



Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2018
<Under Japanese GAAP>

November 2, 2017

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

NAGASE & CO., LTD.

Stock exchange listing: Tokyo (First Section)

Code number: 8012 URL (<https://www.nagase.co.jp/english/>)

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Filing of quarterly report (scheduled): November 8, 2017

Start of distribution of dividends (scheduled): December 4, 2017

Supplementary documents of quarterly financial results: Yes

Quarterly investors' meeting: Yes (for analysts and institutional investors)

(Note: Amounts have been rounded down to the nearest million yen.)

1. Consolidated Results for the Second Quarter of the Fiscal Year Ending March 31, 2018

(April 1, 2017 to September 30, 2017)

(1) Consolidated Operating Results

(Percentages represent changes compared with same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the second quarter ended September 30, 2017	387,501	10.4	12,606	74.1	13,802	84.5	8,760	87.4
September 30, 2016	350,865	(6.7)	7,242	(27.8)	7,482	(26.6)	4,674	(28.1)

(Notes) Comprehensive income

Second quarter ended September 30, 2017: ¥16,863 million (892.0%)

Second quarter ended September 30, 2016: ¥1,699 million (—%)

	Earnings per share		Earnings per share (diluted)	
	Yen		Yen	
For the second quarter ended September 30, 2017	69.46		—	
September 30, 2016	36.84		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2017	579,441	309,149	52.5	2,410.91
March 31, 2017	530,775	295,198	54.7	2,301.10

(Reference) Equity capital

As of September 30, 2017: ¥304,046 million

As of March 31, 2017: ¥ 290,217 million

2. Dividends

	Annual Dividends per Share				
	1Q	2Q	3Q	Fiscal year end	Annual
For the year ended (or ending)	Yen				
March 2017	—	16.00	—	17.00	33.00
March 2018	—	17.00	—	—	—
March 2018 (estimate)	—	—	—	18.00	35.00

(Note) Revisions to the latest projected dividends: No

**3. Projected Consolidated Results for the Fiscal Year Ending March 31, 2018
(April 1, 2017 to March 31, 2018)**

(Percentages represent changes compared with the corresponding periods of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	771,000	6.7	23,500	56.3	25,500	55.8	16,000	54.9	126.87

(Note) Revisions to the latest projected consolidated results: Yes

* Notes

- (1) Changes in major subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): Yes

New: 1 (Company name: INKRON LIMITED) Excluded: — (Company name:)

(Note) Please refer to “2. Quarterly Consolidated Financial Statements and Notes (4) Notes related to Quarterly Consolidated Financial Statements (Changes in Significant Subsidiaries during the Period) .” on page 13 of this document.

- (2) Application of special accounting methods to the preparation of quarterly financial statements: No

- (3) Changes of accounting principles, changes in accounting estimates, and restatement of prior period financial statements after error corrections

i. Changes in accordance with revisions to accounting and other standards: No

ii. Changes in items other than (i) above: No

iii. Changes in accounting estimates: No

iv. Restatement of prior period financial statements after error corrections: No

- (4) Number of shares issued and outstanding (common stock)

- i. Number of shares issued and outstanding as of the fiscal period end (including treasury stock)

September 30, 2017	127,408,285 shares	March 31, 2017	127,408,285 shares
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- ii. Number of treasury stock as of the fiscal period end

September 30, 2017	1,295,667 shares	March 31, 2017	1,287,366 shares
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- iii. Average number of shares during the period

September 30, 2017	126,118,383 shares	September 30, 2016	126,901,165 shares
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* Quarterly financial statements are not subject to quarterly review.

*** Cautionary Statement with Respect to Forecasts of Consolidated Business Results**

The earnings forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts.

Please refer to “1. Qualitative Information (3) Qualitative Information related to Earnings Forecasts” on page 5 of this document.

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1. Qualitative Information

(1) Business Performance

a. General Summary of Results

The Japanese economy continued to recover during the cumulative consolidated second quarter as corporate earnings rallied, while employment and payrolls improved to push improved personal consumption. The global economy maintained a gradual recovery, with strong performance in the economies of China and the emerging economies, a moderate expansion in business conditions in the United States, and other positive factors.

