiscal 2015:	347,859,153	Second Quarter Fiscal 2014:	347,895,825

(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 forecast and other forward-looking statements contained in this material have been prepared on the basis of information available at this point and certain assumptions which are judged to be rational, and may be substantially different from the actual performance because of various factors that may arise from now on.

Contents for Accompanying Materials

- 1. Qualitative information on consolidated results for this quarter P. 2
 - (1) Explanation concerning business results P. 2
 - (2) Explanation concerning financial position P. 6
 - (3) Explanation concerning information related to future prediction such as consolidated performance forecast P. 7
- 2. Consolidated Quarterly Financial Statements P. 8
 - (1) Consolidated Quarterly Balance Sheets P. 8
 - (2) Consolidated Quarterly Statements of Income P. 10
 - (3) Consolidated Quarterly Statements of Comprehensive Income P. 11
 - (4) Consolidated Quarterly Statements of Cash Flows P. 12
 - (5) Segment Information P. 14

1. Qualitative information on consolidated results for this quarter

(1) Explanation concerning business results

Consolidated results for the second quarter fiscal 2015 (accumulated figures, April 1, 2015 - September 30, 2015) are summarized as follows:

(Unit: Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Second Quarter Fiscal 2015	149,128	7,549	5,262	2,783
Second Quarter Fiscal 2014	143,880	10,590	8,284	(80,504)
Rate of change (%)	3.6	(28.7)	(36.5)	—

Net sales

Consolidated net sales increased 3.6%, or ¥5,247 million compared with the corresponding period of the previous year, to ¥149,128 million. Despite weaker selling prices of petroleum chemicals on the back of a downturn in domestic naphtha prices, this was largely attributable to the upswing in sales volumes of soda ash and calcium chloride as well as solar-grade polycrystalline silicon.

Cost of sales

Cost of sales increased 8.0%, or ¥8,152 million compared with the corresponding period of the previous year, to ¥110,197 million. Despite a downturn in raw material costs as a result of the drop in domestic naphtha prices, this was due mainly to the increased burden of depreciation expenses at Tokuyama Malaysia Sdn. Bhd.

SG&A expenses

SG&A expenses increased 0.4%, or ¥136 million compared with the corresponding period of the previous year, to ¥31,382 million. Despite our efforts to reduce Companywide expenses, this increase primarily reflected the increase in distribution costs associated with the increase in sales volumes of such products as soda ash and calcium chloride.

Operating income

Operating income decreased 28.7%, or ¥3,041 million compared with the corresponding period of the previous year, to ¥7,549 million. Despite profitability improvement of petroleum chemicals impacted by the drop in domestic naphtha prices and the weaker yen, this was largely attributable to the increased burden of depreciation expenses at Tokuyama Malaysia Sdn. Bhd.

Non-operating income/expenses, Ordinary income

Non-operating income/expenses improved ¥19 million compared with the corresponding period of the previous year.

As a result of the above, ordinary income decreased 36.5%, or ¥3,022 million compared with the corresponding period of the previous year, to ¥5,262 million.

Extraordinary income/losses, Income/loss before income taxes, Profit/loss, Profit/loss attributable to owners of parent

Extraordinary income/losses improved by ¥88,556 million compared with the corresponding period of the previous year, from a loss of ¥87,909 million recorded in the corresponding period of the previous year.

As a result of the above, income/loss before income taxes improved by ¥85,533 million compared with the corresponding period of the previous year, to income of ¥5,908 million.

After deducting income taxes calculated in an appropriate way, the Company recorded profit of ¥3,288 million, which improved by ¥84,064 million compared with the corresponding period of the previous year.

Profit/loss attributable to owners of parent improved by ¥83,287 million compared with the corresponding period of the previous year, to profit of ¥2,783 million.

(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				
Second Quarter Fiscal 2015	44,043	26,770	42,557	28,959	26,791	169,122	(19,994)	149,128
Second Quarter Fiscal 2014	43,990	24,107	38,698	30,088	24,903	161,788	(17,907)	143,880
Rate of change (%)	0.1	11.0	10.0	(3.8)	7.6	4.5	-	3.6

Operating income (loss)

(Unit: Millions of yen)

	Reportable segment				Others	Total	Adjustment	Figures in quarterly consolidated income statement
	Chemicals	Specialty Products	Cement	Life & Amenity				
Second Quarter Fiscal 2015	3,611	(2,981)	2,285	3,606	2,530	9,052	(1,502)	7,549
Second Quarter Fiscal 2014	2,460	2,704	2,211	2,586	2,695	12,657	(2,066)	10,590
Rate of change (%)	46.8	-	3.3	39.4	(6.1)	(28.5)	-	(28.7)

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

Chemicals

Sales of caustic soda were down compared with the corresponding period of the previous year. While domestic sales volumes were steady, this decrease was attributable to weak trends in selling prices.

