<Translation>

Member, Financial Accounting Standards Foundation

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

November 6, 2018

Name of Listed Company: **Daikin Industries, Ltd.** Listed on TSE
Code No.: 6367
(URL: https://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 7, 2018
Planned date of start of dividend payment: December 4, 2018
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, 2018

(From April 1, 2018, to September 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2018	1,299,027	10.6	160,624	7.7	162,862	8.8	112,816	11.1
September 30, 2017	1,174,531	12.4	149,072	6.2	149,684	7.1	101,500	5.3

Note: Comprehensive income was ¥134,126 million (-18.3%) for the six months ended September 30, 2018, and ¥164,249 million (— %) for the six months ended September 30, 2017.

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2018	385.76	385.48
September 30, 2017	347.13	346.90

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	2,587,665	1,433,009	54.2
As of March 31, 2018	2,475,708	1,324,321	52.4

(Reference) Equity capital was ¥1,403,488 million as of September 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	—	70.00			
Fiscal Year ending March 31, 2019 (forecast)			—	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
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 Six Months Ended September 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 September 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 September 30, 2018	634,126 shares
	As of March 31, 2018	677,039 shares
(iii)	Average number of shares outstanding during the six months	
	Six months ended September 30, 2018	292,450,875 shares
	Six months ended September 30, 2017	292,395,844 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 for institutional investors and analysts on Wednesday, November 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

The overall world economy in the six months ended September 30, 2018 (from April 1, 2018, to September 30, 2018), showed a moderate expansion. The U.S. economy continued to expand on the back of robust performance in both corporate and household sectors as a result of large tax cuts. The European economy made a moderate recovery, underpinned by firm capital investment. Emerging economies slowed down moderately, reflecting a depreciation in currencies stemming from a sharp depreciation of the Turkish lira. The Chinese economy maintained steady growth due to government measures to stimulate investment, despite concerns about the effects of the trade friction between the United States and China. The Japanese economy recovered moderately, backed by firm personal consumption and capital investment.

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 target year, and has been making group-wide efforts to further expand net sales and profit. The Group worked to expand sales in the Air-Conditioning segment and the Chemicals segment in each region around the world and thoroughly reduce costs and expenses, among other things.

The Daikin Group's net sales increased by 10.6% year over year to ¥1,299,027 million for the six months ended September 30, 2018. As for profits, operating profit increased by 7.7% to ¥160,624 million, ordinary profit increased by 8.8% to ¥162,862 million, and profit attributable to owners of parent increased by 11.1% to ¥112,816 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 10.0% year over year to ¥1,172,420 million. Operating profit increased by 4.0% to ¥140,453 million.

In the Japanese commercial air-conditioning equipment market, industry demand rose year over year due to strong capital investment and new construction. In the market for stores and offices, the Daikin Group expanded sales of the "SkyAir Series," including "FIVE STAR ZEAS" and "Eco-ZEAS," and "machi Multi," multi-split type room air conditioners that feature individual operation and a slim design. In the market for buildings and facilities, model changes to mainstay products of "VRV Series" were newly launched. Furthermore, backed by robust demand and the need for improvements in the work environment mainly for offices and factories, sales expanded for proposal-based new products that meet user applications, including "MULTI CUBE," which enables individual control of temperature and air volume even in a large space. 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, owing to the heat wave in the summer. In addition to "Urusara 7," a high-end model equipped with unique humidity control function (the "Premium Cooling function"), "risora," an air conditioner combining design with functionality that was newly added to the Daikin Group's lineup, showed robust performance. As a result, 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 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 throughout the country from the big cities to the regional cities. Net sales increased year over year for all products as a result of capturing strong personal consumption by strengthening retail sales, despite a decline in large-scale real estate investment. The Group achieved increases in sales and profits by introducing differentiated products, thoroughly implementing selling price measures, and pursuing cost reductions, including a shift to internal production and automation. In the residential-use market, the Group strengthened its proposal and installation capabilities with a focus on its own "PROSHOP" specialty shops. In the "New Life Multi Series," residential multi-split type room air conditioners, the Group enhanced its product lineup in response to mounting air quality 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 stores and offices to large buildings, focusing on "VRV Series." The Group carried out 'spec-in' activities for architectural firms and developers, and captured a wide range of markets from new construction to replacement. In the Applied Systems air-conditioning equipment market, the Group made efforts to increase sales of Applied Systems by conducting meticulous sales activities for projects ranging from large-scale projects to small- to medium-scale projects, enhancing its product lineup, and expanding the maintenance business including after sales services and repairs.

