

Summary of Consolidated Financial Statements for the Second Quarter Fiscal 2016 (JPGAAP)

October 28, 2016

Tokuyama Corporation

(URL <http://www.tokuyama.co.jp/eng/>)

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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, 2016 (Apr. 1, 2016 – Sept. 30, 2016)

(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 2016	142,593	(4.4)	18,025	138.8	14,509	175.7
Second Quarter Fiscal 2015	149,128	3.6	7,549	(28.7)	5,262	(36.5)

(Note) Comprehensive income: 2nd Q FY16: 16,974 million yen [782.0%] 2nd Q FY15: 1,924 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 2016	18,449	562.9	52.28	45.24
Second Quarter Fiscal 2015	2,783	-	8.00	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
Sept. 30, 2016	388,201	96,014	22.6	193.71
Mar. 31, 2016	401,342	60,205	12.8	147.98

(Reference) Shareholders' equity: Sep. 30, 2016: 87,639 million yen Mar. 31, 2016: 51,473 million yen

2. Dividends

(Period)	Annual dividends per share,				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal 2015, ended Mar. 31, 2016	-	0.00	-	0.00	0.00
Fiscal 2016, ending Mar. 31, 2017	-	0.00			
Fiscal 2016 (Forecast)			-	0.00	0.00

(Note) Revision of the latest dividends forecast: No

3. Consolidated performance forecast for fiscal 2016 (Apr. 1, 2016 – Mar. 31, 2017)

(% 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 2016	291,000	(5.2)	33,000	43.0	27,000	52.3	21,000	-	58.18

(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 2016, and Revision of Performance Forecast for Full Fiscal 2016," on Oct. 28, 2016.

*Notes

(1) Changes in significant subsidiaries during this period (Apr. 1, 2016 – Sept. 30, 2016)

: 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, 2016 – Sept. 30, 2016).

(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 2016:	349,671,876	Fiscal 2015:	349,671,876
ii. Number of treasury stock at end of period:	Second Quarter Fiscal 2016:	1,839,937	Fiscal 2015:	1,832,788
iii. Average number of shares over period:	Second Quarter Fiscal 2016:	347,835,869	Second Quarter Fiscal 2015:	347,859,153

(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.

(Reference) Dividends for Class A shares

Dividends per share related to class shares are as follows

Class A shares (Period)	Annual dividends per share				
	1st quarter (yen)	2nd quarter (yen)	3rd quarter (yen)	Year-end (yen)	Total (yen)
Fiscal 2015, ended Mar 31, 2016	—	—	—	—	—
Fiscal 2016, ending Mar 31, 2017	—	—			
Fiscal 2016 (Forecast)			—	38,082.20	38,082.20

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1. Qualitative information on consolidated results for this quarter

(1) Explanation concerning business results

Consolidated results for the second quarter fiscal 2016 (accumulated figures, April 1, 2016 - September 30, 2016) are summarized as follows:

(Unit: Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Second Quarter Fiscal 2016	142,593	18,025	14,509	18,449
Second Quarter Fiscal 2015	149,128	7,549	5,262	2,783
Rate of change (%)	(4.4)	138.8	175.7	562.9

Net sales

Consolidated net sales decreased 4.4%, or ¥6,535 million compared with the corresponding period of the previous year, to ¥142,593 million. Despite an increased sales volume in polycrystalline silicon for both solar-cells and semiconductors, this was largely attributable to weak selling prices of petroleum products on the back of a downturn in domestic naphtha prices.

Cost of sales

Cost of sales decreased 13.4%, or ¥14,777 million compared with the corresponding period of the previous year, to ¥95,419 million. Despite an increased sales volume in polycrystalline silicon, this was due mainly to a downturn in raw material costs as a result of the drop in domestic naphtha prices.

SG&A expenses

SG&A expenses decreased 7.1%, or ¥2,234 million compared with the corresponding period of the previous year, to ¥29,148 million. This decrease primarily reflects a decrease in depreciation cost of mission-critical systems and lower R&D expenses.

