<Translation>

Member, Financial Accounting Standards Foundation

Brief Report on the Settlement of Accounts (Consolidated) for the Six Months Ended September 30, 2017 (J-GAAP)

November 7, 2017

Name of Listed Company: **Daikin Industries, Ltd.** Listed on TSE
Code No.: 6367
(URL: http://www.daikin.co.jp/)
Representative: Masanori Togawa, President and CEO
Contact: Motoshi Hosomi,
General Manager of the Corporate Communication Department of the Head Office
(Tel.: +81-6-6373-4320)
Planned date of the filing of quarterly report: November 8, 2017
Planned date of start of dividend payment: December 4, 2017
Preparation of supplementary explanatory materials for the settlement of accounts for the second quarter: Yes
Holding briefings on the settlement of accounts for the second quarter: Yes (for institutional investors and analysts)

1. Consolidated Business Results for the Six Months Ended September 30, 2017
(From April 1, 2017, to September 30, 2017)

(1) Consolidated Business Results (Accumulated)

Note: Amounts less than one million yen are truncated.
Percentages indicate year-over-year increases/decreases.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2017	1,174,531	12.4	149,072	6.2	149,684	7.1	101,500	5.3
September 30, 2016	1,044,818	-3.1	140,384	13.0	139,779	13.7	96,419	20.3

Note: Comprehensive income was ¥164,249 million (—%) for the six months ended September 30, 2017, and ¥(26,657) million (—%) for the six months ended September 30, 2016.

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2017	347.13	346.90
September 30, 2016	330.08	329.82

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	2,518,662	1,278,968	49.7
As of March 31, 2017	2,356,148	1,135,609	47.2

(Reference) Equity capital was ¥1,251,911 million as of September 30, 2017, and ¥1,111,636 million as of March 31, 2017.

2. Dividends

	(Annual) Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2017	—	60.00	—	70.00	130.00
Fiscal Year ending March 31, 2018	—	65.00			
Fiscal Year ending March 31, 2018 (forecast)			—	65.00	130.00

Note: Revisions to the dividend forecast announced most recently: None

3. Consolidated Business Forecast for the Fiscal Year Ending March 31, 2018
(From April 1, 2017, to March 31, 2018)

Note: Percentages indicate year-over-year increases/decreases.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,270,000	11.1	250,000	8.3	249,000	7.8	165,000	7.2	564.28

Note: Revisions to the consolidated business forecast announced most recently: Yes

*Notes
(1) Changes in Significant Subsidiaries during the Six Months Ended September 30, 2017: None

(2) Adoption of Accounting Treatment Specific to Quarterly Consolidated Financial Statement Preparation: Yes

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement
- (i) Changes in accounting policies relating to revisions to accounting standards, etc.: None
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Retrospective restatement: None

(4) Number of Shares Issued (common stock)
- (i) Number of shares issued at end of period (including treasury shares)
  - As of September 30, 2017 293,113,973 shares
  - As of March 31, 2017 293,113,973 shares
- (ii) Number of treasury shares at end of period
  - As of September 30, 2017 705,780 shares
  - As of March 31, 2017 739,660 shares
- (iii) Average number of shares outstanding during the six months
  - Six months ended September 30, 2017 292,395,844 shares
  - Six months ended September 30, 2016 292,111,996 shares

The Brief Report on the Settlement of Accounts is outside the scope of quarterly review.

Explanation about the Appropriate Use of the Business Forecast and Other Noteworthy Points

- The business forecasts are based on information currently available to Daikin Industries, Ltd. (the "Company") and certain assumptions that are deemed reasonable. Actual results may differ significantly from these forecasts. For the basis of presumption of the business forecast and the notes on its use, please refer to "(3) Explanation of Future Forecast Information Such as Consolidated Business Forecast" of "1. Qualitative Information Regarding Settlement of Accounts for the Period under Review"
- The Company plans to hold a briefing on business results for institutional investors and analysts on Wednesday, November 8, 2017. Documents and materials for this briefing will be posted on the Company's website soon after the briefing.

Content of Attachment

1. Qualitative Information Regarding Settlement of Accounts for the Period under Review

(1) Explanation of Operating Results

Looking at the overall world economy in the six months ended September 30, 2017 (from April 1, 2017, to September 30, 2017), expansion continued steadily. The U.S. economy was strong due to solid personal consumption and expanding capital investment. Robust personal consumption underpinned the European economy as concerns about the emergence of anti-EU political forces abated. The emerging economies saw continuing stable growth overall as exports recovered due to economic expansion in developed countries. The Chinese economy also grew steadily amid expansion of infrastructure investment and exports. Turning to the Japanese economy, the employment environment improved while personal consumption and capital investment continued on a recovery track.