In this environment, the Company recorded domestic sales of ¥192.59 billion (+7.6% year on year) for the cumulative consolidated second quarter. Overseas sales, impacted positively by the relatively weak yen compared to the year-ago period, rose to a record-high ¥194.9 billion (+13.4%). In total, the Company recorded ¥387.5 billion in net sales, an all-time record and a 10.4% improvement over the first six months in the prior fiscal year.

The Company recorded gross profit of ¥50.21 billion, an increase of 12.4%, in conjunction with higher sales. Operating income amounted to ¥12.6 billion, an increase of 74.1% year on year. This increase was mainly due to a decrease in retirement benefit expense in connection with the amortization of actuarial differences. Ordinary income amounted to ¥13.8 billion (+84.5%), while profit attributable to owners of the parent amounted to ¥8.76 billion (+87.4%). All profit indicators marked record highs for any cumulative consolidated second quarter in the history of the Company.

b. Segment Summary

Functional Materials

The Functional Materials segment recorded higher sales in both domestic and overseas markets.

The Performance Chemicals business recorded higher sales due to improved sales of coating raw materials and urethane materials, spurred by strong automotive production in Japan and overseas. Another contributing factor was a jump in sales associated with the Company's acquisition of a distributor in the United States.

The Speciality Chemicals business recorded higher sales overall. Sales of fluorochemicals, electronics chemicals, and raw materials for industrial oil solutions were higher for the semiconductor and other electronics industry in Japan. Overseas, sales were higher for electronics chemicals and other products.

As a result, sales for the segment amounted to ¥84.79 billion, which was a ¥10.66 billion (+14.4%) increase year on year. Segment operating income grew ¥790 million (+42.9%), reaching ¥2.64 billion for the consolidated second quarter.

Advanced Materials & Processing

The Advanced Materials & Processing segment recorded higher sales in both domestic and overseas markets.

The Colors & Advanced Processing business recorded higher sales as a whole, driven by growth in plastic resins for industrial and packaging applications, dyes/additives, and digital print processing materials in Japan. Overseas, strong sales of print-related business products contributed to higher overall performance.

The Polymer Global Account business mainly sells plastics to the office equipment, appliance, and video game device markets. The sales of those business were higher overall, driven by growth in Japan, Greater China, and ASEAN.

As a result, sales for the segment amounted to ¥131.83 billion, which was a ¥11.61 billion (+9.7%) increase compared to the cumulative consolidated second quarter of the prior fiscal year. Segment operating income grew ¥920 million (+34.7%), reaching ¥3.58 billion for the cumulative consolidated second quarter.

Electronics

The Electronics segment recorded higher sales in Japan and overseas.

The Electronic Chemicals business recorded higher sales due to growth in photolithography material and equipment-related sales, as well as strong performance of formulated epoxy resins for the electric and electronics industries.

The Electronic Materials business recorded lower sales compared to the same period in the prior fiscal year. Despite higher sales of display-related products, the business experienced lower performance in processed materials caused by smartphone model changeovers.

As a result, sales for the segment amounted to ¥65.7 billion, which was a ¥3.18 billion (+5.1%) increase. Segment operating income grew ¥1.16 billion (+36.6%) year on year, reaching ¥4.35 billion for the cumulative consolidated second quarter.

Automotive & Energy

The Automotive Solutions business recorded higher sales, driven by strong performance in our domestic resins business and higher sales in Greater China and ASEAN.

As a result, sales for the segment amounted to ¥62.74 billion, which was a ¥10.33 billion (+19.7%) increase compared to the cumulative consolidated second quarter of the prior fiscal year. Segment operating income grew ¥910 million (+177.3%), reaching ¥1.43 billion for the cumulative consolidated second quarter.

Life & Healthcare

The Life & Healthcare segment recorded net sales slightly higher compared to the same period in the prior fiscal year. While sales were level domestically, sales increased overseas.

Sales of TREHA™ and other products to food ingredient makers in our Life & Healthcare Products business were level, while sales in Europe and other regions overseas grew. Although the business recorded lower sales of AA2G™ to major customers in the skin care and toiletries field overseas, sales to major customers in Japan were higher. In the medical and pharmaceutical field, sales of pharmaceutical raw materials and intermediates and medical materials were level with the year-ago period, while sales of pharmaceutical business products were lower. As a result, the business recorded sales slightly higher compared to the prior year.