In Asia and Oceania, net sales rose year over year 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 as a whole. Net sales of residential air-conditioning systems increased year over year due to the effects of measures including reinforcement of the Group’s 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 grew substantially year over year mainly due to reinforcement of the Group’s sales system and the effects of new products that were introduced at the end of the previous fiscal year. As for commercial air-conditioning systems, the Group also expanded sales of mid- to large-size commercial air-conditioning systems for stores, offices, and hotels by strengthening project management of inquiries in each country and reinforcing ‘spec-in’ activities through an increase in visits to contractors and architectural firms. As a result, net sales grew year over year.

In the Middle East and Africa, reinforcement of project management of inquiries led to orders and sales, and in Turkey also, efforts were made to increase selling prices. As a result, net sales increased year over year in the local currency. On the other hand, yen-equivalent net sales remained flat year over year due to the impact of the sharp depreciation of the Turkish lira.

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 16.9% year over year to ¥101,240 million and operating profit increased by 42.5% year over year to ¥17,621 million.

Net sales of fluoropolymers rose year over year due to expansion of sales of new products for LAN cable applications in the U.S. market and strong demand for semiconductor-related applications in each region around the world. Net sales of fluoroelastomers also increased year over year due to robust demand in automotive fields in each region around the world, resulting in an increase in overall sales of fluoropolymers year over year.

Among specialty chemicals, net sales of anti-fouling surface coating agents fell year over year due to the significant effects of declining demand in China. Net sales of oil and water repellents grew year over year due to firm demand in China and Europe. 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 13.3% year over year to ¥25,366 million. Operating profit increased by 51.7% year over year to ¥2,545 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, net sales grew year over year as the delivery of ammunitions to the Ministry of Defense was partially moved up from the second half to the first half. Unit sales of home oxygen equipment also rose, 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 ¥111,957 million from the end of the previous fiscal year to ¥2,587,665 million. Current assets increased by ¥91,244 million from the end of the previous fiscal year to ¥1,296,538 million, mainly due to an increase in cash and deposits. Non-current assets increased by ¥20,712 million from the end of the previous fiscal year to ¥1,291,127 million, primarily due to an increase in buildings and structures.

Liabilities increased by ¥3,269 million from the end of the previous fiscal year to ¥1,154,656 million, mainly due to an increase in notes and accounts payable – trade. Interest bearing debt ratio fell to 20.3% from 22.4% at the end of the previous fiscal year.

Net assets increased by ¥108,687 million from the end of the previous fiscal year to ¥1,433,009 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, 2018, net cash provided by operating activities was ¥181,537 million, an increase of ¥39,100 million from the same period of the previous fiscal year, principally due to an increase in profit before income taxes. Net cash used in investing activities was ¥57,709 million, a decrease of ¥1,266 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 ¥71,530 million, an increase of ¥30,835 million from the same period of the previous fiscal year, mainly due to a decrease in the amount of increase in short-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, 2018, amounted to ¥50,435 million, a decrease of ¥7,036 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 business environment surrounding the Group from the third quarter onward, while a moderate expansion is expected to continue, mainly in the United States, uncertainties about the future are mounting due to factors such as the widening impact of the trade friction between the United States and China, a depreciation of the currencies and economic turmoil in emerging countries, and geopolitical risks in Europe and the Middle East. The Group will overcome the negative impact of factors such as the rising raw materials market, an increase in the burden of tariffs in the United States, and a depreciation in emerging countries' currencies, while investing its assets strategically to transform its business structure. To this end, we will further accelerate our efforts to enhance our sales and marketing capabilities and to reduce overall costs, which we have been pursuing up to now. Through these efforts, we will maintain the trend of increased sales and profits according to the Fusion 20 Latter-Half Three-Year Plan, the Group's strategic management plan.