In such a business environment, the Daikin Group, upon entering the second year of “Fusion 20,” the Group’s strategic management plan that set fiscal 2020 as its target fiscal year, has made group-wide efforts to further expand net sales and profit. In particular, in order to overcome negative factors including the rising raw materials market, the Group made efforts to expand sales of major air-conditioning products in each region around the world and to expand sales in the Chemicals segment, as well as to thoroughly reduce costs through measures such as controlling fixed costs.

The Daikin Group’s net sales increased by 12.4% year over year to ¥1,174,531 million for the six months ended September 30, 2017. As for profits, operating profit increased by 6.2% to ¥149,072 million, ordinary profit increased by 7.1% to ¥149,684 million, and profit attributable to owners of parent increased by 5.3% to ¥101,500 million.

Results by business segment are as follows:

(i) Air-Conditioning and Refrigeration Equipment

Overall sales of the Air-Conditioning and Refrigeration Equipment segment increased by 12.1% year over year to ¥1,065,541 million. Operating profit increased by 2.5% to ¥135,020 million.

In the Japanese commercial air-conditioning equipment market, industry demand rose year over year, reflecting robust capital investment and new construction. The Daikin Group captured demand in the market for air conditioners with its new lineup of “machi Multi,” multi-split type room air conditioners for stores and offices that offer individual operation and a slim design, and the SkyAir series including “Eco-ZEAS,” a mainstay product. In addition, multi-split type room air conditioners for buildings captured strong demand for replacement in manufacturing industries, and net sales increased year over year.

In the Japanese residential air-conditioning equipment market, despite the impact of unseasonable weather from August onwards in Eastern Japan, industry demand increased year over year, partly owing to the heat wave in the first half of the summer. The Daikin Group made efforts to expand sales for its room air conditioner “Urusara 7,” an energy-saving, high value-added product, and for models in the mid-price range, and net sales exceeded that of the same period of the previous fiscal year.

In the Americas, net sales increased year over year in the region as a whole due to successful sales strategies, in addition to firm demand. Despite the impact of hurricanes, net sales of residential air-conditioning systems rose year over year as a result of efforts to expand the sales network. Net sales grew year over year in the light commercial air-conditioning systems for medium-sized office buildings as a result of the expansion of small-sized models for series of multi-split type room air conditioners for buildings and the implementation of sales strategies for each route. In the market for large buildings (Applied Systems), net sales grew year over year thanks to expanded sales of Applied Systems, mainly chillers and rooftops equipped with inverters. This was backed by a higher demand than the same period of the previous fiscal year. Sales also grew in the after sales service business and in Central and South America.

In China, the Group further intensified its retail sales to capture personal consumption and private-sector demand, which remained firm. In addition to expanding sales in the residential-use market, the Group expanded sales in the commercial-use market as well. As a result, net sales rose year over year in all regions and for all products. Furthermore, amid a rise in raw material prices, operating profit also grew year over year as a result of promoting cost reductions mainly through a shift to internal production of parts and improvement of productivity. In the residential-use market, the Group focused on its own specialty “PROSHOPs” and leveraged its proposal and installation capabilities, which are its strengths, to expand sales mainly in the mid-range and high-end residential market with the “New Life Multi Series,” residential multi-split type room air conditioners that propose new lifestyles for customers. In the commercial-use market, the Group carried out model changes to the mainstay

"VRV-X" series, commercial multi-split type room air conditioners that offer even stronger product appeal, including energy-saving performance and design flexibility, and broadened the range of the target markets to extend from buildings to general stores and from new construction to replacement by proposing original systems that are in line with user needs. As a result of these initiatives, sales expanded. In the Applied Systems air-conditioning equipment market, the Group carried out sales activities in a wide range of projects, from large to small- to medium-scale, based on an enhanced product lineup and reinforced after sales service business. Sales expanded as a result.

In Asia and Oceania, net sales were up year over year in the region as a whole. Although second quarter net sales of residential air-conditioning systems in Southeast Asia exceeded that of the same period of the previous fiscal year, net sales for the six months ended September 30, 2017, were down year over year due to poor sales in the first quarter owing to unseasonable weather. Meanwhile, net sales of commercial air-conditioning systems in Southeast Asia rose year over year due to factors such as the expansion of dealer networks. In India, net sales of both residential air-conditioning systems and commercial air-conditioning systems increased significantly year over year mainly due to the expansion of dealer networks.