The Beauty Care Products business, which includes sales of cosmetics and health foods, recorded lower sales, driven down due to weak performance across all product categories.

As a result, sales for the segment amounted to ¥42.12 billion, which was a ¥850 million (+2.1%) increase compared to the cumulative consolidated second quarter of the prior fiscal year. Segment operating income grew ¥480 million (+26.2%), reaching ¥2.33 billion for the cumulative consolidated second quarter.

Other

No special matters to disclose.

(2) Financial Position

a. Assets, Liabilities and Net Assets

As of the end of the consolidated second quarter, current assets amounted to ¥357.73 billion. This represents an increase of ¥36.51 billion compared to the end of the prior consolidated fiscal year. This increase was mainly due to increases in accounts receivable and inventories. Non-current assets amounted to ¥221.7 billion, up ¥12.14 billion. This increase was mainly due to increases in fair values of shares retained and goodwill recorded by the Company during the period. As a result of these various factors, total assets increased ¥48.66 billion to ¥579.44 billion as of the end of the consolidated second quarter.

Liabilities amounted to ¥270.29 billion, a ¥34.71 billion increase compared to the end of the prior consolidated fiscal year. This increase was mainly due to increases in accounts payable and short-term loans, which exceeded redemptions of bonds.

Net assets amounted to ¥309.14 billion, up ¥13.95 billion. This increase was mainly due to ¥8.76 billion in profit attributable to owners of the parent and an increase in net unrealized holding gains on securities.

As a result, the Company recorded a shareholders' equity ratio of 52.5%, down 2.2 points compared to the end of the prior consolidated fiscal year.

b. Summary of Consolidated Cash Flows

Cash and cash equivalents (Cash) increased ¥4.09 billion (+10.3%) compared to the end of the prior consolidated fiscal year, amounting to ¥43.82 billion. Cash from operating activities amounted to ¥6.5 billion, while cash used in investing activities came to ¥10.22 billion, and cash from financing activities amounted to ¥7.34 billion. In addition, effects of exchange rate changes had a ¥450 million positive impact on Cash balances, while a merger with a non-consolidated subsidiary also had a positive impact.

(Cash Flows from Operating Activities)

Cash flows from operating activities for the cumulative consolidated second quarter amounted to ¥6.5 billion. While the Company experienced a ¥11.76 billion decrease in Cash due to increased working capital and payments of ¥2.56 billion in income taxes, we also recorded income before profit before income taxes of ¥13.01 billion and cash reserved related to depreciation and amortization in the amount of ¥4.58 billion.

(Cash Flows from Investing Activities)

Cash used in investing activities for the cumulative consolidated second quarter amounted to ¥10.22 billion. This result was mainly due to cash outlays of ¥3.59 billion for the purchase of tangible and intangible fixed assets and outlays of ¥6.0 billion for the acquisition of the stock of a subsidiary in connection with a change in the scope of consolidation.

(Cash Flows from Financing Activities)

Cash flows from financing activities for the cumulative consolidated second quarter amounted to ¥7.34 billion. This result was mainly due to increases of ¥9.06 billion and ¥7.0 billion related to short-term loans and the issuance of commercial paper. These increases exceeded outlays of ¥10.0 billion in redemption of bonds.

(3) Qualitative Information related to Earnings Forecasts

Sales of electronic components and materials, electronic device products, plastics, coatings and urethane materials, and other products for the cumulative consolidated second quarter of the fiscal year ending March 2018 outperformed our initial forecasts. This result was mainly due to active demand for our products in the electronics and automobile industries. The value of the Japanese yen in the foreign currency market has also been weaker than we forecast originally.

While we expect a slowdown in sales of certain electronic components and materials, we project overall performance for the second half of the fiscal year to match the first half. Certain business expenses are expected to aggregate toward the second half of the year. Nevertheless, we forecast increased sales to drive operating income, ordinary income, and profit attributable to owners of the parent above our initial projections.

We have changed our projected foreign exchange rate from ¥108 to ¥111 to the U.S. dollar.

Given these considerations, we have made the following upward revisions to our full-year forecasts.