With regard to vinyl chloride monomer (VCM), profitability improved on the back of a drop in raw material costs due to the downturn in domestic naphtha prices.

Sales of polyvinyl chloride (PVC) declined compared with the corresponding period of the previous year. Although housing starts were on a recovery track, this was due to the decline in sales volumes owing mainly to continued inventory adjustments with respect to the supply chain.

With regard to soda ash and calcium chloride, sales increased compared with the corresponding period of previous year. This reflected the startup of operations by Tokuyama & Central Soda Inc. in October 2014.

As a result of the above, segment net sales increased 0.1% compared with the corresponding period of the previous year, to ¥44,043 million and operating income increased 46.8% to ¥3,611 million. The segment reported higher earnings on higher sales.

Specialty Products

Sales of semiconductor-grade polycrystalline silicon were down compared with the corresponding period of previous year. Despite firm trends in demand for mobile terminals including smartphones, the decline was due to the downturn in sales volumes on the back of such factors as inventory adjustments with respect to the supply chain.

While sales of solar-grade polycrystalline silicon increased on the back of higher sales volumes, reflecting the start of sales and marketing by Tokuyama Malaysia Sdn. Bhd. in October 2014, earnings deteriorated due to such factors as the increased burden of depreciation expenses.

Sales of fumed silica increased compared with the corresponding period of previous year due to steady sales of such applications as a polishing material for semiconductors.

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

As a result of the above, the segment reported a loss on higher sales. Segment net sales increased 11.0% compared with the corresponding period of the previous year, to ¥26,770 million. However, this segment incurred an operating loss of ¥2,981 million during the period under review.

Cement

In the cement business, sales declined compared with the corresponding period of the previous year, as a result of decreased sales volumes. This decrease reflected sluggish trends in both public and private-sector demand impacted by such factors as the decrease in public works and delays in construction attributable to unseasonably bad weather in Japan.

In the recycling and environment-related business, the Company accepted a higher volume of waste including construction waste soil compared with the corresponding period of the previous year. As a result of this, sales increased from the corresponding period of the previous year.

With regard to consolidated subsidiaries, sales increased compared with the corresponding period of the previous year, because sales volumes of such products as ready mixed concrete for large-scale projects increased in certain areas.

As a result of the above, segment net sales increased 10.0% compared with the corresponding period of the previous year, to ¥42,557 million and operating income increased 3.3% to ¥2,285 million. The segment reported higher earnings on higher sales.

Life & Amenity

Sales of active pharmaceutical ingredients decreased compared with the corresponding period of

the previous year, owing to the drop in sales volumes of products used for generic pharmaceuticals.

With regard to plastic lens-related materials, sales volumes of photochromic dye materials for eyeglass lenses increased. As a result of this, sales increased compared with the corresponding period of the previous year.

With regard to microporous film, 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, sales declined compared with the corresponding period of the previous year. Despite firm trends in sales mainly for application in packaging materials for goods sold at convenience stores, this decrease was the result of weak trends in selling prices on the back of the decline in domestic naphtha prices.

With regard to dental materials and equipment, sales increased compared with the corresponding period of the previous year, due to increased sales volumes of new products and products for overseas markets.

With regard to medical diagnosis systems, sales were up compared with the corresponding period of the previous year. This was due to the upswing in large-scale orders in Japan for blood testing products.

As a result of the above, segment net sales decreased 3.8% compared with the corresponding period of the previous year, to ¥28,959 million, while operating income increased 39.4% to ¥3,606 million. The segment reported higher earnings on lower sales.

(2) Explanation concerning financial position

(Status of assets, liabilities and net assets)

As of September 30, 2015, total assets amounted to ¥531,877 million, a decrease of ¥22,649 million compared with those as of March 31, 2015.

This decrease largely reflected the decline in the balances of cash and deposits, machinery, equipment and vehicles, and notes and accounts receivable—trade of ¥16,510 million, ¥3,159 million, and ¥2,667 million, respectively.

Total liabilities amounted to ¥360,799 million, down ¥24,283 million compared with those as of March 31, 2015.

This largely reflected the downturn in the balances of long-term loans payable and current portion of long-term loans payable, bonds payable and current portion of bonds, and allowance for loss on purchase agreements of ¥10,859 million, ¥5,000 million, and ¥3,043 million, respectively.

Net assets totaled ¥171,078 million, an increase of ¥1,633 million compared with those as of March 31, 2015.