In Europe, net sales were up year over year in the region as a whole. Although net sales of residential air-conditioning systems exceeded that of the same period of the previous fiscal year in many countries due to the hot summer mainly in Southern Europe from June, in Italy, which is the largest market, there was little progress in sales to market due to large distribution inventory, and overall net sales decreased year over year. Meanwhile, net sales of commercial air-conditioning systems increased year over year due to stepped-up dealer visits and reinforced follow-up on projects in each country. Also, net sales of heat pump hot water heating systems grew significantly in each country in Europe.

In the Middle East and Africa, net sales increased year over year due to progress in shipments for commercial-use products related to projects in the second quarter. This was despite continuing economic stagnation and the ongoing impact of a decrease and delays in large-scale government projects. In Turkey, although the air-conditioning market continues to stagnate especially in commercial air-conditioning systems, net sales increased substantially year over year in the local currency due to intensified sales activities mainly for small- to medium-scale projects and expanded sales in the heating business.

In the marine vessels business, net sales rose year over year due to growth in unit sales of marine container refrigeration units.

(ii) Chemicals

Overall sales of the Chemicals segment increased by 19.4% year over year to ¥86,593 million. Operating profit increased by 70.3% year over year to ¥12,369 million.

Overall sales of fluoropolymers rose year over year, despite the decline in demand for LAN cable applications in the U.S. market, thanks to robust demand for semiconductor-related applications mainly in Japan, China, and Asia. As for fluoroelastomers, sales increased substantially year over year on the strength of robust demand in automotive fields in each region around the world.

Turning to oil and water repellents among specialty chemicals, net sales rose significantly year over year due to progress in switchovers to new products in China and other Asian regions. Sales of anti-fouling surface coating agents fell year over year, reflecting a decrease in sales to major customers in China. Sales of etchant for cleaning semiconductors increased significantly year over year due to sales growth in Asia where related demand was favorable. As a result, overall sales of specialty chemicals were up compared to the same period of the previous fiscal year.

As for fluorocarbon gas, overall sales of gas increased substantially year over year as a result of price revisions in response to soaring raw material prices and tight supply-demand balance in Europe. This was in addition to growth in sales for after sales service in the Americas.

(iii) Other Divisions

Overall sales of the "Others" segment rose by 5.0% year over year to ¥22,396 million. Operating profit increased by 20.1% year over year to ¥1,678 million.

Sales of oil hydraulic equipment for industrial machinery grew year over year, backed by strong performance in the Japanese and U.S. markets. Sales of oil hydraulic equipment for construction machinery and vehicles increased year over year on the strength of robust sales to key customers in Japan and the U.S.

In defense systems-related products, sales decreased year over year due to a decline in deliveries of components for guided missiles, etc., to the Ministry of Defense. Sales of home oxygen equipment also declined year over year.

In the electronics business, net sales remained flat year over year, reflecting progress in product development to match customer needs such as global quality control and shorter design and development periods in database systems for design and development sectors, which are mainstay products.

(2) Explanation of Financial Position

(i) Assets, Liabilities and Net Assets

Total assets increased by ¥162,513 million from the end of the previous fiscal year to ¥2,518,662 million. Current assets increased by ¥109,133 million from the end of the previous fiscal year to ¥1,269,018 million, mainly due to an increase in cash and deposits. Non-current assets increased by ¥53,379 million from the end of the previous fiscal year to ¥1,249,643 million, primarily due to an increase in investment securities associated with market value variation.

Liabilities increased by ¥19,153 million from the end of the previous fiscal year to ¥1,239,693 million, mainly due to an increase in commercial papers. Interest bearing debt ratio fell to 23.5% from 25.9% at the end of the previous fiscal year.

Net assets increased by ¥143,359 million from the end of the previous fiscal year to ¥1,278,968 million, primarily due to an increase caused by posting of profit attributable to owners of parent.

(ii) Cash Flows

During the six months ended September 30, 2017, net cash provided by operating activities was ¥142,436 million, a decrease of ¥32,982 million from the same period of the previous fiscal year, principally due to increases in notes and accounts receivable – trade and income taxes paid. Net cash used in investing activities was ¥58,976 million, a decrease of ¥18,277 million from the same period of the previous fiscal year, primarily due to a decrease in payment for acquisition of consolidated subsidiaries. Net cash used in financing activities was ¥40,695 million, an increase of ¥20,205 million from the same period of the previous fiscal year, mainly due to a decrease in proceeds from long-term loans payable. After including the effect of foreign exchange rate change to these results, net increase in cash and cash equivalents for the six months ended September 30, 2017, amounted to ¥57,472 million, an increase of ¥17,028 million from the same period of the previous fiscal year.

