



**Consolidated Financial Results**  
**for the First Six Months of the Fiscal Year Ending March 31, 2018 [J-GAAP]**

November 9, 2017

**Company Name:** Dai Nippon Printing Co., Ltd.  
**Stock exchange listing:** Tokyo  
**Stock code:** 7912 URL: <http://www.dnp.co.jp/>  
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**Securities report issuing date:** November 10, 2017  
**Dividend payment date:** December 8, 2017  
**Preparation of quarterly earnings presentation material:** No  
**Holding of quarterly earnings announcement:** No

(Amounts under one million yen have been rounded down.)

**1. Consolidated financial results for the first six months ended September 30, 2017**  
**(April 1, 2017 – September 30, 2017)**

**(1) Consolidated financial results**

(Percentages show change from corresponding year-ago period.)

	Net Sales		Operating Income		Ordinary Income		Net Income (Loss) Attributable to Parent Company Shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2017	687,498	(1.4)	16,947	45.2	19,106	32.7	(21,428)	—
Six months ended September 30, 2016	697,492	(3.5)	11,671	(42.3)	14,392	(42.4)	15,142	(18.3)

Note: Comprehensive income: For the first six months ended September 30, 2017: ¥14,539 million (–%)  
For the first six months ended September 30, 2016: ¥(8,130) million (–%)

	Net Income (Loss) per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2017	(70.44)	—
Six months ended September 30, 2016	48.75	48.74

Note: Dai Nippon Printing Co., Ltd. implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017. Accordingly, it has estimated net income per share and diluted net income per share assuming this share consolidation was implemented at the start of the previous consolidated fiscal year.

**(2) Consolidated financial position**

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of September 30, 2017	1,753,592	1,070,454	58.3
As of March 31, 2017	1,741,904	1,081,286	59.4

Note: Stockholders' equity: As of September 30, 2017: ¥1,022,318 million As of March 31, 2017: ¥1,033,864 million

## 2. Dividends

	Annual Dividends (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Year ended March 31, 2017	–	16.00	–	16.00	32.00
Year ending March 31, 2018	–	16.00			
Year ending March 31, 2018 (Forecasts)			–	32.00	–

Note: Revisions to the most recently announced dividend forecasts during the current quarter: No

Note: Dai Nippon Printing Co., Ltd. implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017. As a result, year-end dividends per share for the fiscal year ending March 2018 (forecast) shows dividends after the share consolidation, and total annual dividends shows “–”. Without the share consolidation, year-end dividends per share for the fiscal year ending March 2018 would be ¥16.00. For further details, see the section titled, “Explanation regarding appropriate use of earnings forecasts and other special notes.”

## 3. Consolidated earnings forecasts for the year ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages show change from corresponding year-ago period.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,420,000	0.7	35,000	11.4	40,000	8.9	26,000	3.1	85.81

Note: Revisions to the most recently announced earnings forecasts during the current quarter: No

Note: Net income per share in the consolidated earnings forecasts (full year) for the fiscal year ending March 31, 2018 is adjusted for the impact of the share consolidation. Without the share consolidation, net income per share in the consolidated earnings forecasts (full year) for the fiscal year ending March 2018 would be ¥42.91. For further details, see the section titled, “Explanation regarding appropriate use of earnings forecasts and other special notes.”

## Other information

(1) Changes in significant subsidiaries during the current quarter (changes in specified subsidiaries resulting in change of scope of consolidation): No

(2) Application of accounting procedures peculiar to quarterly consolidated financial statement preparation: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

- 1) Changes in accounting policies with revision of accounting standards: No
- 2) Changes in accounting policies other than the 1) above: No
- 3) Changes in accounting estimates: Yes
- 4) Restatement of revisions: No

Note: For further details, see the section titled, “2. Quarterly consolidated financial statements and key notes, (4) Notes regarding quarterly consolidated financial statements [Changes in accounting estimates],” on page 11.

(4) Number of common shares issued and outstanding

1) Number of common shares outstanding at end of each period (including treasury shares)	As of September 30, 2017	324,240,346 shares	As of March 31, 2017	331,740,346 shares
2) Number of treasury shares at end of each period	As of September 30, 2017	22,672,282 shares	As of March 31, 2017	24,143,555 shares
3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)	Six months ended September 30, 2017	304,198,786 shares	Six months ended September 30, 2016	310,629,621 shares

Note: Dai Nippon Printing Co., Ltd. implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017. Accordingly, it has estimated the number of common shares outstanding at end of each period, the number of treasury shares at end of each period, and average number of shares outstanding during the period assuming this share consolidation was implemented at the start of the previous

consolidated fiscal year.