Operating income

Operating income increased 138.8%, or ¥10,476 million compared with the corresponding period of the previous year, to ¥18,025 million. In addition to a downturn in production costs as a result of the drop in raw material and fuel prices, this was due mainly to operating rate improvement and decreased depreciation expenses at Tokuyama Malaysia Sdn. Bhd.

Non-operating income/expenses, Ordinary income

Non-operating income/expenses deteriorated ¥1,229 million compared with the corresponding period of the previous year, due chiefly to increase in trial production expenses at Tokuyama Malaysia Sdn. Bhd.

As a result of the above, ordinary income increased 175.7%, or ¥9,247 million compared with the corresponding period of the previous year, to ¥14,509 million.

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

Extraordinary income/losses improved by ¥5,258 million compared with the corresponding period of the previous year. This was largely attributable to the posting of a subsidy income related to manufacturing facilities of Tokuyama Malaysia Sdn. Bhd and a gain on sales of shares of subsidiaries and associates.

As a result of the above, income before income taxes increased 245.5%, or ¥14,505 million compared with the corresponding period of the previous year, to ¥20,414 million.

Income taxes decreased ¥1,256 million compared with the corresponding period of the previous year. This was attributable to the decision on the business transfer of Tokuyama Malaysia Sdn. Bhd. As a result of this, profit increased 479.2%, or ¥15,761 million compared with the corresponding period of the previous year, to ¥19,050 million. Profit attributable to owners of parent increased 562.9%, or ¥15,665 million compared with the corresponding period of the previous year, to ¥18,449 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 2016	38,976	31,641	39,561	25,658	25,879	161,719	(19,125)	142,593
Second Quarter Fiscal 2015	44,043	26,770	42,557	28,959	26,791	169,122	(19,994)	149,128
Rate of change (%)	(11.5)	18.2	(7.0)	(11.4)	(3.4)	(4.4)	-	(4.4)

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 2016	6,062	3,381	3,907	2,898	2,673	18,922	(896)	18,025
Second Quarter Fiscal 2015	3,611	(2,981)	2,285	3,606	2,530	9,052	(1,502)	7,549
Rate of change (%)	67.9	-	71.0	(19.6)	5.6	109.0	-	138.8

(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.

Sales of vinyl chloride monomer (VCM) were down compared with the corresponding period of the previous year. Despite an increase in the volume of export mainly for Asian market, the decline was primarily due to weak trends in selling prices as a result of the drop in domestic naphtha prices.

Sales of vinyl chloride resin declined. While a recovery in the number of housing starts and other factors contributed to firm trends in sales volumes, this downturn largely reflects weak selling prices as a result of the drop in domestic naphtha prices. Earnings on the other hand improved due mainly to the suspension of operations at the Chiba factory of Shin Dai-ichi Vinyl Corporation.

With regard to soda ash and calcium chloride, sales decreased compared with the corresponding period of previous fiscal year. Despite efforts to revise selling prices, this decrease primarily reflects decreased sales volume.

As a result of the above, segment net sales decreased 11.5% compared with the corresponding period of the previous year, to ¥38,976 million and operating income increased 67.9% to ¥6,062 million. The segment reported higher earnings on lower sales.

Specialty Products

Sales of semiconductor-grade polycrystalline silicon increased. This was primarily due to robust shipping reflecting the growing trend to highly functional mobile devices including smartphones.

Sales of solar-grade polycrystalline silicon increased on the back of higher sales volumes, reflecting the operating rate improvement at Tokuyama Malaysia Sdn. Bhd.

Sales of fumed silica decreased compared with the corresponding period of previous fiscal year. Despite steady sales of such applications as a polishing material for semiconductors, this was mainly due to appreciated yen.

With regard to high-purity chemicals for electronics manufacturing, sales decreased compared with the corresponding period of the previous year. Despite robust sales volume in such applications as semiconductor manufacturing, this decrease was mainly owing to appreciated yen.

