<Translation>

Member, Financial Accounting Standards Foundation

Brief Report on the Settlement of Accounts (Consolidated) for the Three Months Ended June 30, 2018 (J-GAAP)

August 7, 2018

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: August 8, 2018
Planned date of start of dividend payment: —
Preparation of supplementary explanatory materials for the settlement of accounts for the first quarter: Yes
Holding briefings on the settlement of accounts for the first quarter: Yes (for institutional investors and analysts)

1. Consolidated Business Results for the Three Months Ended June 30, 2018
(From April 1, 2018, to June 30, 2018)

(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	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2018	656,796	12.0	83,119	11.7	85,466	14.0	59,629	16.9
June 30, 2017	586,637	9.6	74,429	4.6	74,981	6.4	50,994	3.8

Note: Comprehensive income was ¥59,559 million (-27.9%) for the three months ended June 30, 2018, and ¥82,582 million (— %) for the three months ended June 30, 2017.

	Earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2018	203.90	203.76
June 30, 2017	174.41	174.30

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	2,576,608	1,360,629	51.7
As of March 31, 2018	2,475,708	1,324,321	52.4

(Reference) Equity capital was ¥1,331,029 million as of June 30, 2018, and ¥1,296,553 million as of March 31, 2018.

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, 2018	—	65.00	—	75.00	140.00
Fiscal Year ending March 31, 2019	—				
Fiscal Year ending March 31, 2019 (forecast)		70.00	—	70.00	140.00

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

3. Consolidated Business Forecast for the Fiscal Year Ending March 31, 2019
(From April 1, 2018, to March 31, 2019)

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
First half	1,290,000	9.8	158,000	6.0	158,000	5.6	108,000	6.4	369.31
Full year	2,480,000	8.3	270,000	6.4	268,000	5.1	180,000	-4.8	615.52

Note: Revisions to the consolidated business forecast announced most recently: None

*Notes

(1) Changes in Significant Subsidiaries during the Three Months Ended June 30, 2018: 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 June 30, 2018 — 293,113,973 shares
  - As of March 31, 2018 — 293,113,973 shares
- (ii) Number of treasury shares at end of period
  - As of June 30, 2018 — 673,106 shares
  - As of March 31, 2018 — 677,039 shares
- (iii) Average number of shares outstanding during the three months
  - Three months ended June 30, 2018 — 292,438,891 shares
  - Three months ended June 30, 2017 — 292,387,554 shares

The Brief Report on the Settlement of Accounts is outside the scope of quarterly review by a certified public accountant or an audit corporation.

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

- For the notes on the use of the business forecast, 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 (conference call) for institutional investors and analysts on Tuesday, August 7, 2018. Documents and materials distributed in 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 three months ended June 30, 2018 (from April 1, 2018, to June 30, 2018), steady growth continued. The U.S. economy continued to expand due to the boost in personal consumption and capital investment from large tax cuts. The European economy was underpinned by recovery in personal consumption. Emerging economies continued to show stable overall growth, despite the risk of outflow of funds associated with the rise in U.S. interest rates. The Chinese economy also saw steady growth driven by firm personal consumption. Turning to the Japanese economy, the employment environment improved and personal consumption and capital investment continued on a recovery track.

In such a business environment, the Daikin Group launched the “Fusion 20 Latter-Half Three-Year Plan,” the Group’s strategic management plan that set fiscal 2020 as its final year, and has been making group-wide efforts to further expand net sales and profit. The Group worked to expand sales of major air-conditioning products in each region around the world, promote the Chemicals segment, and thoroughly reduce costs and expenses.

The Daikin Group’s net sales increased by 12.0% year over year to ¥656,796 million for the three months ended June 30, 2018. As for profits, operating profit increased by 11.7% to ¥83,119 million, ordinary profit increased by 14.0% to ¥85,466 million, and profit attributable to owners of parent increased by 16.9% to ¥59,629 million.

Operating 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 11.1% year over year to ¥595,089 million. Operating profit increased by 6.8% to ¥74,070 million.

