

Summary of Consolidated Financial Statements for the Second Quarter Fiscal 2019 (JPGAAP)

October 31, 2019

Tokuyama Corporation

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Scheduled date for the filing of the quarterly consolidated financial statements: November 12, 2019

Scheduled date of dividends payout : December 2, 2019

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, 2019 (Apr. 1, 2019 – Sept. 30, 2019)

(1) Performance

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

	Net sales		Operating profit		Ordinary profit	
	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]	(millions of yen)	Year-on-year change [%]
Second Quarter Fiscal 2019	152,749	0.0	14,612	(14.1)	13,643	(11.8)
Second Quarter Fiscal 2018	152,699	4.5	17,019	(9.8)	15,470	(1.5)

(Note) Comprehensive income: 2nd Q FY19: 9,359 million yen [(25.9) %]
2nd Q FY18: 12,625 million yen [81.9 %]

	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 2019	10,400	(19.0)	149.75	-
Second Quarter Fiscal 2018	12,833	-	184.55	-

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' Equity ratio (%)	Net assets per share (yen)
Sep 30, 2019	373,181	171,012	42.9	2,305.30
Mar 31, 2019	379,630	163,525	40.2	2,199.83

(Reference) Shareholders' equity: Sep 30, 2019: 160,118 million yen Mar 31, 2019: 152,781 million yen

2. Dividends

(Period)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
Fiscal 2018, ended Mar 31, 2019	(yen) -	(yen) 25.00	(yen) -	(yen) 25.00	(yen) 50.00
Fiscal 2019, ending Mar 31, 2020	-	35.00			
Fiscal 2019 (Forecast)			-	35.00	70.00

(Note) Revision of the latest dividends forecast: No

3. Consolidated performance forecast for fiscal 2019 (Apr. 1, 2019 – Mar. 31, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(yen)
Fiscal 2019	322,000	(0.8)	35,000	(0.7)	34,000	1.8	26,000	(24.2)	374.35

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

* The Company announced the release, "Notice concerning Revision of Performance Forecast for Full Fiscal 2019," on Oct. 31, 2019.

***Notes**

(1) Changes in significant subsidiaries during this period (Apr. 1, 2019 – Sept. 30, 2019)

: No

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

: Yes

(Note) For more details, please refer to “2. Quarterly Consolidated Financial Statements and (5) Notes on Quarterly Consolidated Financial Statements (Change of accounting process specific to preparing quarterly consolidated financial statement)” on page 14 of the Accompanying Materials to this Summary of Quarterly Consolidated Financial Statement.

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

- i. Changes of accounting policies by revision of accounting standards: No
- 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 2019:	69,934,375	Fiscal 2018:	69,934,375
ii. Number of treasury stock at end of period:	Second Quarter Fiscal 2019:	477,683	Fiscal 2018:	482,765
iii. Average number of shares over period:	Second Quarter Fiscal 2019:	69,454,574	Second Quarter Fiscal 2018:	69,538,081

(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

(Cautions related to Forward-looking statement)

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. Quarterly Consolidated Financial Statements P. 8
 - (1) Quarterly Consolidated Balance Sheets P. 8
 - (2) Quarterly Consolidated Statements of Income P. 10
 - (3) Quarterly Consolidated Statements of Comprehensive Income P. 11
 - (4) Consolidated Statements of Cash Flows P. 12
 - (5) Notes on Quarterly Consolidated Financial Statements P. 14
 - (6) Segment Information P. 15

1. Qualitative information on consolidated results for this quarter

(1) Explanation concerning business results

Consolidated results for the second quarter fiscal 2019 (accumulated figures, April 1, 2019 - September 30, 2019) are summarized as follows:

(Unit: Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit/loss attributable to owners of parent
Second Quarter Fiscal 2019	152,749	14,612	13,643	10,400
Second Quarter Fiscal 2018	152,699	17,019	15,470	12,833
Rate of change (%)	0.0	(14.1)	(11.8)	(19.0)

Net sales

Consolidated net sales increased 0.0%, or ¥50 million compared with the corresponding period of the previous year, to ¥152,749 million. Despite weak sales of major products, this increase was largely attributable to the inclusion of a subsidiary in the Company's scope of consolidation in July, 2018.

Cost of sales

Cost of sales increased 1.0%, or ¥1,057 million compared with the corresponding period of the previous year, to ¥106,261 million. This increase largely reflected the upswing in attributable to the inclusion of a subsidiary in the Company's scope of consolidation in July, 2018.

