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

August 8, 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: August 9, 2017
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, 2017

(From April 1, 2017, to June 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	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2017	586,637	9.6	74,429	4.6	74,981	6.4	50,994	3.8
June 30, 2016	535,467	1.1	71,165	17.4	70,461	14.5	49,143	32.2

Note: Comprehensive income was ¥82,582 million (—%) for the three months ended June 30, 2017, and ¥(60,807) million (—%) for the three months ended June 30, 2016.

	Earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2017	174.41	174.30
June 30, 2016	168.26	168.14

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	2,464,342	1,198,139	47.6
As of March 31, 2017	2,356,148	1,135,609	47.2

(Reference) Equity capital was ¥1,172,335 million as of June 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	—				
Fiscal Year ending March 31, 2018 (forecast)		65.00	—	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
First half	1,130,000	8.2	143,000	1.9	143,000	2.3	97,000	0.6	331.77
Full year	2,190,000	7.1	243,000	5.3	242,000	4.8	160,000	3.9	547.24

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

*Notes

(1) Changes in Significant Subsidiaries during the Three Months Ended June 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 June 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 June 30, 2017 709,678 shares
  - As of March 31, 2017 739,660 shares
- (iii) Average number of shares outstanding during the three months
  - Three months ended June 30, 2017 292,387,554 shares
  - Three months ended June 30, 2016 292,059,586 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

- 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 8, 2017. Documents and materials for this briefing will be posted on the Company's website soon after the announcement of business results.

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, 2017 (from April 1, 2017, to June 30, 2017), robust personal consumption and capital investment drove the U.S. economy. Even as the European economy maintained a moderate recovery, geopolitical risks and other factors remained to put downward pressure on the economy. The Chinese economy experienced a gradual slowdown. While the emerging economies showed signs of improving overall, downside economic risks remained due to fluctuations in the financial markets and foreign exchange. Turning to the Japanese economy, a moderate recovery continued, despite signs of weakness in some areas, and was backed by improvement in corporate earnings and an increase in exports.

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, 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 thoroughly reduce costs.

The Daikin Group’s net sales increased by 9.6% year over year to ¥586,637 million for the three months ended June 30, 2017. As for profits, operating profit increased by 4.6% to ¥74,429 million, ordinary profit increased by 6.4% to ¥74,981 million, and profit attributable to owners of parent increased by 3.8% to ¥50,994 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 8.9% year over year to ¥535,435 million. Operating profit increased by 1.2% to ¥69,368 million.

In the Japanese commercial air-conditioning equipment market, industry demand rose year over year, reflecting a recovery trend in capital investment and new construction. The Daikin Group captured demand for air conditioners for stores and offices, especially those of “FIVE STAR ZEAS” and “Eco-ZEAS” models, and net sales increased year over year.

In the Japanese residential air-conditioning equipment market, industry demand increased year over year in the first quarter due to favorable weather conditions in April and May, despite being down in June compared to the previous fiscal year which had experienced a heat wave. The Daikin Group utilized the brand power of its room air conditioner “Urusara 7,” an energy-saving, high value-added product, in an effort to expand sales especially for models in the high-price and mid-price range, and net sales exceeded that of the same period of the previous fiscal year.

In Europe, net sales were up year over year in the region as a whole. In contrast to the same period of the previous fiscal year for which demand was brisk from April, net sales of residential air-conditioning systems decreased year over year due to the delay until June for a rise in demand, partly owing to the impact of unseasonable weather and distribution inventory in the period under review. 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 in each country in Europe.

In the Middle East and Africa, net sales decreased year over year reflecting a decrease and delays, particularly for large-scale government projects, due to prolonged stagnation of crude oil prices and growing geopolitical risks. In Turkey, net sales increased substantially year over year in the local currency due to intensified sales activities mainly for small- to medium-scale projects. This was despite continued stagnation of the market stemming from political unrest and the subsequent decrease in overseas investment.

In China, as economic growth entered a period of stability, 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 a variety of 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 more enhanced product appeal, including energy-saving performance and design flexibility; enhanced advertising and ‘spec-in’ for architectural firms; and broadened the range of the target markets to extend from buildings to general stores and from new construction to replacement. As a result of these initiatives, net sales increased year over year. In the large-building (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. As a result, net sales grew year over year.

In Asia and Oceania, net sales of residential air-conditioning systems decreased year over year due to the effects of unseasonable weather in Southeast Asia; however, net sales of commercial air-conditioning systems 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. Net sales grew year over year in the Asia and Oceania region as a whole.

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. 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 due to the implementation of sales strategies for each route. In the market for 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 level of demand than the same period of the previous fiscal year as well as sales growth in the after sales service business.

In the marine vessels business, net sales fell year over year due to falling demand for air conditioners for marine vessels, despite growth in sales for marine container refrigeration units over the same period of the previous fiscal year.

(ii) Chemicals

Overall sales of the Chemicals segment increased by 18.4% year over year to ¥41,441 million. Operating profit increased by 96.1% year over year to ¥4,576 million.