In the Japanese commercial air-conditioning equipment market, industry demand rose year over year due to strong capital investment and new construction. The Daikin Group steadily captured market demand and expanded sales for air conditioners in the market for stores and offices with the “SkyAir Series,” including “Eco-ZEAS,” along with “machi Multi,” multi-split type room air conditioners that feature individual operation and a slim design, as its mainstay products. In the market for buildings, sales expanded for the “VRV Series” of multi-split type room air conditioners for buildings, backed by robust demand mainly for offices and factories. As a result, net sales of commercial air-conditioning systems increased year over year.

In the Japanese residential air-conditioning equipment market, industry demand increased year over year, mainly reflecting favorable weather conditions. In addition to “Urusara 7,” the top-of-the-line model equipped with unique Daikin technology such as a function that maintains humidity control for optimum comfort even after the room reaches the set temperature (the “Premium Cooling function”), the Daikin Group added to its lineup the new “risora” room air conditioner that combines design with functionality. Driven by robust performance of these mid-range and high-end models, net sales of residential air-conditioning systems 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 the success of sales strategies in addition to strong demand. Net sales of residential air-conditioning systems rose year over year as a result of efforts to develop a new sales network and to increase selling prices. Net sales grew year over year in the light commercial air-conditioning systems for medium-sized office buildings due to expanded sales of “VRV Series.” In the market for large buildings (Applied Systems), reinforcement of the sales network and enhancement of the product lineup led to sales expansion mainly for rooftops. In addition, expansion in the after sales service business, along with growth in the Central and South American business due to the acquisition of an air-conditioning engineering company in the region, led to an increase in net sales year over year.

In China, the Group expanded its sales network from the maturing big cities to the growing regional cities. Net sales increased year over year for all products as a result of capturing strong general consumption by strengthening retail sales amid a decline in large-scale real estate investment. The Group achieved increases in sales and profits by introducing differentiated products to maintain high selling prices and pursuing cost reductions, including a shift to internal production of parts and productivity enhancements, in response to the impact of a jump in prices in the market for raw materials. In the residential-use market, the Group focused on its own “PROSHOP” specialty shops and evolved the “New Life Multi Series” that incorporates differentiated features such as IoT functions and visualization of air quality to create new market needs. As a result, the Group expanded sales targeting the mid-range and high-end residential market. In the commercial-use market, the Group reinforced its product lineup for markets ranging from large buildings to stores and offices, focusing on “VRV Series.” The Group expanded inquires by developing seminars and ‘spec-in’ activities for architectural firms and developers throughout China based on its proposal capabilities corresponding to market needs. In the Applied Systems air-conditioning equipment market, the Group made efforts to increase sales of Applied Systems by conducting meticulous sales activities for small- to medium-scale projects and in the large spaces market, enhancing its product lineup, and expanding the maintenance business including after sales services and maintenance.

In Asia and Oceania, net sales rose year over year in the region as a whole. Sales of residential air-conditioning systems in Southeast Asia were strong due to development of dealers covering urban and regional areas, and net sales increased year over year. Net sales of commercial air-conditioning systems increased year over year mainly due to expansion of dealer networks and bolstering of 'spec-in' activities. In India, net sales grew year over year due to strong sales mainly for commercial air-conditioning systems.

In Europe, net sales increased year over year in the region as a whole. Net sales of residential air-conditioning systems increased year over year due to the effects of measures including reinforcement of our marketing capabilities in each country and sales promotion of the new R32 refrigerant. Net sales of heat pump hot water heating systems for residential use also grew year over year mainly due to reinforcement of our sales system and the launch of new products. The Group strengthened project management in each country and moved ahead with the introduction of new products in commercial air-conditioning systems. In addition, due to sales expansion of mid- to large-size commercial air-conditioning systems for stores, offices, and hotels, net sales grew year over year.

In the Middle East and Africa, as economic stagnation from the impact of geopolitical risks continued, net sales declined year over year due to a sales lull resulting from delays in installation progress of projects. In Turkey, sales of residential air-conditioning systems grew, supported by strong consumption, and net sales increased year over year.

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

(ii) Chemicals

Overall sales of the Chemicals segment increased by 20.9% year over year to ¥50,115 million and operating profit increased by 74.0% year over year to ¥7,963 million.