SG&A expenses

SG&A expenses increased 4.6%, or ¥1,400 million compared with the corresponding period of the previous year, to ¥31,876 million. In addition to the increase in advertising expenses associated with the release of new products to the market, this increase largely reflected R&D expenses of thermal management material.

Operating profit

Operating profit decreased 14.1%, or ¥2,407 million compared with the corresponding period of the previous fiscal year, to ¥14,612 million. This was largely attributable to a weak sales volume in major products.

Non-operating income/expenses, Ordinary profit

Non-operating income/expenses improved by ¥580 million compared with the corresponding period of the previous fiscal year.

As a result of the above, ordinary profit decreased 11.8%, or ¥1,826 million compared with the corresponding period of the previous fiscal year, to ¥13,643 million.

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

Extraordinary income/losses deteriorated by ¥668 million compared with the corresponding period of the previous fiscal year.

As a result of the above, profit before income taxes decreased 15.7%, or ¥2,494 million compared with the corresponding period of the previous fiscal year, to ¥13,410 million.

Profit after deducting income taxes calculated in an appropriate way decreased 18.5%, or ¥2,438 million compared with the corresponding period of the previous fiscal year, to ¥10,717 million.

Profit attributable to owners of parent decreased 19.0%, or ¥2,432 million compared with the corresponding period of the previous fiscal year, to ¥10,400 million.

(Operating results by segment)

Tokuyama changed the management categorizations of a certain subsidiary effective from the first quarter of the fiscal year under review. Data for the corresponding period of the previous fiscal year has been adjusted to reflect this change to enable the year-on-year comparison presented as follows.

Net 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 2019	46,348	24,603	42,719	27,722	32,261	173,655	(20,905)	152,749
Second Quarter Fiscal 2018	48,176	26,816	43,922	26,113	28,177	173,206	(20,507)	152,699
Rate of change (%)	(3.8)	(8.3)	(2.7)	6.2	14.5	0.3	-	0.0

Operating profit

(Unit: Millions of yen)

	Reportable segment				Others	Total	Adjustment	Figures in quarterly consolidated income statement
	Chemicals	Specialty Products	Cement	Life & Amenity				
Second Quarter Fiscal 2019	7,511	2,813	1,185	1,562	2,462	15,535	(923)	14,612
Second Quarter Fiscal 2018	8,793	4,303	1,406	1,693	1,746	17,945	(926)	17,019
Rate of change (%)	(14.6)	(34.6)	(15.7)	(7.8)	41.0	(13.4)	-	(14.1)

(Note) Net sales and operating profit in each segment include inter-segment transactions.

Chemicals

Caustic soda earnings declined. Despite firm sales volume trends, this downturn in earnings was largely due to the increase in raw material prices coupled with a deterioration in overseas market conditions.

Vinyl chloride resin earnings increased due to the Company's ability to maintain the spread between raw material prices and selling prices.

Propylene oxide earnings decreased owing to a drop in sales volume for polyurethane, main application.

Calcium chloride earnings declined. This largely reflected weak sales volume and an increase in logistics costs.

As a result of the above, segment net sales decreased 3.8% compared with the corresponding period of the previous fiscal year, to ¥46,348 million and operating profit decreased 14.6% to ¥7,511 million. The segment reported lower earnings on lower sales.

Specialty Products

Earnings from semiconductor-grade polycrystalline silicon and thermal management materials declined due to a decrease in sales volume brought about by a delay in the recovery of the semiconductor industry.

In high-purity chemicals for electronic manufacturing, its business result was almost same as the corresponding period of the previous fiscal year. This was due to sales volume mainly overseas recovered.

As a result of the above, segment net sales decreased 8.3% compared with the corresponding period of the previous fiscal year, to ¥24,603 million and operating profit decreased 34.6% to ¥2,813 million. The segment reported lower earnings on lower sales.

Cement

Cement earnings decreased. Despite the partial positive flow on effects of a revision to selling prices, this decrease was largely due to a decrease in sales volume and an increase in fixed costs such as depreciation.

In the resource recycling business, its business result was almost same as the corresponding period of the previous fiscal year.

In consolidated subsidiary, its business result was almost same as the corresponding period of the previous fiscal year on the back of the robust shipping trends of ready-mixed concrete.

As a result of the above, segment net sales decreased 2.7% compared with the corresponding period of the previous fiscal year, to ¥42,719 million and operating profit decreased 15.7% to ¥1,185 million. The segment reported lower earnings on lower sales.

Life & Amenity

Earnings from plastic lens-related materials increased on the back of the robust shipping trends of photochromic materials for eyeglass lenses.

Dental materials earnings decreased. Despite an increase in sales volume mainly overseas, this decrease was mainly due to the increase in advertising expenses associated with the release of new products to the market.