With regard to aluminum nitride, sales increased compared with the previous fiscal year. This was attributable to an increase in sales volumes of such applications used for semiconductor manufacturing equipment.

As a result of the above, segment net sales increased 18.2% compared with the corresponding period of the previous year, to ¥31,641 million and operating income increased to ¥3,381 million (Posted operating loss of ¥2,981 million in the corresponding period of the previous year). The segment reported higher earnings on higher sales.

Cement

Sales of cement decreased. Despite an increase in the volume of exports on the back of robust demand in the Asia region, this decrease was mainly due to the drop in export prices reflecting such factors as the impact of appreciation in the value of the yen as well as a downturn in sales volumes in Japan due to weak public- and private-sector demand. Meanwhile, successful steps were taken to reduce manufacturing costs. In addition to a drop in raw material and fuel prices, this reduction on manufacturing costs was mainly due to improvements in the basic unit of production.

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

Consolidated subsidiary net sales declined. This mainly reflected corrections to robust shipping trends of such products as ready-mixed concrete targeting large-scale projects in the corresponding period of the previous fiscal year.

As a result of the above, segment net sales decreased 7.0% compared with the corresponding

period of the previous year, to ¥39,561 million and operating income increased 71.0% to ¥3,907 million. The segment reported higher earnings on lower sales.

Life & Amenity

Sales of active pharmaceutical ingredients decreased. This reflected corrections following the surge in shipments of generic pharmaceuticals in the corresponding period of the previous fiscal year.

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 of such applications as sanitary articles including disposable diapers decreased. As a result of this, sales decreased compared with the corresponding period of the previous year.

With regard to polyolefin film, sales were declined compared with the corresponding period of the previous year. Despite firm trends in sales mainly for application in packaging materials for products sold at convenience stores, this decrease was largely 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 were essentially unchanged from the corresponding period of the previous fiscal year. Despite an increase in sales volumes of new products as well as products targeting overseas markets, results were impacted by appreciation in the value of the yen.

With regard to medical diagnosis systems, sales were down compared with the corresponding period of the previous year. This largely reflected corrections to robust shipping trends targeting large-scale projects in the corresponding period of the previous fiscal year.

In gas sensors, Figaro Engineering Inc. was removed from the Company's scope of consolidation effective from the second quarter of the fiscal year under review. This reflected the transfer of a portion of the company's shares.

As a result of the above, segment net sales decreased 11.4% compared with the corresponding period of the previous year, to ¥25,658 million and operating income decreased 19.6% to ¥2,898 million. The segment reported lower earnings on lower sales.

(2) Explanation concerning financial position

(Status of assets, liabilities and net assets)

As of September 30, 2016, total assets amounted to ¥388,201 million, a decrease of ¥13,140 million compared with those as of March 31, 2016.

This decrease primarily reflects a decrease of ¥5,020 million in notes and accounts receivable and a decrease of ¥3,044 million in cash and deposits.

Total liabilities amounted to ¥292,187 million, down ¥48,949 million compared with those as of March 31, 2016.

This largely reflected the downturn in the balances of income taxes payable, current portion of bonds, long-term loans payable and current portion of long-term loans payable, short-term loans payable of ¥10,667 million, ¥10,000 million, ¥9,663 million, and ¥6,765 million, respectively.

Net assets totaled ¥96,014 million, an increase of ¥35,809 million compared with those as of March 31, 2016.

This increase mainly reflects the increase in shareholders' equity of ¥20,000 million as a result of issuance of class A shares, and the increase in retained earnings of ¥18,449 million as a result of posting profit attributable to owners of parent.

(Status of cash flows)

As of September 30, 2016, cash and cash equivalents were ¥118,120 million, a decrease of ¥3,045 million compared with those as of March 31, 2016.

Net cash provided by operating activities totaled ¥4,171 million, a decrease of ¥6,126 million compared with the corresponding period of the previous year.