Sales of fluoropolymers rose substantially year over year thanks to robust demand for semiconductor-related applications mainly in Japan, China, and the Americas, despite the decline in demand for LAN cable applications in the U.S. market. As for fluoroelastomers, sales increased 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 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 sharply year over year, reflecting a decrease in demand from major customers in China. Sales of etchant for cleaning semiconductors increased year over year due to sales growth in Japan and Asia where related demand was favorable. Overall sales of specialty chemicals were down 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 Japan and Europe, in addition to growth in sales for after sales service in the Americas.

(iii) Other Divisions

Overall sales of the “Others” segment rose by 8.5% year over year to ¥9,760 million. Operating profit increased by 76.5% year over year to ¥482 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 of ammunitions to the Ministry of Defense decreased significantly year over year due to a change in the timing of delivery. Sales of home oxygen equipment also declined year over year.

In the electronics business, despite progress made in inquiries mainly for database systems for design and development sectors and a recovery in IT investment, net sales decreased year over year.

(2) Explanation of Financial Position

(i) Assets, Liabilities and Net Assets

Total assets increased by ¥108,193 million from the end of the previous fiscal year to ¥2,464,342 million. Current assets increased by ¥89,348 million to ¥1,249,233 million, mainly due to an increase in notes and accounts receivable – trade. Non-current assets increased by ¥18,845 million to ¥1,215,109 million, primarily due to market value variation in investment securities.

Liabilities increased by ¥45,663 million from the end of the previous fiscal year to ¥1,266,203 million, mainly due to an increase in short-term loans payable. Interest bearing debt ratio rose to 26.1% from 25.9% at the end of the previous fiscal year.

Net assets increased by ¥62,530 million from the end of the previous fiscal year to ¥1,198,139 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, 2017, net cash provided by operating activities was ¥34,207 million, a decrease of ¥35,318 million from the same period of the previous fiscal year, principally due to an increase in income taxes paid. Net cash used in investing activities was ¥31,148 million, a decrease of ¥20,239 million from the same period of the previous fiscal year, primarily due to a decrease in payment for acquisition of consolidated subsidiaries. Net cash provided by financing activities was ¥13,190 million, a decrease of ¥34,376 million from the same period of the previous fiscal year, mainly due to a decrease 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 three months ended June 30, 2017, amounted to ¥21,063 million, a decrease of ¥12,139 million from the same period of the previous fiscal year.

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

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.

For the consolidated business forecast for the fiscal year ending March 31, 2018, the Group has not revised the business forecast announced on May 10, 2017.

(Reference) Consolidated Business Forecast for the Fiscal Year Ending March 31, 2018

(Millions of yen)

	First half	Full year
Net sales	1,130,000	2,190,000
Operating profit	143,000	243,000
Ordinary profit	143,000	242,000
Profit attributable to owners of parent	97,000	160,000

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2016 (As of March 31, 2017)	First Quarter of FY2017 (As of June 30, 2017)
Assets		
Current assets		
Cash and deposits	344,093	365,157
Notes and accounts receivable – trade	369,061	413,366
Merchandise and finished goods	249,487	258,187
Work in process	42,249	48,422
Raw materials and supplies	66,565	72,302
Other	96,642	100,823
Allowance for doubtful accounts	(8,216)	(9,026)
Total current assets	1,159,884	1,249,233
Non-current assets		
Property, plant and equipment	424,527	428,722
Intangible assets		
Goodwill	330,876	326,348
Other	206,087	205,712
Total intangible assets	536,963	532,060
Investments and other assets		
Investment securities	185,251	206,084
Other	50,258	49,025
Allowance for doubtful accounts	(735)	(783)
Total investments and other assets	234,773	254,326
Total non-current assets	1,196,264	1,215,109
Total assets	2,356,148	2,464,342
Liabilities		
Current liabilities		
Notes and accounts payable – trade	173,147	188,440
Short-term loans payable	57,699	81,333
Commercial papers	—	23,455
Current portion of bonds	10,000	10,000
Current portion of long-term loans payable	67,177	74,648
Income taxes payable	27,769	21,214
Provision for product warranties	49,750	51,610
Other	241,132	237,530
Total current liabilities	626,676	688,232
Non-current liabilities		
Bonds payable	110,000	110,000
Long-term loans payable	353,292	333,696
Net defined benefit liability	11,939	12,121
Other	118,631	122,152
Total non-current liabilities	593,863	577,970
Total liabilities	1,220,539	1,266,203

(Millions of yen)

	FY2016 (As of March 31, 2017)	First Quarter of FY2017 (As of June 30, 2017)
Net assets		
Shareholders' equity		
Capital stock	85,032	85,032
Capital surplus	84,544	84,663
Retained earnings	837,968	868,496
Treasury shares	(3,160)	(3,031)
Total shareholders' equity	1,004,385	1,035,160
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,041	66,229
Deferred gains or losses on hedges	(119)	(245)
Foreign currency translation adjustment	61,037	77,859
Remeasurements of defined benefit plans	(6,707)	(6,667)
Total accumulated other comprehensive income	107,251	137,175
Subscription rights to shares	1,079	1,029
Non-controlling interests	22,893	24,773
Total net assets	1,135,609	1,198,139
Total liabilities and net assets	2,356,148	2,464,342