\* These financial results are exempt from auditing.

\* Explanation regarding appropriate use of earnings forecasts and other special notes

1. Forward-looking statements in this report, including earnings forecasts, are based on assumptions about economic conditions, market trends, and other factors at the time the report was published. Actual results may differ significantly due to a variety of factors.

For information about earnings forecasts, see the section titled, "1. Qualitative information on the consolidated results for the current quarter (3) Explanation of the consolidated earnings forecasts," on page 4.

2. Dai Nippon Printing Co., Ltd. passed a resolution approving a share consolidation at the 123rd Ordinary General Meeting of Shareholders on June 29, 2017. It implemented a share consolidation, from two shares of common stock into one share, effective on October 1, 2017. Without the share consolidation, the dividend forecast and consolidated earnings forecast for the year ending March 31, 2018 would be as follows.

(1) Dividend forecast for the year ending March 31, 2018

Year-end dividends per share      ¥16.00

(2) Consolidated earnings forecast for the year ending March 31, 2018

Net income per share

Full year      ¥42.91

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## 1. Qualitative information on the consolidated results for the current quarter

### (1) Explanation of the consolidated financial results

Japan's economy continued to gradually recover during the first six months of the fiscal year ending March 2018, with corporate earnings and the employment environment improving, aided by the economic policies of the Japanese government, and capital expenditures showing some signs of picking up. However, the economy has still not reached a full-fledged recovery, affected by a lack of strength in consumer spending due to an engrained budget mindset among consumers and sluggish incomes, and by uncertain overseas economic conditions, including slower economic growth in China and emerging markets.

The printing industry faced a tough business environment, due partly to lower demand for printed media amid growth in e-books and online advertising, and an accompanying increase in competition.

Under these circumstances, the DNP Group (DNP), based on the DNP Group Vision 2015 and the four growth areas of "Knowledge and Communication," "Food and Healthcare," "Lifestyle and Mobility," and "Environment and Energy," focused on creating new value through P&I innovations as a combination of its strengths in printing and information and worked to expand its business. It also implemented structural reforms to bolster competitiveness, including the reorganization and consolidation of business divisions and group companies.

As a result, consolidated net sales for the first six months fell 1.4% year on year to ¥687.4 billion, consolidated operating income grew 45.2% to ¥16.9 billion, consolidated ordinary income grew 32.7% to ¥19.1 billion, and net income attributable to parent company shareholders swung to a loss of ¥21.4 billion (versus net income of ¥15.1 billion in the year-earlier period).

Business segment results are presented below.

#### **[PRINTING]**

##### **Information Communication**

In the Publishing business, amid a continued slump in the publication market, DNP pursued aggressive sales activities in Publishing & Media Services, but sales of books and magazines both decreased year on year. In the Education and Publications Distribution business, DNP focused on expanding business in the "honto" hybrid bookstore network that combines physical bookstores, online bookstores, and e-book services. Sales were favorable for online bookstores and e-books, and new accounts in library operations outsourcing services also increased. However, sales in the Education and Publications Distribution business decreased from the previous year as a result of switching BUNKYODO GROUP HOLDINGS CO., LTD. from a consolidated subsidiary to an equity-method affiliate due to the partial sale of its stock in October 2016. Overall sales in the Publishing business also decreased year on year.

In the Information Innovation business, sales decreased for advertising flyers, catalogs, and other printed media, but were strong for point-of-purchase promotional materials (POP) and other sales promotion tools. Moreover, sales were firm for Information Processing Services (IPS; handling data entry, printing, and shipment of personalized mail and other items), due partly to an increase in Business Process Outsourcing (BPO) centers that perform a wide range of operations for client companies, such as reception services for various applications and operation of consumer contact points. Sales were also favorable for smart cards for financial institutions and electronic money, and overall sales in the Information Innovation business increased from the previous year.

In the Imaging Communication business, DNP worked to provide high-value-added services that allow consumers to enjoy photo printing, including "ShaGoo!" automated commemorative photo booths and Imaging Mall as a cloud-based image sales solution. It also expanded Southeast Asian and North American sales of dye-sublimation thermal transfer printing media for photo printers (color ink ribbons and receiver paper). However, sales decreased in Japan

and Europe, and overall sales fell below the previous year.