(3) Explanation of Future Forecast Information Such as Consolidated Business Forecast

In light of the business results for the six-month period and exchange rate fluctuations, etc., the Group revised the business forecast announced on May 10, 2017, as below.

In and after the third quarter of the fiscal year ending March 31, 2018, despite the uncertain outlook of the business environment surrounding the Group, we will aim to achieve the targets set for fiscal 2018 in “Fusion 20,” the Group’s strategic management plan, by continuing to overcome the negative impact of the rising raw materials market through efforts such as expanding global sales in each region and proceeding with the reduction of overall costs. Additionally, the Company intends to maintain the trend of increased sales and profits and to strive for further growth and development in the medium to long term while investing its assets strategically.

The estimated exchange rate in and after the third quarter is based on the assumption that US$1 equals ¥108, and 1 euro equals ¥125.

Revisions to the Consolidated Business Forecast for the Fiscal Year Ending March 31, 2018
(From April 1, 2017, to March 31, 2018)

(Millions of yen except for per share amounts and percentages)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share (Yen)
Previous forecasts (A)	2,190,000	243,000	242,000	160,000	547.24
Revised forecasts (B)	2,270,000	250,000	249,000	165,000	564.28
Increase/decrease (B-A)	80,000	7,000	7,000	5,000	—
Increase/decrease (%)	3.7	2.9	2.9	3.1	—
(Reference) Results for the fiscal year ended March 31, 2017	2,043,968	230,769	231,013	153,938	526.81

The business forecasts are based on information currently available to the Company and certain assumptions that are deemed reasonable. A number of factors, some major ones of which are explained below, could cause actual results to differ significantly from these forecasts.

- Drastic changes in demand and supply for products or in the political and economic situations in the major markets of Japan, Europe, the United States, China, and other Asian countries
- Fluctuations in demand for air-conditioning equipment due to unseasonable weather
- Drastic changes in the exchange rates (especially the U.S. dollar and euro rates)
- Serious problems related to quality and manufacturing
- Substantial fluctuations in the market value of securities held by the Company
- Impairment of non-current assets
- Natural disasters

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2016 (As of March 31, 2017)	Second Quarter of FY2017 (As of September 30, 2017)
Assets		
Current assets		
Cash and deposits	344,093	401,566
Notes and accounts receivable – trade	369,061	396,669
Merchandise and finished goods	249,487	251,586
Work in process	42,249	50,056
Raw materials and supplies	66,565	74,375
Other	96,642	104,109
Allowance for doubtful accounts	(8,216)	(9,344)
Total current assets	1,159,884	1,269,018
Non-current assets		
Property, plant and equipment	424,527	439,421
Intangible assets		
Goodwill	330,876	332,151
Other	206,087	212,662
Total intangible assets	536,963	544,813
Investments and other assets		
Investment securities	185,251	215,534
Other	50,258	50,669
Allowance for doubtful accounts	(735)	(795)
Total investments and other assets	234,773	265,408
Total non-current assets	1,196,264	1,249,643
Total assets	2,356,148	2,518,662
Liabilities		
Current liabilities		
Notes and accounts payable – trade	173,147	179,854
Short-term loans payable	57,699	58,900
Commercial papers	—	37,000
Current portion of bonds	10,000	10,000
Current portion of long-term loans payable	67,177	60,692
Income taxes payable	27,769	24,622
Provision for product warranties	49,750	51,313
Other	241,132	256,010
Total current liabilities	626,676	678,393
Non-current liabilities		
Bonds payable	110,000	110,000
Long-term loans payable	353,292	305,256
Net defined benefit liability	11,939	12,412
Other	118,631	133,631
Total non-current liabilities	593,863	561,299
Total liabilities	1,220,539	1,239,693

(Millions of yen)