Earnings from medical diagnosis systems increased. This largely reflected successful efforts to capture large-scale laboratory automation system projects in Japan.

Earnings from ion exchange membranes decreased. This was due to a decrease in large-scale projects.

As a result of the above, segment net sales increased 6.2% compared with the corresponding period of the previous fiscal year, to ¥27,722 million and operating profit decreased 7.8% to ¥1,562 million. The segment reported lower earnings on higher sales.

(2) Explanation concerning financial position

(Status of assets, liabilities and net assets)

As of September 30, 2019, total assets amounted to ¥373,181 million, a decrease of ¥6,448 million compared with those as of March 31, 2019.

This decrease primarily reflects the decrease of notes and accounts receivable - trade of ¥13,357 million and other current assets due to receiving of damages claims relating to the plant construction of the Tokuyama Malaysia Sdn. Bhd. of ¥5,501 million, despite the increase of cash and deposits of ¥9,219 million and merchandise and finished goods of ¥3,287 million.

Total liabilities amounted to ¥202,169 million, down ¥13,935 million compared with those as of March 31, 2019.

The principal factors are a decrease in notes and accounts payable - trade, long-term loans payable and current portion of long-term loans payable, and income taxes payable of ¥5,560 million, ¥5,439 million, and ¥1,013 million, respectively.

Net assets totaled ¥171,012 million, an increase of ¥7,486 million compared with those as of March 31, 2019.

This mainly reflected the increase of retained earnings of ¥8,662 million. This was primarily due to posting profit attributable to owners of parent, despite decrease due to ¥1,188 million the foreign currency translation adjustment.

(Status of cash flows)

As of September 30, 2019, cash and cash equivalents were ¥77,331 million, an increase of ¥9,339 million compared with those as of March 31, 2019.

Net cash provided by operating activities totaled ¥29,256 million, an increase of ¥6,897 million compared with the corresponding period of the previous year.

Principal items included profit before income taxes of ¥13,410 million, decrease of accounts receivable of 12,990 million and depreciation cost of ¥7,664 million.

Net cash used in investing activities totaled ¥10,728 million, an increase of ¥3,124 million compared with the corresponding period of the previous year.

Major contributory factor was payments for purchases of property, plant and equipment of ¥10,014 million.

Net cash used in financing activities amounted to ¥8,549 million, a decrease of ¥2,404 million compared with the corresponding period of the previous year.

This was primarily attributed to payments for repayment of long-term loans payable of ¥6,291 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 April 26, 2019. For further details, please see the Company's news release, "Notice concerning Revision of Performance Forecast for Full Fiscal 2019," dated October 31, 2019.

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. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	3/31/2019	9/30/2019
Assets		
Current assets		
Cash and deposits	68,613	77,832
Notes and accounts receivable - trade	80,358	67,000
Lease receivables	30	30
Merchandise and finished goods	16,458	19,746
Work in process	9,554	8,424
Raw materials and supplies	17,462	15,408
Other	10,554	5,053
Allowance for doubtful accounts	△94	△86
Total current assets	202,936	193,409
Non-current assets		
Property, plant and equipment		
Buildings and structures	106,214	106,958
Accumulated depreciation	△76,233	△77,121
Buildings and structures, net	29,981	29,836
Machinery, equipment and vehicles	459,535	461,276
Accumulated depreciation	△414,813	△417,440
Machinery, equipment and vehicles, net	44,721	43,836
Tools, furniture and fixtures	22,106	22,122
Accumulated depreciation	△19,905	△19,965
Tools, furniture and fixtures, net	2,201	2,157
Land	32,296	33,332
Leased assets	4,548	4,643
Accumulated depreciation	△2,237	△2,506
Leased assets, net	2,311	2,137
Construction in progress	4,592	6,845
Total property, plant and equipment	116,104	118,145
Intangible assets		
Goodwill	208	7
Leased assets	71	71
Other	1,693	1,617
Total intangible assets	1,973	1,696
Investments and other assets		
Investment securities	21,718	21,148
Long-term loans receivable	2,444	2,356
Deferred tax assets	21,091	21,882
Retirement benefit asset	9,796	10,222
Other	3,621	4,377
Allowance for doubtful accounts	△57	△56
Total investments and other assets	58,614	59,931
Total non-current assets	176,693	179,772
Total assets	379,630	373,181

(Millions of yen)