The principal movement was the increase in retained earnings of ¥2,779 million.

(Status of cash flows)

As of September 30, 2015, cash and cash equivalents were ¥102,160 million, a decrease of ¥13,961 million compared with those as of March 31, 2015.

Net cash provided by operating activities totaled ¥10,298 million, a decrease of ¥6,251 million compared with the corresponding period of the previous year.

Principal items included depreciation expenses of ¥10,407 million.

Net cash used in investing activities totaled ¥6,286 million, an increase of ¥23,189 million compared with the corresponding period of the previous year.

Major contributory factor was payments for purchases of property, plant and equipment of ¥6,728 million.

Net cash used in financing activities amounted to ¥17,859 million, a decrease of ¥71,057 million compared with the corresponding period of the previous year.

This was primarily attributed to repayment of long-term loans payable of ¥12,275 million and redemption of bonds of ¥5,000 million.

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

Based on the current performance trend, the Company has revised the performance forecast, announced on July 31, 2015. For further details, please see the Company's news release, "Notice concerning Difference between Performance Forecast and Actual Results for First Half Fiscal 2015, and Revision of Performance Forecast for Full Fiscal 2015," dated October 30, 2015.

The performance forecast has been prepared on the basis of information available at this point and certain assumptions which are judged to be rational, and may be substantially different from the actual performance because of various factors that may arise from now on.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
	3/31/2015	9/30/2015
Assets		
Current assets		
Cash and deposits	61,364	44,853
Notes and accounts receivable - trade	69,371	66,704
Lease receivables and investment assets	30	44
Securities	55,053	57,603
Merchandise and finished goods	15,456	17,481
Work in process	11,606	12,190
Raw materials and supplies	18,026	17,453
Deferred tax assets	4,772	4,825
Other	8,396	8,403
Allowance for doubtful accounts	(103)	(147)
Total current assets	243,975	229,413
Non-current assets		
Property, plant and equipment		
Buildings and structures	137,347	137,782
Accumulated depreciation	(74,090)	(75,492)
Buildings and structures, net	63,257	62,289
Machinery, equipment and vehicles	546,388	549,197
Accumulated depreciation	(401,461)	(407,429)
Machinery, equipment and vehicles, net	144,927	141,767
Tools, furniture and fixtures	23,261	23,262
Accumulated depreciation	(20,974)	(21,012)
Tools, furniture and fixtures, net	2,286	2,250
Land	33,149	33,031
Leased assets	2,135	2,167
Accumulated depreciation	(936)	(924)
Leased assets, net	1,199	1,242
Construction in progress	8,511	7,724
Total property, plant and equipment	253,331	248,305
Intangible assets		
Goodwill	5,097	4,491
Leased assets	44	43
Other	4,641	3,690
Total intangible assets	9,784	8,224
Investments and other assets		
Investment securities	31,062	29,656
Long-term loans receivable	3,248	3,135
Deferred tax assets	669	655
Net defined benefit asset	8,765	9,248
Other	4,015	3,557
Allowance for investment loss	(22)	(22)
Allowance for doubtful accounts	(303)	(297)
Total investments and other assets	47,436	45,933
Total non-current assets	310,552	302,464
Total assets	554,527	531,877

Millions of yen

3/31/2015

9/30/2015

Liabilities	3/31/2015	9/30/2015
Current liabilities		
Notes and accounts payable - trade	40,567	39,593
Short-term loans payable	12,212	10,709
Commercial papers	3,000	3,000
Current portion of long-term loans payable	25,110	23,047
Current portion of bonds	5,000	10,000
Lease obligations	340	347
Income taxes payable	1,318	2,180
Deferred tax liabilities	—	3
Provision for bonuses	1,911	2,066
Provision for repairs	1,284	1,228
Provision for product warranties	132	39
Provision for loss on compensation for damage	50	—
Provision for loss on purchase contract	3,183	2,652
Other	23,186	20,733
Total current liabilities	117,298	115,601
Non-current liabilities		
Bonds payable	45,000	35,000
Long-term loans payable	191,552	182,756
Lease obligations	981	1,005
Deferred tax liabilities	6,409	5,938
Provision for directors' retirement benefits	226	197
Provision for repairs	3,458	3,478
Allowance for loss on compensation for building materials	574	464
Provision for environmental measures	91	90
Provision for loss on purchase contract	6,250	3,737
Net defined benefit liability	1,162	1,206
Asset retirement obligations	5	5
Other	12,071	11,316
Total non-current liabilities	267,783	245,197
Total liabilities	385,082	360,799
Net assets		
Shareholders' equity		
Capital stock	53,458	53,458
Capital surplus	57,670	57,670
Retained earnings	39,286	42,066
Treasury shares	(1,434)	(1,435)
Total shareholders' equity	148,981	151,759
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,829	4,890
Deferred gains or losses on hedges	330	212
Foreign currency translation adjustment	4,196	3,887
Remeasurements of defined benefit plans	3,239	3,237
Total accumulated other comprehensive income	13,596	12,227
Non-controlling interests	6,868	7,092
Total net assets	169,445	171,078
Total liabilities and net assets	554,527	531,877