	FY2016 (As of March 31, 2017)	Second Quarter of FY2017 (As of September 30, 2017)
Net assets		
Shareholders' equity		
Capital stock	85,032	85,032
Capital surplus	84,544	84,668
Retained earnings	837,968	919,001
Treasury shares	(3,160)	(3,015)
Total shareholders' equity	1,004,385	1,085,687
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,041	72,532
Deferred gains or losses on hedges	(119)	30
Foreign currency translation adjustment	61,037	100,278
Remeasurements of defined benefit plans	(6,707)	(6,616)
Total accumulated other comprehensive income	107,251	166,224
Subscription rights to shares	1,079	1,547
Non-controlling interests	22,893	25,509
Total net assets	1,135,609	1,278,968
Total liabilities and net assets	2,356,148	2,518,662

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Consolidated Statement of Income)

For the Six Months Ended September 30 (Millions of yen)

	First Six Months of FY2016 (April 1, 2016, to September 30, 2016)	First Six Months of FY2017 (April 1, 2017, to September 30, 2017)
Net sales	1,044,818	1,174,531
Cost of sales	660,776	756,743
Gross profit	384,042	417,787
Selling, general and administrative expenses	243,658	268,714
Operating profit	140,384	149,072
Non-operating income		
Interest income	3,442	3,286
Dividend income	2,180	2,508
Share of profit of entities accounted for using equity method	220	837
Foreign exchange gains	—	65
Other	1,820	2,208
Total non-operating income	7,664	8,906
Non-operating expenses		
Interest expenses	4,897	5,621
Foreign exchange losses	2,038	—
Other	1,333	2,674
Total non-operating expenses	8,269	8,295
Ordinary profit	139,779	149,684
Extraordinary income		
Gain on sales of land	4	32
Gain on sales of investment securities	—	0
Gain on sales of shares of subsidiaries and associates	48	—
Total extraordinary income	53	32
Extraordinary losses		
Loss on disposal of non-current assets	196	239
Loss on valuation of investment securities	5	0
Other	0	—
Total extraordinary losses	202	239
Profit before income taxes	139,630	149,476
Income taxes	40,094	44,910
Profit	99,535	104,566
Profit attributable to non-controlling interests	3,116	3,066
Profit attributable to owners of parent	96,419	101,500

(Consolidated Statement of Comprehensive Income)

For the Six Months Ended September 30 (Millions of yen)

	First Six Months of FY2016 (April 1, 2016, to September 30, 2016)	First Six Months of FY2017 (April 1, 2017, to September 30, 2017)
Profit	99,535	104,566
Other comprehensive income		
Valuation difference on available-for-sale securities	(10,853)	19,488
Deferred gains or losses on hedges	701	150
Foreign currency translation adjustment	(114,993)	40,035
Remeasurements of defined benefit plans	1,435	92
Share of other comprehensive income of entities accounted for using equity method	(2,484)	(84)
Total other comprehensive income	(126,193)	59,683
Comprehensive income	(26,657)	164,249
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(27,543)	160,473
Comprehensive income attributable to non-controlling interests	885	3,775

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	First Six Months of FY2016 (April 1, 2016, to September 30, 2016)	First Six Months of FY2017 (April 1, 2017, to September 30, 2017)
I. Cash flows from operating activities		
Profit before income taxes	139,630	149,476
Depreciation	28,278	32,510
Amortization of goodwill	12,343	14,213
Increase (decrease) in allowance for doubtful accounts	1,147	633
Interest and dividend income	(5,623)	(5,795)
Interest expenses	4,897	5,621
Share of (profit) loss of entities accounted for using equity method	(220)	(837)
Loss (gain) on disposal of non-current assets	196	239
Loss (gain) on sales of investment securities	—	(0)
Loss (gain) on valuation of investment securities	5	0
Decrease (increase) in notes and accounts receivable – trade	806	(11,241)
Decrease (increase) in inventories	(1,330)	(7,045)
Increase (decrease) in notes and accounts payable – trade	3,132	(557)
Increase (decrease) in net defined benefit liability	(79)	(91)
Decrease (increase) in net defined benefit asset	(176)	(144)
Other, net	16,674	5,706
Subtotal	199,681	182,688
Interest and dividend income received	5,766	6,299
Interest expenses paid	(4,945)	(5,664)
Income taxes paid	(25,083)	(40,887)
Net cash provided by (used in) operating activities	175,418	142,436
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(48,342)	(40,765)
Proceeds from sales of property, plant and equipment	511	1,365
Purchase of investment securities	(98)	(2,464)
Proceeds from sales of investment securities	—	0
Purchase of shares of subsidiaries and associates	—	(108)
Purchase of investments in capital of subsidiaries and associates	—	(2,405)
Proceeds from transfer of business	—	368
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,800)	(12,068)
Payments for investments in capital of subsidiaries resulting in change in scope of consolidation	(22,452)	(495)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	705	—
Other, net	(1,777)	(2,403)
Net cash provided by (used in) investing activities	(77,254)	(58,976)