Overall sales of fluoropolymers rose substantially year over year due to sales of new products for LAN cable applications in the U.S. market and strong demand for semiconductor-related applications mainly in Japan, the Americas, and China. Net sales of fluoroelastomers also increased year over year due to robust demand in automotive fields in each region around the world.

Turning to oil and water repellents among specialty chemicals, net sales grew year over year due to firm demand in China and Europe. Sales of anti-fouling surface coating agents increased year over year as sales expansion in other regions covered sluggish demand in China. As a result of these factors, 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 undertaken primarily in Europe to address rising prices of raw materials and a tight supply-demand balance.

(iii) Other Divisions

Overall sales of the "Others" segment increased by 18.8% year over year to ¥11,590 million. Operating profit increased by 124.7% year over year to ¥1,083 million.

Sales of oil hydraulic equipment for industrial machinery grew year over year due to strong performance in the Japanese and U.S. markets. Sales of oil hydraulic equipment for construction machinery and vehicles were up year over year due to robust sales to key customers in Japan and the United States.

In defense systems-related products, orders for aircraft components were strong. Sales of home oxygen equipment were also robust, and net sales increased year over year.

In the electronics business, net sales grew year over year, as a result of strong sales of "SpaceFinder," a database system for design and development sectors in line with customer needs such as solutions for quality issues, shortened design and development periods, and support for cost reduction, and "Smart Innovator," a business application development system.

(2) Explanation of Financial Position

(i) Assets, Liabilities and Net Assets

Total assets increased by ¥100,900 million from the end of the previous fiscal year to ¥2,576,608 million. Current assets increased by ¥92,715 million from the end of the previous fiscal year to ¥1,298,009 million, mainly due to an increase in notes and accounts receivable – trade. Non-current assets increased by ¥8,185 million from the end of the previous fiscal year to ¥1,278,599 million, primarily due to an increase in buildings and structures.

Liabilities increased by ¥64,593 million from the end of the previous fiscal year to ¥1,215,979 million, mainly due to an increase in short-term loans payable. Interest bearing debt ratio rose to 22.8% from 22.4% at the end of the previous fiscal year.

Net assets increased by ¥36,307 million from the end of the previous fiscal year to ¥1,360,629 million, primarily due to an increase caused by posting of profit attributable to owners of parent.

(ii) Cash Flows

During the three months ended June 30, 2018, net cash provided by operating activities was ¥56,773 million, an increase of ¥22,565 million from the same period of the previous fiscal year, principally due to a decrease in the amount of increase in inventories. Net cash used in investing activities was ¥30,987 million, a decrease of ¥160 million from the same period of the previous fiscal year, primarily due to a decrease in purchase of property, plant and equipment. Net cash used in financing activities was ¥311 million, an increase of ¥13,502 million from the same period of the previous fiscal year, mainly due to an increase of repayments of 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 three months ended June 30, 2018, amounted to ¥21,110 million, an increase of ¥47 million from the same period of the previous fiscal year.

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

With regard to the outlook of the business environment surrounding the Group, factors such as the trade friction between the United States and China and a depreciation in emerging countries’ currencies are raising uncertainties. However, in order to achieve the targets of the “Fusion 20 Latter-Half Three-Year Plan,” which is the Group’s strategic management plan released in June 2018, the Group will overcome the negative impact of the rising raw materials market through continuous efforts such as expanding global sales in each region and proceeding with the reduction of overall costs, aiming to maintain the trend of increased sales and profits and striving for further growth and development in the medium to long term, by investing our assets strategically.

For the consolidated business forecast for the fiscal year ending March 31, 2019, the Group has not revised the business forecast announced on May 9, 2018.