	3/31/2019	9/30/2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	47,268	41,708
Short-term borrowings	4,361	3,463
Current portion of long-term borrowings	12,667	12,535
Lease obligations	758	736
Income taxes payable	3,816	2,803
Provision for bonuses	2,664	2,852
Provision for repairs	3,569	3,151
Provision for decommissioning and removal	—	246
Provision for product warranties	137	73
Provision for loss on compensation for damage	91	91
Provision for restructuring	233	191
Other	17,680	16,459
Total current liabilities	93,248	84,312
Non-current liabilities		
Long-term borrowings	109,411	104,103
Lease obligations	1,767	1,617
Deferred tax liabilities	220	204
Provision for retirement benefits for directors (and other officers)	224	215
Provision for share-based remuneration	48	57
Provision for repairs	1,546	1,819
Provision for decommissioning and removal	—	303
Allowance for loss on compensation for building materials	260	227
Provision for environmental measures	222	222
Retirement benefit liability	2,149	2,191
Asset retirement obligations	6	6
Other	6,999	6,888
Total non-current liabilities	122,856	117,856
Total liabilities	216,104	202,169
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	20,018	20,018
Retained earnings	121,901	130,563
Treasury shares	△1,823	△1,805
Total shareholders' equity	150,095	158,775
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△1,566	△1,584
Deferred gains or losses on hedges	△61	△52
Foreign currency translation adjustment	1,672	484
Remeasurements of defined benefit plans	2,640	2,495
Total accumulated other comprehensive income	2,685	1,342
Non-controlling interests	10,743	10,893
Total net assets	163,525	171,012
Total liabilities and net assets	379,630	373,181

(2) Quarterly Consolidated Statements of Income

	Millions of yen	
	Q2 FY2018 YTD	Q2 FY2019 YTD
Net sales	152,699	152,749
Cost of sales	105,203	106,261
Gross profit	47,495	46,488
Selling, general and administrative expenses		
Selling expenses	20,215	21,089
General and administrative expenses	10,260	10,786
Total selling, general and administrative expenses	30,476	31,876
Operating profit	17,019	14,612
Non-operating income		
Interest income	50	90
Dividend income	246	207
Share of profit of entities accounted for using equity method	450	435
Outsourcing service income	498	483
Other	1,680	1,348
Total non-operating income	2,925	2,564
Non-operating expenses		
Interest expenses	1,577	866
Provision for decommissioning and removals	—	550
Fiduciary Obligation expenses	479	507
Foreign exchange losses	—	489
Cost of loans payable	884	—
Other	1,533	1,120
Total non-operating expenses	4,474	3,533
Ordinary profit	15,470	13,643
Extraordinary income		
Gain on sales of non-current assets	18	8
Gain on bargain purchase	964	—
Gain on sales of investment securities	1	2
Subsidy income	33	13
Gain on insurance claims	45	83
Total extraordinary income	1,063	108
Extraordinary losses		
Loss on sales of non-current assets	9	16
Loss on disaster	—	45
Loss on tax purpose reduction entry of non-current assets	19	1
Loss on disposal of non-current assets	444	277
Litigation expenses	154	—
Total extraordinary losses	627	341
Profit before income taxes	15,905	13,410
Income taxes	2,749	2,693
Profit	13,155	10,717
Profit attributable to non-controlling interests	322	316
Profit attributable to owners of parent	12,833	10,400

(3) Quarterly Consolidated Statements of Comprehensive Income

	Millions of yen	
	Q2 FY2018 YTD	Q2 FY2019 YTD
Profit	13,155	10,717
Other comprehensive income		
Valuation difference on available-for-sale securities	△315	△8
Deferred gains or losses on hedges	89	8
Foreign currency translation adjustment	△44	△1,085
Remeasurements of defined benefit plans, net of tax	△113	△144
Share of other comprehensive income of entities accounted for using equity method	△145	△127
Total other comprehensive income	△529	△1,358
Comprehensive income	12,625	9,359
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,284	9,057
Comprehensive income attributable to non-controlling interests	341	301