Principal items included profit before income taxes of ¥20,414 million and income taxes paid of ¥12,342 million.

Net cash used in investing activities totaled ¥755 million, a decrease of ¥5,531 million compared with the corresponding period of the previous year.

Major contributory factors were payments for purchases of property, plant and equipment of ¥6,026 million, proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation of ¥2,926 million, and proceeds from subsidy income of ¥2,298 million.

Net cash used in financing activities amounted to ¥5,383 million, a decrease of ¥12,475 million compared with the corresponding period of the previous year.

This was primarily attributed to proceeds from issuance of shares, redemption of bonds, repayment of long-term loans payable and decrease in short-term loans payable of ¥19,732 million, ¥10,000 million, ¥9,720 million, and ¥6,424 million, respectively.

(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 May 12, 2016. For further details, please see the Company's news release, "Notice concerning Difference between Performance Forecast and Actual Results for First Half Fiscal 2016, and Revision of Performance Forecast for Full Fiscal 2016," dated October 28, 2016.

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 Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

	Millions of yen	
	3/31/2016	9/30/2016
Assets		
Current assets		
Cash and deposits	121,508	118,463
Notes and accounts receivable - trade	68,569	63,349
Lease receivables and investment assets	6	6
Merchandise and finished goods	14,012	15,777
Work in process	10,882	9,508
Raw materials and supplies	15,933	16,480
Deferred tax assets	4,256	3,154
Other	8,788	4,985
Allowance for doubtful accounts	(192)	(141)
Total current assets	<u>243,766</u>	<u>231,586</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	101,982	100,587
Accumulated depreciation	(74,022)	(73,289)
Buildings and structures, net	<u>27,959</u>	<u>27,298</u>
Machinery, equipment and vehicles	461,619	456,772
Accumulated depreciation	(410,707)	(409,971)
Machinery, equipment and vehicles, net	<u>50,912</u>	<u>46,801</u>
Tools, furniture and fixtures	22,661	21,759
Accumulated depreciation	(20,890)	(20,217)
Tools, furniture and fixtures, net	<u>1,771</u>	<u>1,542</u>
Land	31,327	31,036
Leased assets	2,237	3,348
Accumulated depreciation	(1,041)	(1,144)
Leased assets, net	<u>1,196</u>	<u>2,204</u>
Construction in progress	6,597	8,547
Total property, plant and equipment	<u>119,764</u>	<u>117,430</u>
Intangible assets		
Goodwill	3,738	2,910
Leased assets	41	41
Other	2,613	2,560
Total intangible assets	<u>6,393</u>	<u>5,512</u>
Investments and other assets		
Investment securities	15,765	17,209
Long-term loans receivable	3,094	2,978
Deferred tax assets	610	1,548
Net defined benefit asset	8,057	8,514
Other	4,190	3,619
Allowance for investment loss	(22)	(22)
Allowance for doubtful accounts	(278)	(176)
Total investments and other assets	<u>31,417</u>	<u>33,672</u>
Total non-current assets	<u>157,575</u>	<u>156,615</u>
Total assets	<u>401,342</u>	<u>388,201</u>