(2) Consolidated Statements of Income

Millions of yen

	Q2 FY2014	Q2 FY2015
Net sales	143,880	149,128
Cost of sales	102,044	110,197
Gross profit	41,836	38,931
Selling, general and administrative expenses		
Selling expenses	18,057	18,789
General and administrative expenses	13,188	12,592
Total selling, general and administrative expenses	31,245	31,382
Operating income	10,590	7,549
Non-operating income		
Interest income	48	64
Dividend income	349	273
Share of profit of entities accounted for using equity method	392	379
Foreign exchange gains	—	432
Group term insurance dividend	209	202
Other	558	521
Total non-operating income	1,559	1,873
Non-operating expenses		
Interest expenses	2,309	2,400
Cost of idle operations	323	484
Other	1,232	1,275
Total non-operating expenses	3,865	4,160
Ordinary income	8,284	5,262
Extraordinary income		
Gain on sales of non-current assets	47	101
Gain on bargain purchase	5	—
State subsidy	—	19
Reversal of provision for loss on purchase contract	—	1,270
Other	—	16
Total extraordinary income	52	1,408
Extraordinary losses		
Impairment loss	75,942	556
Loss on disaster	4	2
Loss on reduction of non-current assets	—	23
Loss on disposal of non-current assets	232	149
Loss on sales of shares of subsidiaries and associates	8	—
Provision for loss on purchase contract	11,207	—
Other	567	30
Total extraordinary losses	87,962	762
Income (loss) before income taxes and minority interests	(79,624)	5,908
Income taxes	1,151	2,619
Profit (loss)	(80,775)	3,288
Profit (loss) attributable to non-controlling interests	(271)	505
Profit (loss) attributable to owners of parent	(80,504)	2,783

(3) Consolidated Statements of Comprehensive Income

	Millions of yen	
	Q2 FY2014	Q2 FY2015
Profit (loss)	(80,775)	3,288
Other comprehensive income		
Valuation difference on available-for-sale securities	1,821	(935)
Deferred gains or losses on hedges	(490)	(118)
Foreign currency translation adjustment	266	(310)
Remeasurements of defined benefit plans, net of tax	57	(2)
Share of other comprehensive income of entities accounted for using equity	(13)	1
Total other comprehensive income	1,640	(1,364)
Comprehensive income	(79,135)	1,924
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(78,854)	1,414
Comprehensive income attributable to non-controlling interests	(280)	509

(4) Consolidated Statements of Cash Flows

Millions of yen

Q2 FY2014 Q2 FY2015

	Q2 FY2014	Q2 FY2015
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(79,624)	5,908
Depreciation	8,056	10,407
Increase (decrease) in allowance for loss on compensation for building	(154)	(109)
Increase (decrease) in provision for loss on purchase contract	11,207	(3,043)
Increase (decrease) in other provision	566	(12)
Increase (decrease) in net defined benefit liability	30	48
Increase (decrease) in net defined benefit asset	(90)	(490)
Interest and dividend income	(398)	(338)
Foreign exchange losses (gains)	526	302
Gain on bargain purchase	(5)	—
Loss (gain) on sales of property, plant and equipment	(47)	(101)
Loss (gain) on sales of shares of subsidiaries and associates	8	—
Share of (profit) loss of entities accounted for using equity method	(392)	(379)
Subsidy income	—	(19)
Interest expenses	2,309	2,400
Loss on reduction of non-current assets	—	23
Impairment loss	75,942	556
Loss (gain) on disposal of non-current assets	232	149
Decrease (increase) in notes and accounts receivable - trade	3,628	2,592
Decrease (increase) in inventories	342	(1,919)
Decrease (increase) in other current assets	(21)	(284)
Increase (decrease) in notes and accounts payable - trade	(164)	(900)
Increase (decrease) in other current liabilities	(1,756)	(1,346)
Other, net	366	116
Subtotal	<u>20,561</u>	<u>13,560</u>
Interest and dividend income received	444	864
Interest expenses paid	(2,238)	(2,456)
Income taxes (paid) refund	(2,217)	(1,670)
Net cash provided by (used in) operating activities	<u>16,549</u>	<u>10,298</u>
Cash flows from investing activities		
Payments into time deposits	(18)	(18)
Proceeds from withdrawal of time deposits	389	17
Purchase of property, plant and equipment	(27,571)	(6,728)
Proceeds from sales of property, plant and equipment	70	638
Purchase of investment securities	(5)	(4)
Proceeds from sales of investment securities	30	26
Payments of long-term loans receivable	(13)	(6)
Collection of long-term loans receivable	126	120
Proceeds from subsidy income	—	19
Payments for transfer of business	(3,750)	—
Other, net	1,266	(350)
Net cash provided by (used in) investing activities	<u>(29,476)</u>	<u>(6,286)</u>