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. The estimated exchange rate from the third quarter onward is based on the assumption that US$1 equals ¥108 and 1 euro equals ¥130.

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

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
2,480,000	270,000	268,000	180,000	615.52

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2017 (As of March 31, 2018)	Second Quarter of FY2018 (As of September 30, 2018)
Assets		
Current assets		
Cash and deposits	357,027	417,940
Notes and accounts receivable – trade	401,165	419,835
Merchandise and finished goods	264,866	262,065
Work in process	45,199	51,624
Raw materials and supplies	77,160	84,906
Other	68,709	69,453
Allowance for doubtful accounts	(8,834)	(9,287)
Total current assets	1,205,293	1,296,538
Non-current assets		
Property, plant and equipment	454,834	468,667
Intangible assets		
Goodwill	309,282	308,463
Other	206,777	215,137
Total intangible assets	516,059	523,601
Investments and other assets		
Investment securities	227,526	225,804
Other	72,806	74,450
Allowance for doubtful accounts	(812)	(1,396)
Total investments and other assets	299,520	298,858
Total non-current assets	1,270,414	1,291,127
Total assets	2,475,708	2,587,665
Liabilities		
Current liabilities		
Notes and accounts payable – trade	183,991	190,176
Short-term loans payable	45,530	51,510
Current portion of bonds	—	40,000
Current portion of long-term loans payable	76,988	53,426
Income taxes payable	21,496	25,046
Provision for product warranties	48,008	51,369
Other	227,315	237,811
Total current liabilities	603,331	649,341
Non-current liabilities		
Bonds payable	110,000	70,000
Long-term loans payable	311,051	298,539
Net defined benefit liability	10,551	10,467
Other	116,452	126,308
Total non-current liabilities	548,055	505,315
Total liabilities	1,151,386	1,154,656

(Millions of yen)

	FY2017 (As of March 31, 2018)	Second Quarter of FY2018 (As of September 30, 2018)
Net assets		
Shareholders' equity		
Capital stock	85,032	85,032
Capital surplus	84,388	83,592
Retained earnings	987,546	1,077,330
Treasury shares	(2,894)	(2,710)
Total shareholders' equity	1,154,073	1,243,244
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	74,586	73,783
Deferred gains or losses on hedges	728	1,434
Foreign currency translation adjustment	72,834	90,424
Remeasurements of defined benefit plans	(5,668)	(5,399)
Total accumulated other comprehensive income	142,479	160,243
Share acquisition rights	1,510	1,797
Non-controlling interests	26,258	27,723
Total net assets	1,324,321	1,433,009
Total liabilities and net assets	2,475,708	2,587,665

(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 FY2017 (April 1, 2017, to September 30, 2017)	First Six Months of FY2018 (April 1, 2018, to September 30, 2018)
Net sales	1,174,531	1,299,027
Cost of sales	756,743	838,953
Gross profit	417,787	460,074
Selling, general and administrative expenses	268,714	299,449
Operating profit	149,072	160,624
Non-operating income		
Interest income	3,286	3,301
Dividend income	2,508	3,030
Share of profit of entities accounted for using equity method	837	1,464
Foreign exchange gains	65	—
Other	2,208	4,336
Total non-operating income	8,906	12,132
Non-operating expenses		
Interest expenses	5,621	6,581
Foreign exchange losses	—	1,313
Other	2,674	1,999
Total non-operating expenses	8,295	9,894
Ordinary profit	149,684	162,862
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	239	415
Loss on valuation of investment securities	0	270
Loss on disaster	—	579
Total extraordinary losses	239	1,266
Profit before income taxes	149,476	161,636
Income taxes	44,910	45,111
Profit	104,566	116,525
Profit attributable to non-controlling interests	3,066	3,709
Profit attributable to owners of parent	101,500	112,816