(Reference) Consolidated Business Forecast for the Fiscal Year Ending March 31, 2019

(Millions of yen)

	First half	Full year
Net sales	1,290,000	2,480,000
Operating profit	158,000	270,000
Ordinary profit	158,000	268,000
Profit attributable to owners of parent	108,000	180,000

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2017 (As of March 31, 2018)	First Quarter of FY2018 (As of June 30, 2018)
Assets		
Current assets		
Cash and deposits	357,027	388,698
Notes and accounts receivable – trade	401,165	459,274
Merchandise and finished goods	264,866	261,649
Work in process	45,199	50,309
Raw materials and supplies	77,160	80,193
Other	68,709	67,219
Allowance for doubtful accounts	(8,834)	(9,334)
Total current assets	1,205,293	1,298,009
Non-current assets		
Property, plant and equipment	454,834	460,926
Intangible assets		
Goodwill	309,282	309,591
Other	206,777	211,952
Total intangible assets	516,059	521,543
Investments and other assets		
Investment securities	227,526	223,936
Other	72,806	73,001
Allowance for doubtful accounts	(812)	(808)
Total investments and other assets	299,520	296,129
Total non-current assets	1,270,414	1,278,599
Total assets	2,475,708	2,576,608
Liabilities		
Current liabilities		
Notes and accounts payable – trade	183,991	198,707
Short-term loans payable	45,530	73,704
Commercial papers	—	16,000
Current portion of long-term loans payable	76,988	77,956
Income taxes payable	21,496	22,403
Provision for product warranties	48,008	49,813
Other	227,315	237,554
Total current liabilities	603,331	676,141
Non-current liabilities		
Bonds payable	110,000	110,000
Long-term loans payable	311,051	298,256
Net defined benefit liability	10,551	10,404
Other	116,452	121,177
Total non-current liabilities	548,055	539,838
Total liabilities	1,151,386	1,215,979

(Millions of yen)

	FY2017 (As of March 31, 2018)	First Quarter of FY2018 (As of June 30, 2018)
Net assets		
Shareholders' equity		
Capital stock	85,032	85,032
Capital surplus	84,388	84,091
Retained earnings	987,546	1,024,141
Treasury shares	(2,894)	(2,878)
Total shareholders' equity	1,154,073	1,190,386
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	74,586	72,592
Deferred gains or losses on hedges	728	970
Foreign currency translation adjustment	72,834	72,421
Remeasurements of defined benefit plans	(5,668)	(5,341)
Total accumulated other comprehensive income	142,479	140,642
Share acquisition rights	1,510	1,508
Non-controlling interests	26,258	28,091
Total net assets	1,324,321	1,360,629
Total liabilities and net assets	2,475,708	2,576,608

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

(Consolidated Statement of Income)

For the Three Months Ended June 30 (Millions of yen)

	First Three Months of FY2017 (April 1, 2017, to June 30, 2017)	First Three Months of FY2018 (April 1, 2018, to June 30, 2018)
Net sales	586,637	656,796
Cost of sales	377,104	423,130
Gross profit	209,533	233,665
Selling, general and administrative expenses	135,104	150,546
Operating profit	74,429	83,119
Non-operating income		
Interest income	1,471	1,774
Dividend income	2,199	2,600
Share of profit of entities accounted for using equity method	58	658
Subsidy income	365	2,428
Other	435	775
Total non-operating income	4,531	8,237
Non-operating expenses		
Interest expenses	2,946	3,445
Foreign exchange losses	326	1,677
Other	706	767
Total non-operating expenses	3,979	5,890
Ordinary profit	74,981	85,466
Extraordinary income		
Gain on sales of land	32	—
Gain on sales of investment securities	0	40
Total extraordinary income	32	40
Extraordinary losses		
Loss on disposal of non-current assets	81	154
Loss on valuation of investment securities	0	270
Loss on disaster	—	354
Total extraordinary losses	81	779
Profit before income taxes	74,932	84,726
Income taxes	22,522	23,156
Profit	52,409	61,570
Profit attributable to non-controlling interests	1,414	1,941
Profit attributable to owners of parent	50,994	59,629

(Consolidated Statement of Comprehensive Income)

For the Three Months Ended June 30 (Millions of yen)

	First Three Months of FY2017 (April 1, 2017, to June 30, 2017)	First Three Months of FY2018 (April 1, 2018, to June 30, 2018)
Profit	52,409	61,570
Other comprehensive income		
Valuation difference on available-for-sale securities	13,187	(1,993)
Deferred gains or losses on hedges	(125)	242
Foreign currency translation adjustment	17,324	(200)
Remeasurements of defined benefit plans	41	327
Share of other comprehensive income of entities accounted for using equity method	(254)	(387)
Total other comprehensive income	30,173	(2,011)
Comprehensive income	82,582	59,559
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	80,919	57,792
Comprehensive income attributable to non-controlling interests	1,663	1,766