Revised Consolidated Fiscal-Year Forecasts (Fiscal Year Ending March 31, 2018)

(Millions of yen)

	Previous forecast (A)	Revised forecast (B)	Change (B-A)	Change (%)
Net sales	732,000	771,000	+39,000	+5.3%
Operating income	19,100	23,500	+4,400	+23.0%
Ordinary income	20,900	25,500	+4,600	+22.0%
Profit attributable to owners of the parent	12,500	16,000	+3,500	+28.0%

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2017)	Second Quarter, Current Consolidated Fiscal Year (September 30, 2017)
ASSETS		
Current assets		
Cash and time deposits	39,830	44,218
Notes and accounts receivable	206,846	231,594
Merchandise and finished goods	58,162	65,170
Work in process	1,309	1,931
Raw materials and supplies	3,648	3,770
Deferred tax assets	2,375	2,739
Other	9,681	8,942
Less allowance for doubtful accounts	(638)	(632)
Total current assets	321,215	357,735
Non-current assets		
Property, plant and equipment	67,619	68,425
Intangible fixed assets		
Goodwill	23,034	26,982
Technology-based assets	13,791	13,003
Other	3,916	3,484
Total intangible fixed assets	40,742	43,469
Investments and other assets		
Investments in securities	94,548	103,464
Long-term loans receivable	482	145
Deferred tax assets	1,524	1,360
Other	4,931	5,112
Less allowance for doubtful accounts	(289)	(272)
Total investments and other assets	101,197	109,811
Total non-current assets	209,559	221,706
Total assets	530,775	579,441

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2017)	Second Quarter, Current Consolidated Fiscal Year (September 30, 2017)
LIABILITIES		
Current liabilities		
Notes and accounts payable	102,076	119,500
Short-term loans	28,162	38,709
Current portion of long-term loans	3,522	1,649
Commercial paper	-	7,000
Current portion of bonds	10,000	-
Accrued income taxes	1,849	2,272
Deferred tax liabilities	37	39
Accrued bonuses for employees	4,512	4,248
Accrued bonuses for directors	171	120
Other	16,161	17,739
Total current liabilities	166,494	191,279
Long-term liabilities		
Bonds	20,000	20,000
Long-term loans	20,078	26,470
Deferred tax liabilities	13,503	17,202
Net defined benefit liability	14,625	14,508
Other	874	832
Total long-term liabilities	69,082	79,012
Total liabilities	235,576	270,292
NET ASSETS		
Shareholders' equity		
Common stock	9,699	9,699
Capital surplus	11,590	11,137
Retained earnings	219,721	226,330
Less treasury stock, at cost	(1,337)	(1,353)
Total shareholders' equity	239,674	245,814
Accumulated other comprehensive income (loss)		
Net unrealized holding gain on securities	47,683	53,837
Deferred gain on hedges	4	4
Translation adjustments	3,129	4,554
Remeasurements of defined benefit plans	(274)	(164)
Total accumulated other comprehensive income	50,542	58,231
Non-controlling interests	4,981	5,103
Total net assets	295,198	309,149
Total liabilities and net assets	530,775	579,441

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

(Quarterly Consolidated Statements of Income)

Six-month periods ended September 30, 2017 and 2016

(Millions of yen)

	Six-month period ended September 30, 2016 (April 1, 2016 -September 30, 2016)	Six-month period ended September 30, 2017 (April 1, 2017 - September 30, 2017)
Net sales	350,865	387,501
Cost of sales	306,194	337,285
Gross profit	44,670	50,215
Selling, general and administrative expenses	37,428	37,608
Operating income	7,242	12,606
Non-operating income		
Interest income	88	95
Dividend income	810	881
Rent income	156	135
Equity in earnings of affiliates	-	361
Foreign exchange gain	-	202
Other	238	238
Total non-operating income	1,293	1,915
Non-operating expenses		
Interest expenses	459	546
Equity in losses of affiliates	90	-
Foreign exchange losses	301	-
Other	201	173
Total non-operating expenses	1,053	719
Ordinary income	7,482	13,802
Extraordinary gains		
Gain on sale of non-current assets	28	12
Gain on sale of investment securities	60	8
Gain on negative goodwill	-	229
Total extraordinary gains	88	250
Extraordinary losses		
Loss on sale of non-current assets	15	20
Loss on disposal of non-current assets	62	32
Impairment losses	38	239
Loss on sale of investments securities	25	-
Loss on valuation of investments securities	40	-
Loss on sales of shares of subsidiaries and affiliates	246	-
Loss on business withdrawal	-	449
Loss on step acquisitions	-	294
Other	61	-
Total extraordinary losses	491	1,035
Income before income taxes and non-controlling interests	7,080	13,018
Income taxes - current	2,175	3,298
Income taxes - deferred	80	813
Total income taxes	2,255	4,111
Profit for the period	4,824	8,906
Profit attributable to non-controlling interests	149	145
Profit attributable to owners of the parent	4,674	8,760