(Consolidated Statement of Comprehensive Income)

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

	First Six Months of FY2017 (April 1, 2017, to September 30, 2017)	First Six Months of FY2018 (April 1, 2018, to September 30, 2018)
Profit	104,566	116,525
Other comprehensive income		
Valuation difference on available-for-sale securities	19,488	(801)
Deferred gains or losses on hedges	150	706
Foreign currency translation adjustment	40,035	18,045
Remeasurements of defined benefit plans	92	269
Share of other comprehensive income of entities accounted for using equity method	(84)	(619)
Total other comprehensive income	59,683	17,600
Comprehensive income	164,249	134,126
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	160,473	130,580
Comprehensive income attributable to non-controlling interests	3,775	3,545

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	First Six Months of FY2017 (April 1, 2017, to September 30, 2017)	First Six Months of FY2018 (April 1, 2018, to September 30, 2018)
I. Cash flows from operating activities		
Profit before income taxes	149,476	161,636
Depreciation	32,510	35,691
Amortization of goodwill	14,213	14,707
Increase (decrease) in allowance for doubtful accounts	633	921
Interest and dividend income	(5,795)	(6,331)
Interest expenses	5,621	6,581
Share of loss (profit) of entities accounted for using equity method	(837)	(1,464)
Loss (gain) on disposal of non-current assets	239	415
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	(11,241)	(11,337)
Decrease (increase) in inventories	(7,045)	(4,876)
Increase (decrease) in notes and accounts payable – trade	(557)	3,547
Increase (decrease) in net defined benefit liability	(91)	(121)
Decrease (increase) in net defined benefit asset	(144)	(223)
Other, net	5,706	16,934
Subtotal	182,688	216,311
Interest and dividend income received	6,299	6,767
Interest expenses paid	(5,664)	(6,210)
Income taxes paid	(40,887)	(35,330)
Net cash provided by (used in) operating activities	142,436	181,537
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(40,765)	(44,216)
Proceeds from sales of property, plant and equipment	1,365	263
Purchase of investment securities	(2,464)	(354)
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	(2,405)	—
Proceeds from transfer of business	368	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(12,068)	—
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	—	(10,898)
Other, net	(2,403)	(1,888)
Net cash provided by (used in) investing activities	(58,976)	(57,709)

(Millions of yen)

	First Six Months of FY2017 (April 1, 2017, to September 30, 2017)	First Six Months of FY2018 (April 1, 2018, to September 30, 2018)
III. Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	36,152	2,950
Proceeds from long-term loans payable	7	—
Repayments of long-term loans payable	(55,154)	(48,445)
Cash dividends paid	(20,466)	(21,933)
Dividends paid to non-controlling interests	(258)	(237)
Other, net	(975)	(3,864)
Net cash provided by (used in) financing activities	(40,695)	(71,530)
IV. Effect of exchange rate change on cash and cash equivalents	14,707	(1,861)
V. Net increase (decrease) in cash and cash equivalents	57,472	50,435
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	401,566	407,396

(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 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

II. For the six months ended September 30, 2018 (From April 1, 2018, to September 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	1,172,420	101,240	1,273,661	25,366	1,299,027	—	1,299,027
Intersegment sales	332	9,225	9,557	343	9,901	(9,901)	—
Total	1,172,752	110,466	1,283,218	25,710	1,308,929	(9,901)	1,299,027
Segment profit	140,453	17,621	158,074	2,545	160,620	4	160,624

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