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	First Three Months of FY2017 (April 1, 2017, to June 30, 2017)	First Three Months of FY2018 (April 1, 2018, to June 30, 2018)
I. Cash flows from operating activities		
Profit before income taxes	74,932	84,726
Depreciation	16,107	17,626
Amortization of goodwill	7,203	7,541
Increase (decrease) in allowance for doubtful accounts	543	506
Interest and dividend income	(3,671)	(4,374)
Interest expenses	2,946	3,445
Share of loss (profit) of entities accounted for using equity method	(58)	(658)
Loss (gain) on disposal of non-current assets	81	154
Loss (gain) on sales of investment securities	(0)	(40)
Loss (gain) on valuation of investment securities	0	270
Decrease (increase) in notes and accounts receivable – trade	(36,298)	(57,100)
Decrease (increase) in inventories	(15,314)	(3,306)
Increase (decrease) in notes and accounts payable – trade	12,265	14,451
Increase (decrease) in net defined benefit liability	(72)	(18)
Decrease (increase) in net defined benefit asset	(166)	(113)
Other, net	(676)	10,969
Subtotal	57,820	74,083
Interest and dividend income received	4,213	4,890
Interest expenses paid	(3,208)	(3,792)
Income taxes paid	(24,617)	(18,408)
Net cash provided by (used in) operating activities	34,207	56,773
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(23,752)	(18,103)
Proceeds from sales of property, plant and equipment	1,277	116
Purchase of investment securities	(2,278)	(305)
Proceeds from sales of investment securities	0	46
Purchase of shares of subsidiaries and associates	(108)	—
Payments for investments in capital of subsidiaries and associates	(2,397)	—
Proceeds from transfer of business	291	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,800)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	21
Payments for investments in capital of subsidiaries resulting in change in scope of consolidation	(495)	(730)
Proceeds from merger	—	48
Decrease (increase) in time deposits	—	(10,891)
Other, net	(886)	(1,188)
Net cash provided by (used in) investing activities	(31,148)	(30,987)

(Millions of yen)

	First Three Months of FY2017 (April 1, 2017, to June 30, 2017)	First Three Months of FY2018 (April 1, 2018, to June 30, 2018)
III. Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	45,850	41,489
Repayments of long-term loans payable	(11,739)	(19,296)
Cash dividends paid	(20,466)	(21,933)
Dividends paid to non-controlling interests	(53)	(24)
Other, net	(399)	(546)
Net cash provided by (used in) financing activities	13,190	(311)
IV. Effect of exchange rate change on cash and cash equivalents	4,812	(4,362)
V. Net increase (decrease) in cash and cash equivalents	21,063	21,110
VI. Cash and cash equivalents at beginning of period	344,093	357,027
VII. Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	—	(66)
VIII. Cash and cash equivalents at end of period	365,157	378,071

(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, 2019, 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.

Additional Information

[Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.]

From the beginning of the three months ended June 30, 2018, the Daikin Group applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018). Accordingly, deferred tax assets are presented under investments and other assets, and deferred tax liabilities are presented under non-current liabilities.

Segment Information, etc.

I. For the three months ended June 30, 2017 (From April 1, 2017, to June 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	535,435	41,441	576,876	9,760	586,637	—	586,637
Intersegment sales	216	4,345	4,562	129	4,691	(4,691)	—
Total	535,651	45,787	581,439	9,889	591,329	(4,691)	586,637
Segment profit	69,368	4,576	73,944	482	74,426	2	74,429

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 ¥2 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 three months ended June 30, 2018 (From April 1, 2018, to June 30, 2018)

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	595,089	50,115	645,205	11,590	656,796	—	656,796
Intersegment sales	178	4,727	4,905	163	5,069	(5,069)	—
Total	595,267	54,843	650,110	11,754	661,865	(5,069)	656,796
Segment profit	74,070	7,963	82,033	1,083	83,117	2	83,119

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 ¥2 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