Millions of yen

3/31/2016 9/30/2016

Liabilities	3/31/2016	9/30/2016
Current liabilities		
Notes and accounts payable - trade	35,388	32,340
Short-term loans payable	9,382	2,616
Commercial papers	—	1,000
Current portion of long-term loans payable	17,036	14,378
Current portion of bonds	10,000	—
Lease obligations	356	561
Income taxes payable	11,888	1,220
Deferred tax liabilities	2	0
Provision for bonuses	1,830	1,857
Provision for repairs	1,480	1,884
Provision for product warranties	85	32
Provision for loss on purchase contract	2,656	2,406
Other	23,093	16,489
Total current liabilities	113,200	74,788
Non-current liabilities		
Bonds payable	34,400	34,400
Long-term loans payable	172,877	165,871
Lease obligations	931	1,816
Deferred tax liabilities	457	482
Provision for directors' retirement benefits	231	130
Provision for repairs	3,691	3,175
Allowance for loss on compensation for building materials	384	346
Provision for environmental measures	85	174
Provision for loss on purchase contract	2,716	984
Net defined benefit liability	1,354	1,390
Asset retirement obligations	6	6
Other	10,799	8,619
Total non-current liabilities	227,935	217,398
Total liabilities	341,136	292,187
Net assets		
Shareholders' equity		
Capital stock	53,458	10,000
Capital surplus	57,532	39,062
Retained earnings	(61,281)	38,794
Treasury shares	(1,439)	(1,441)
Total shareholders' equity	48,270	86,415
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,020)	(722)
Deferred gains or losses on hedges	(526)	(558)
Foreign currency translation adjustment	2,362	81
Remeasurements of defined benefit plans	2,386	2,423
Total accumulated other comprehensive income	3,202	1,224
Non-controlling interests	8,732	8,374
Total net assets	60,205	96,014
Total liabilities and net assets	401,342	388,201

(2) Consolidated Quarterly Statements of Income

Millions of yen

	Q2 FY2015 YTD	Q2 FY2016 YTD
Net sales	149,128	142,593
Cost of sales	110,197	95,419
Gross profit	38,931	47,173
Selling, general and administrative expenses		
Selling expenses	18,789	18,527
General and administrative expenses	12,592	10,620
Total selling, general and administrative expenses	31,382	29,148
Operating income	7,549	18,025
Non-operating income		
Interest income	64	21
Dividend income	273	155
Share of profit of entities accounted for using equity method	379	416
Compensation income	—	464
Refund of fixed asset tax	—	250
Foreign exchange gains	432	—
Other	723	697
Total non-operating income	1,873	2,006
Non-operating expenses		
Interest expenses	2,400	2,146
Trial production expenses	311	1,700
Other	1,448	1,675
Total non-operating expenses	4,160	5,522
Ordinary income	5,262	14,509
Extraordinary income		
Gain on sales of non-current assets	101	9
Gain on sales of investment securities	—	1
Gain on sales of shares of subsidiaries and associates	—	1,934
Subsidy income	19	2,298
Gain on write-off debts	—	1,268
Reversal of provision for loss on purchase contract	1,270	667
Gain on insurance adjustment	16	255
Other	—	50
Total extraordinary income	1,408	6,484
Extraordinary losses		
Loss on sales of non-current assets	—	1
Impairment loss	556	—
Loss on disaster	2	7
Loss on reduction of non-current assets	23	50
Loss on disposal of non-current assets	149	251
Provision for environmental measures	—	101
Loss on transfer from business divestitures	—	98
Litigation expenses	30	68
Total extraordinary losses	762	579
Profit before income taxes	5,908	20,414
Income taxes	2,619	1,363
Profit	3,288	19,050
Profit attributable to non-controlling interests	505	601
Profit attributable to owners of parent	2,783	18,449

(3) Consolidated Quarterly Statements of Comprehensive Income

	Millions of yen	
	Q2 FY2015 YTD	Q2 FY2016 YTD
Profit	3,288	19,050
Other comprehensive income		
Valuation difference on available-for-sale securities	(935)	282
Deferred gains or losses on hedges	(118)	(61)
Foreign currency translation adjustment	(310)	(2,070)
Remeasurements of defined benefit plans, net of tax	(2)	37
Share of other comprehensive income of entities accounted for using equity	1	(264)
Total other comprehensive income	(1,364)	(2,076)
Comprehensive income	1,924	16,974
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,414	16,471
Comprehensive income attributable to non-controlling interests	509	503