(Quarterly Consolidated Statements of Comprehensive Income)

Six-month periods ended September 30, 2017 and 2016

(Millions of yen)

	Six-month period ended September 30, 2016 (April 1, 2016 -September 30, 2016)	Six-month period ended September 30, 2017 (April 1, 2017 - September 30, 2017)
Profit for the period	4,824	8,906
Other comprehensive income		
Net unrealized holding gain on securities	2,499	6,151
Deferred gain (loss) on hedges	4	(0)
Translation adjustments	(6,148)	1,591
Remeasurements of defined benefit plans	1,075	109
Share of other comprehensive income of affiliates accounted for by the equity method	(554)	103
Total other comprehensive income	(3,124)	7,956
Comprehensive income	1,699	16,863
Comprehensive income attributable to:		
Shareholders of the parent	2,134	16,555
Non-controlling interests	(434)	307

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six-month period ended September 30, 2016 (April 1, 2016 -September 30, 2016)	Six-month period ended September 30, 2017 (April 1, 2017 - September 30, 2017)
Operating activities		
Profit before income taxes	7,080	13,018
Depreciation and amortization other than amortization of goodwill	4,590	4,589
Loss on impairment of fixed assets	38	239
Amortization of goodwill	771	844
Gain on negative goodwill	-	(229)
Loss on step acquisitions	-	294
Loss on business withdrawal	-	449
Increase (decrease) in liability for retirement benefits	1,709	(6)
Interest and dividend income	(899)	(977)
Interest expenses	459	546
Exchange (loss) gain, net	(514)	195
Gain (loss) on sales of investment securities, investments in capital, shares of subsidiaries and affiliates, and investments in capital of subsidiaries and affiliates, net	211	(8)
Increase in notes and accounts receivable	(9,198)	(21,157)
Increase in inventories	(266)	(5,630)
Increase in notes and accounts payable	7,445	15,024
Other, net	(2,924)	1,243
Subtotal	8,502	8,433
Interest and dividends received	1,137	1,192
Interest paid	(475)	(549)
Income taxes paid	(4,419)	(2,568)
Net cash provided by operating activities	4,744	6,508
Investing activities		
Purchases of property, plant and equipment	(6,121)	(3,410)
Proceeds from sales of property, plant and equipment	154	58
Purchases of intangible fixed assets included in other assets	(638)	(183)
Purchases of investments in securities	(1,100)	(325)
Proceeds from sales of investments in securities	1,954	16
Purchases of investments in capital	(53)	(49)
Purchase of share of subsidiaries resulting in change in scope of consolidation	-	(6,004)
Proceed from sales of shares of subsidiaries resulting in change in scope of consolidation	293	-
(Increase) decrease in short-term loans receivable	(3)	50
Decrease (increase) in time deposits, net	197	(183)
Other, net	108	(189)
Net cash used in investing activities	(5,209)	(10,221)

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Financing activities		
Increase in short-term loans, net	2,506	9,064
Increase in commercial paper	-	7,000
Proceeds from long-term loans	24	6,500
Repayments of long-term loans	(1,395)	(2,330)
Redemption of bonds	-	(10,000)
Purchase of treasury stock	(1,104)	(15)
Cash dividends paid	(2,032)	(2,144)
Cash dividends paid to non-controlling interests	(254)	(275)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(47)	(453)
Other, net	(16)	0
Net cash used in financing activities	(2,320)	7,346
Effects of exchange rate changes on cash and cash equivalents	(2,031)	458
Net (increase) decrease in cash and cash equivalents	(4,817)	4,091
Cash and cash equivalents at beginning of the year	42,900	39,730
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	4
Cash and cash equivalents, at end of the period	38,083	43,826

(4) Notes related to Quarterly Consolidated Financial Statements

(Assumption for Going Concern)

No matters to report.