(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 FY2016 (April 1, 2016, to June 30, 2016)	First Three Months of FY2017 (April 1, 2017, to June 30, 2017)
Net sales	535,467	586,637
Cost of sales	339,208	377,104
Gross profit	196,258	209,533
Selling, general and administrative expenses	125,093	135,104
Operating profit	71,165	74,429
Non-operating income		
Interest income	1,559	1,471
Dividend income	1,896	2,199
Share of profit of entities accounted for using equity method	—	58
Other	1,038	801
Total non-operating income	4,495	4,531
Non-operating expenses		
Interest expenses	2,767	2,946
Foreign exchange losses	1,654	326
Other	776	706
Total non-operating expenses	5,199	3,979
Ordinary profit	70,461	74,981
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	83	81
Loss on valuation of investment securities	5	0
Other	0	—
Total extraordinary losses	88	81
Profit before income taxes	70,426	74,932
Income taxes	19,696	22,522
Profit	50,730	52,409
Profit attributable to non-controlling interests	1,587	1,414
Profit attributable to owners of parent	49,143	50,994

(Consolidated Statement of Comprehensive Income)

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

	First Three Months of FY2016 (April 1, 2016, to June 30, 2016)	First Three Months of FY2017 (April 1, 2017, to June 30, 2017)
Profit	50,730	52,409
Other comprehensive income		
Valuation difference on available-for-sale securities	(12,726)	13,187
Deferred gains or losses on hedges	56	(125)
Foreign currency translation adjustment	(98,992)	17,324
Remeasurements of defined benefit plans	981	41
Share of other comprehensive income of entities accounted for using equity method	(856)	(254)
Total other comprehensive income	(111,537)	30,173
Comprehensive income	(60,807)	82,582
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(60,477)	80,919
Comprehensive income attributable to non-controlling interests	(329)	1,663

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	First Three Months of FY2016 (April 1, 2016, to June 30, 2016)	First Three Months of FY2017 (April 1, 2017, to June 30, 2017)
I. Cash flows from operating activities		
Profit before income taxes	70,426	74,932
Depreciation	14,228	16,107
Amortization of goodwill	6,210	7,203
Increase (decrease) in allowance for doubtful accounts	1,020	543
Interest and dividend income	(3,456)	(3,671)
Interest expenses	2,767	2,946
Share of (profit) loss of entities accounted for using equity method	85	(58)
Loss (gain) on disposal of non-current assets	83	81
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	(30,902)	(36,298)
Decrease (increase) in inventories	(3,512)	(15,314)
Increase (decrease) in notes and accounts payable – trade	11,709	12,265
Increase (decrease) in net defined benefit liability	(130)	(72)
Decrease (increase) in net defined benefit asset	(142)	(166)
Other, net	12,844	(676)
Subtotal	81,237	57,820
Interest and dividend income received	3,587	4,213
Interest expenses paid	(3,002)	(3,208)
Income taxes paid	(12,296)	(24,617)
Net cash provided by (used in) operating activities	69,526	34,207
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(28,382)	(23,752)
Proceeds from sales of property, plant and equipment	401	1,277
Purchase of investment securities	(33)	(2,278)
Proceeds from sales of investment securities	—	0
Purchase of shares of subsidiaries and associates	—	(108)
Purchase of investments in capital of subsidiaries and associates	—	(2,397)
Proceeds from transfer of business	—	291
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(2,800)
Payments for investments in capital of subsidiaries resulting in change in scope of consolidation	(22,642)	(495)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	705	—
Other, net	(1,436)	(886)
Net cash provided by (used in) investing activities	(51,387)	(31,148)

(Millions of yen)

	First Three Months of FY2016 (April 1, 2016, to June 30, 2016)	First Three Months of FY2017 (April 1, 2017, to June 30, 2017)
III. Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	92,351	45,850
Proceeds from long-term loans payable	3	—
Repayments of long-term loans payable	(25,524)	(11,739)
Cash dividends paid	(18,982)	(20,466)
Dividends paid to non-controlling interests	(17)	(53)
Proceeds from share issuance to non-controlling shareholders	233	—
Other, net	(495)	(399)
Net cash provided by (used in) financing activities	47,567	13,190
IV. Effect of exchange rate change on cash and cash equivalents	(32,502)	4,812
V. Net increase (decrease) in cash and cash equivalents	33,203	21,063
VI. Cash and cash equivalents at beginning of period	291,205	344,093
VII. Cash and cash equivalents at end of period	324,409	365,157

(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

I. For the three months ended June 30, 2016 (From April 1, 2016, to June 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	491,458	35,014	526,473	8,993	535,467	—	535,467
Intersegment sales	74	3,441	3,516	144	3,660	(3,660)	—
Total	491,533	38,455	529,989	9,138	539,127	(3,660)	535,467
Segment profit	68,549	2,333	70,882	273	71,155	10	71,165

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 ¥10 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, 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