	Millions of yen	
	Q2 FY2014	Q2 FY2015
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	2,494	(1,198)
Proceeds from long-term loans payable	55,340	1,094
Repayments of long-term loans payable	(3,496)	(12,275)
Redemption of bonds	—	(5,000)
Cash dividends paid	(1,125)	(1)
Dividends paid to non-controlling interests	(246)	(287)
Decrease (increase) in treasury shares	(72)	(2)
Other, net	304	(188)
Net cash provided by (used in) financing activities	53,197	(17,859)
Effect of exchange rate change on cash and cash equivalents	230	(141)
Net increase (decrease) in cash and cash equivalents	40,501	(13,989)
Cash and cash equivalents at beginning of period	69,973	116,122
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	10	27
Increase (decrease) in cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	(8)	—
Cash and cash equivalents at end of period	110,476	102,160

(5) Segment information

Second Quarter Fiscal 2014 (accumulated figures, April 1, 2014 – September 30, 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	43,626	18,279	38,645	29,247	14,082	143,880	-	143,880
Inter-segment sales/transfer	363	5,828	53	841	10,821	17,907	(17,907)	-
Total	43,990	24,107	38,698	30,088	24,903	161,788	(17,907)	143,880
Segment income	2,460	2,704	2,211	2,586	2,695	12,657	(2,066)	10,590

*1 The “Others” segment comprises businesses other than those of the reportable segments. Specifically, 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

(Significant impairment loss for non-current assets)

In the Chemicals segment, the Company recorded impairment loss of ¥1,089 million during the second quarter fiscal 2014 (April 1, 2014 to September 30, 2014).

In the Specialty Products segment, the Company recorded impairment loss of ¥74,820 million during the second quarter fiscal 2014 (April 1, 2014 to September 30, 2014).

(Significant change of the amount of goodwill)

In the Cement segment, the rights and obligations in connection with the manufacturing and marketing activities, etc. of three ready-mixed concrete businesses were inherited by Hiroshima Tokuyama Ready Mixed Concrete Co., Ltd., a newly-established succeeding company in an absorption-type split. During the second quarter fiscal 2014 (April 1, 2014 to September 30, 2014), the amount of increase in goodwill brought by the said event was ¥2,970 million.

Second Quarter Fiscal 2015 (accumulated figures, April 1, 2015– September 30, 2015)

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	43,714	19,211	42,472	27,851	15,879	149,128	-	149,128
Inter-segment sales/transfer	329	7,559	84	1,107	10,912	19,994	(19,994)	-
Total	44,043	26,770	42,557	28,959	26,791	169,122	(19,994)	149,128
Segment income (loss)	3,611	(2,981)	2,285	3,606	2,530	9,052	(1,502)	7,549

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

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

*3 With regard to segment income (loss), 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 business combination)

Effective from the first quarter of fiscal 2015, the Company adopted the “Accounting Standard for Business Combination,” and has changed its accounting method. Under the new accounting policy, the difference arising from changes in the Company’s ownership interests in its controlled subsidiaries was recorded as capital surplus, and at the same time, the expenses related to the acquisitions are recorded as expenses in the consolidated fiscal year in which they arise. Furthermore, regarding a business combination that is implemented after the beginning of the first quarter of fiscal 2015, in line with the newly-adopted accounting standard, the reallocation of acquisition costs resulting from the settlement of a provisional accounting treatment is reflected in the quarterly consolidated financial statements for the consolidated quarterly fiscal period during which the business combination occurs. The effect of these changes on segment information was immaterial.

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

(Significant impairment loss for non-current assets)

In the Specialty Products segment, the Company recorded impairment loss of ¥389 million during the second quarter fiscal 2015 (April 1, 2015 to September 30, 2015).

During the second quarter fiscal 2015 (April 1, 2015 to September 30, 2015), impairment losses that were not allocated to the reportable segments amounted to ¥167 million.