(Millions of yen)

	First Six Months of FY2016 (April 1, 2016, to September 30, 2016)	First Six Months of FY2017 (April 1, 2017, to September 30, 2017)
III. Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	9,813	36,152
Proceeds from long-term loans payable	39,030	7
Repayments of long-term loans payable	(30,276)	(55,154)
Proceeds from issuance of bonds	9,946	—
Redemption of bonds	(30,000)	—
Cash dividends paid	(18,982)	(20,466)
Dividends paid to non-controlling interests	(121)	(258)
Proceeds from share issuance to non-controlling shareholders	233	—
Other, net	(132)	(975)
Net cash provided by (used in) financing activities	(20,489)	(40,695)
IV. Effect of exchange rate change on cash and cash equivalents	(37,230)	14,707
V. Net increase (decrease) in cash and cash equivalents	40,443	57,472
VI. Cash and cash equivalents at beginning of period	291,205	344,093
VII. Cash and cash equivalents at end of period	331,649	401,566

(4) Notes to Consolidated Financial Statements

Notes on the Premises of the Company as a "Going Concern"

None applicable

Notes on Significant Changes in Shareholders' Equity

None applicable

Adoption of Accounting Treatment Specific to Quarterly Consolidated Financial Statement Preparation

[Calculation of tax expenses]

The Company and some of its consolidated subsidiaries, reasonably estimate the effective income tax rate after the adoption of tax-effect accounting for profit before income taxes for the consolidated fiscal year ending March 31, 2018, and multiply profit before income taxes for the reporting period by the estimated effective tax rate. However, if as a result of the computation using the estimated effective income tax rate lacks rationality to a remarkable extent, the Company adopts the method of using the legal effective tax rate.

Segment Information, etc.

I. For the six months ended September 30, 2016 (From April 1, 2016, to September 30, 2016)

1. Information on net sales and profit or loss amounts by reported segment

(Millions of yen)

	Reported segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded on Consolidated Statement of Income (Note 3)
	Air-Conditioning and Refrigeration Equipment	Chemicals	Subtotal				
Net sales							
Sales to outside customers	950,946	72,544	1,023,490	21,328	1,044,818	—	1,044,818
Intersegment sales	154	6,618	6,773	263	7,036	(7,036)	—
Total	951,101	79,162	1,030,263	21,591	1,051,855	(7,036)	1,044,818
Segment profit	131,712	7,261	138,974	1,397	140,371	12	140,384

Notes: 1. The "Others" segment is a business segment not included in reported segments. It includes the oil hydraulic equipment business, the defense systems-related product business, and the electronics business.
2. The adjustment of ¥12 million to segment profit comprises the elimination of intersegment transactions.
3. Segment profit is adjusted with operating profit in the Consolidated Statement of Income.

2. Information related to impairment loss of non-current assets and goodwill by reported segment

(Significant impairment loss of non-current assets)

None applicable

(Significant change in goodwill amount)

None applicable

(Significant gain on bargain purchase)

None applicable

II. For the six months ended September 30, 2017 (From April 1, 2017, to September 30, 2017)

1. Information on net sales and profit or loss amounts by reported segment

(Millions of yen)

	Reported segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded on Consolidated Statement of Income (Note 3)
	Air-Conditioning and Refrigeration Equipment	Chemicals	Subtotal				
Net sales							
Sales to outside customers	1,065,541	86,593	1,152,134	22,396	1,174,531	—	1,174,531
Intersegment sales	364	8,210	8,575	214	8,789	(8,789)	—
Total	1,065,906	94,803	1,160,710	22,610	1,183,321	(8,789)	1,174,531
Segment profit	135,020	12,369	147,390	1,678	149,068	4	149,072

Notes: 1. The “Others” segment is a business segment not included in reported segments. It includes the oil hydraulic equipment business, the defense systems-related product business, and the electronics business.
2. The adjustment of ¥4 million to segment profit comprises the elimination of intersegment transactions.
3. Segment profit is adjusted with operating profit in the Consolidated Statement of Income.

2. Information related to impairment loss of non-current assets and goodwill by reported segment

(Significant impairment loss of non-current assets)

None applicable

(Significant change in goodwill amount)

None applicable

(Significant gain on bargain purchase)

None applicable