(Segment Information, etc.)

Segment Information

I Six-month period ended September 30, 2016 (consolidated)

1. Information related to net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable Segments						Other (Note) 1.	Total	Corporate (Note) 2.	Adjustments (Note) 3.	To Quarterly Consolidated Financial Statements (Note) 4.
	Functional Materials	Advanced Materials & Processing	Electronics	Automotive & Energy	Life & Healthcare	Total					
Net sales											
Sales to customers	74,128	120,224	62,519	52,413	41,266	350,552	312	350,865	-	-	350,865
Intersegment sales/transfers	855	1,186	792	1,260	242	4,336	3,075	7,412	-	(7,412)	-
Total	74,983	121,410	63,312	53,673	41,509	354,889	3,388	358,277	-	(7,412)	350,865
Segment income (loss)	1,851	2,657	3,188	518	1,850	10,066	106	10,172	(3,212)	282	7,242

(Note) 1. Other is a business segment consisting of businesses not included in reportable segments, and includes logistics services, information processing services, and professional services.

2. Corporate segment income (loss) represents expenses not allocated to reportable segments or Other.

3. Adjustments are eliminations of intersegment transactions.

4. The sum of Segment income (loss), Corporate, and Adjustments is equivalent to operating profit as presented in the consolidated statements of income.

II Six-month period ended September 30, 2017 (consolidated)

1. Information related to net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable Segments						Other (Note) 1.	Total	Corporate (Note) 2.	Adjustments (Note) 3.	To Quarterly Consolidated Financial Statements (Note) 4.
	Functional Materials	Advanced Materials & Processing	Electronics	Automotive & Energy	Life & Healthcare	Total					
Net sales											
Sales to customers	84,790	131,839	65,705	62,745	42,123	387,205	295	387,501	-	-	387,501
Intersegment sales/transfers	1,190	1,139	1,005	1,333	223	4,892	2,300	7,193	-	(7,193)	-
Total	85,980	132,979	66,711	64,079	42,347	392,098	2,596	394,694	-	(7,193)	387,501
Segment income (loss)	2,645	3,580	4,354	1,437	2,335	14,353	148	14,501	(2,086)	190	12,606

(Note) 1. Other is a business segment consisting of businesses not included in reportable segments, and includes logistics services, information processing services, and professional services.

2. Corporate segment income (loss) represents expenses not allocated to reportable segments or Other.

3. Adjustments are eliminations of intersegment transactions.

4. The sum of Segment income (loss), Corporate, and Adjustments is equivalent to operating profit as presented in the consolidated statements of income.

(Significant Fluctuations in Shareholders' Equity)

No matters to report.

(Changes in Significant Subsidiaries during the Period)

During the consolidated first quarter, the Company acquired shares of INKRON LIMITED (specified subsidiary). Accordingly, the Company included INKRON LIMITED and two INKRON LIMITED subsidiaries (Inkron Oy and Inkron Technologies GmbH) in the scope of consolidation.

3. Supplementary Information

(1) Overseas Sales

I Six-month period ended September 30, 2016 (consolidated)

	Greater China	ASEAN	Americas	Europe	Other	Total
I Overseas sales (Millions of yen)	96,069	48,954	14,090	5,257	7,463	171,835
II Consolidated sales (Millions of yen)						350,865
III Ratio of overseas sales to consolidated sales (%)	27.4	14.0	4.0	1.5	2.1	49.0

II Six-month period ended September 30, 2017 (consolidated)

	Greater China	ASEAN	Americas	Europe	Other	Total
I Overseas sales (Millions of yen)	106,886	53,636	17,084	7,369	9,926	194,904
II Consolidated sales (Millions of yen)						387,501
III Ratio of overseas sales to consolidated sales (%)	27.6	13.8	4.4	1.9	2.6	50.3

(Note)

1. Overseas sales consist of net sales of the Company and consolidated subsidiaries in other countries or regions.
2. Countries/regions are determined by geographical proximity.
3. Major countries in each region
 - (1) Greater China.....China, Hong Kong, Taiwan
 - (2) ASEAN.....Thailand, Singapore
 - (3) Americas.....U.S., Mexico
 - (4) Europe.....Germany
 - (5) Other.....Korea