(4) Consolidated Statements of Cash Flows

	Millions of yen	
	Q2 FY2018 YTD	Q2 FY2019 YTD
Cash flows from operating activities		
Profit before income taxes	15,905	13,410
Depreciation	7,083	7,664
Increase (decrease) in provision	△717	476
Increase (decrease) in retirement benefit liability	70	36
Decrease (increase) in retirement benefit asset	△645	△628
Interest and dividend income	△296	△297
Foreign exchange losses (gains)	△48	347
Loss (gain) on sales of property, plant and equipment	△9	7
Loss (gain) on sales of investment securities	△1	△2
Share of loss (profit) of entities accounted for using equity method	△450	△435
Gain on bargain purchase	△964	—
Subsidy income	△33	△13
Interest expenses	1,577	866
Cost of loans payable	884	—
Loss on tax purpose reduction entry of non-current assets	19	1
Gain on insurance claims	△45	△83
Loss (gain) on disposal of non-current assets	444	277
Decrease (increase) in trade receivables	9,642	12,990
Decrease (increase) in inventories	△3,915	△266
Decrease (increase) in other current assets	△409	△1,130
Increase (decrease) in trade payables	280	△5,190
Increase (decrease) in other current liabilities	△2,493	△459
Other, net	923	△103
Subtotal	26,800	27,467
Interest and dividends received	738	843
Interest paid	△1,590	△874
Compensation for damage received	—	5,865
Compensation for damage paid	—	△832
Proceeds from insurance income	45	83
Income taxes (paid) refund	△3,634	△3,296
Net cash provided by (used in) operating activities	22,359	29,256
Cash flows from investing activities		
Payments into time deposits	△18	△51
Proceeds from withdrawal of time deposits	439	171
Purchase of property, plant and equipment	△8,485	△10,014
Proceeds from sales of property, plant and equipment	67	52
Purchase of investment securities	△12	△9
Proceeds from sales of investment securities	3	3
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	583	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△110
Long-term loan advances	△1	△2
Collection of long-term loans receivable	115	91
Subsidies received	33	13
Other, net	△329	△871
Net cash provided by (used in) investing activities	△7,604	△10,728

	Millions of yen	
	Q2 FY2017 YTD	Q2 FY2018 YTD
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	△264	△1,494
Proceeds from long-term borrowings	59,315	1,503
Repayments of long-term borrowings	△67,720	△6,291
Dividends paid	△1,387	△1,735
Dividends paid to non-controlling interests	△208	△129
Decrease (increase) in treasury shares	△303	2
Other, net	△385	△405
Net cash provided by (used in) financing activities	△10,954	△8,549
Effect of exchange rate change on cash and cash equivalents	116	△638
Net increase (decrease) in cash and cash equivalents	3,917	9,339
Cash and cash equivalents at beginning of period	66,807	67,991
Cash and cash equivalents at end of period	70,724	77,331

(5) Notes on Quarterly Consolidated Financial Statements

(Change of Accounting Process Specific to Preparing Quarterly Consolidated Financial Statement)
(Calculation of Tax Expense)

The Company rationally estimated the effective tax rate after the application of accounting policy for deferred tax, which was applied to the profit/loss before income tax for the fiscal year under review including the second quarter consolidated accounting period for the fiscal year ending March 31, 2020, and calculated the tax expense by multiplying the estimated effective tax rate to the profit/loss before income tax. However, if the application of said estimated effective tax rate reduces the rationality of the calculation of tax expense, the Company applies the effective statutory tax rate.

(6) Segment information

Second Quarter Fiscal 2018 (accumulated figures, Apr. 1, 2018– Sept. 30, 2018)

1. Information on sales and profit 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	47,815	20,476	43,489	25,095	15,822	152,699	-	152,699
Inter-segment sales/transfer	360	6,340	432	1,017	12,355	20,507	(20,507)	-
Total	48,176	26,816	43,922	26,113	28,177	173,206	(20,507)	152,699
Segment profit	8,793	4,303	1,406	1,693	1,746	17,945	(926)	17,019

*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 profit adjustment amount consists mainly of basic R&D expenses that are not allocable to a specific reportable segment and the amount of inter-segment eliminations.

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

2. Items related to the changes in reportable segment

The Company posted ¥964 million of gain on bargain purchase in the “Others” segment in the second quarter consolidated accounting period for the fiscal year ending March 31, 2019.

Second Quarter Fiscal 2019(accumulated figures, Apr. 1, 2019– Sept. 30, 2019)

1. Information on sales and profit 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	45,802	18,799	42,467	26,759	18,921	152,749	-	152,749
Inter-segment sales/transfer	545	5,804	251	963	13,340	20,905	(20,905)	-
Total	46,348	24,603	42,719	27,722	32,261	173,655	(20,905)	152,749
Segment profit	7,511	2,813	1,185	1,562	2,462	15,535	(923)	14,612

*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 profit adjustment amount consists mainly of basic R&D expenses that are not allocable to a specific reportable segment and the amount of inter-segment eliminations.

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

2. Changes in reportable segments

In accordance with the change in management categorizations of a certain subsidiary implemented from the first quarter of the fiscal year under review, a certain subsidiary previously included in the Others segment have now been included in the Life & Amenity segment.

Segment information for the corresponding period of the previous fiscal year has been prepared in accordance with this change.