(4) Consolidated Statements of Cash Flows

Millions of yen

Q2 FY2015 YTD Q2 FY2016 YTD

	Q2 FY2015 YTD	Q2 FY2016 YTD
Cash flows from operating activities		
Profit before income taxes	5,908	20,414
Depreciation	10,407	6,988
Increase (decrease) in allowance for loss on compensation for building	(109)	(38)
Increase (decrease) in provision for loss on purchase contract	(3,043)	(1,983)
Increase (decrease) in other provision	(12)	(170)
Increase (decrease) in net defined benefit liability	48	62
Increase (decrease) in net defined benefit asset	(490)	(429)
Interest and dividend income	(338)	(177)
Foreign exchange losses (gains)	302	173
Loss (gain) on sales of property, plant and equipment	(101)	(7)
Loss (gain) on sales of investment securities	—	(1)
Loss (gain) on sales of shares of subsidiaries and associates	—	(1,934)
Share of (profit) loss of entities accounted for using equity method	(379)	(416)
Subsidy income	(19)	(2,298)
Interest expenses	2,400	2,146
Loss on reduction of non-current assets	23	50
Impairment loss	556	—
Gain on transfer from business divestitures	—	98
Gain on write-off of debts	—	(1,268)
Gain on insurance claim	—	(255)
Loss (gain) on disposal of non-current assets	149	251
Decrease (increase) in notes and accounts receivable - trade	2,592	2,823
Decrease (increase) in inventories	(1,919)	(2,319)
Decrease (increase) in other current assets	(284)	(98)
Increase (decrease) in notes and accounts payable - trade	(900)	(1,457)
Increase (decrease) in other current liabilities	(1,346)	(2,229)
Other, net	116	(127)
Subtotal	13,560	17,797
Interest and dividend income received	864	633
Interest expenses paid	(2,456)	(2,172)
Proceeds from insurance income	—	255
Income taxes (paid) refund	(1,670)	(12,342)
Net cash provided by (used in) operating activities	10,298	4,171
Cash flows from investing activities		
Payments into time deposits	(18)	(18)
Proceeds from withdrawal of time deposits	17	17
Purchase of property, plant and equipment	(6,728)	(6,026)
Proceeds from sales of property, plant and equipment	638	69
Purchase of investment securities	(4)	(303)
Proceeds from sales of investment securities	26	304
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	2,926
Payments of long-term loans receivable	(6)	(4)
Collection of long-term loans receivable	120	118
Proceeds from subsidy income	19	2,298
Other, net	(350)	(138)
Net cash provided by (used in) investing activities	(6,286)	(755)

	Millions of yen	
	Q2 FY2015 YTD	Q2 FY2016 YTD
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(1,198)	(6,424)
Increase (decrease) in commercial papers	—	1,000
Proceeds from long-term loans payable	1,094	498
Repayments of long-term loans payable	(12,275)	(9,720)
Redemption of bonds	(5,000)	(10,000)
Proceeds from issuance of shares	—	19,732
Cash dividends paid	(1)	0
Dividends paid to non-controlling interests	(287)	(251)
Decrease (increase) in treasury shares	(2)	(2)
Other, net	(188)	(215)
Net cash provided by (used in) financing activities	(17,859)	(5,383)
Effect of exchange rate change on cash and cash equivalents	(141)	(1,078)
Net increase (decrease) in cash and cash equivalents	(13,989)	(3,045)
Cash and cash equivalents at beginning of period	116,122	121,166
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	27	—
Cash and cash equivalents at end of period	102,160	118,120

(5) Segment information

Second Quarter Fiscal 2015 (accumulated figures, Apr. 1, 2015 – Sept. 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	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 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.

Second Quarter Fiscal 2016 (accumulated figures, Apr. 1, 2016– Sept. 30, 2016)

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	38,568	26,032	39,504	24,585	13,902	142,593	-	142,593
Inter-segment sales/transfer	408	5,609	57	1,073	11,977	19,125	(19,125)	-
Total	38,976	31,641	39,561	25,658	25,879	161,719	(19,125)	142,593
Segment income (loss)	6,062	3,381	3,907	2,898	2,673	18,922	(896)	18,025

*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.