As a result of the above, overall segment sales fell 4.2% year on year to ¥379.3 billion, but operating income grew 12.3% to ¥9.0 billion.

### **Lifestyle and Industrial Supplies**

In the Packaging business, sales were firm for plastic molded products and for systems including filling and packaging equipment. However, sales declined for paper and film packaging, and overall sales decreased from the previous year.

In the Living Spaces business, DNP focused on expanding sales of environmentally conscious products that use its proprietary electronic beam (EB) coating technology. Sales also increased for Arttec interior and exterior aluminum panels and for decorative films featuring sophisticated designs such as wood grains and metals along with realistic texture effects, both used in non-housing applications such as commercial facilities, offices, automobiles, and railway cars. As a result, overall sales increased from the previous year.

In the Industrial Supplies business, sales of lithium-ion battery components were favorable for both mobile and automotive applications, and overseas sales of photovoltaic module components increased. As a result, overall sales increased from the previous year.

As a result of the above, overall segment sales fell 0.0% year on year to ¥193.2 billion and operating income fell 25.3% to ¥5.2 billion.

### **Electronics**

In the Display Components business, sales of LCD color filters decreased in both small- and medium-sized filters for smartphones and tablets and large filters for TVs. However, sales were strong for metal masks used in the production of organic light-emitting diode (OLED) displays. Optical films had firm sales of mainstay anti-reflection films for LCDs and higher sales of films for OLED displays. As a result, overall sales increased from the previous year.

In the Electronic Devices business, semiconductor photomask sales increased from the previous year on uptake of domestic and overseas demand.

As a result of the above, overall segment sales grew 8.4% year on year to ¥90.9 billion and operating income grew 130.7% to ¥13.8 billion.

## **[BEVERAGES]**

### **Beverages**

The soft drink industry continued to experience tough competition among manufacturers. In this environment, DNP bolstered sales of core brands by releasing new products, and worked to expand market share in existing markets and acquire new customers while leveraging area marketing and operational expertise in the vending machine business.

As a result of these efforts, sales increased for the mainstay Coca-Cola brand and for unsweetened tea drinks including Ayataka. However, sales decreased to group bottlers outside the Hokkaido region. Mineral waters also declined. Overall segment sales fell 1.3% year on year to ¥26.5 billion and operating income fell 19.6% to ¥0.7 billion.

## **(2) Explanation of the consolidated financial position**

Total assets at the end of the second quarter increased by ¥11.6 billion from the end of the previous fiscal year to ¥1,753.5 billion, due mainly to an increase in investment securities.

Total liabilities increased by ¥22.5 billion from the end of the previous fiscal year to ¥683.1 billion, due mainly to an increase in repair reserves.

Net assets decreased by ¥10.8 billion from the end of the previous fiscal year to ¥1,070.4 billion, due mainly to a decrease in retained earnings.

As a result of the above, the equity ratio changed from 59.4% at the end of the previous fiscal year to 58.3%.

Consolidated cash flow provided by operating activities during the first six months totaled ¥22.0

billion, due mainly to ¥28.1 billion in loss before income taxes and non-controlling interests and ¥53.5 billion in repair reserve provisions.

Cash flow used in investing activities totaled ¥1.2 billion, due mainly to ¥8.3 billion in proceeds from sales of property, plant, and equipment, ¥8.0 billion in proceeds from sales of investment securities, and ¥18.4 billion in payments for purchases of property, plant and equipment. Cash flow used in financing activities totaled ¥38.9 billion, due mainly to an ¥8.9 billion decrease in debt, ¥15.0 billion for payments for purchases of treasury stock, and ¥10.1 billion in dividends paid.

As a result, cash and cash equivalents at the end of the second quarter totaled ¥197.4 billion, a decrease of ¥17.0 billion from the end of the previous fiscal year.

### **(3) Explanation of the consolidated earnings forecasts**

Our earnings forecasts for the fiscal year ending March 2018 are unchanged from the forecasts announced on May 12, 2017.

**2. Quarterly consolidated financial statements and key notes**  
**(1) Quarterly consolidated balance sheets**

(Million yen)

	As of March 31, 2017	As of September 30, 2017
<b>ASSETS</b>		
Current assets		
Cash and time deposits	210,454	193,987
Notes and trade receivables	341,805	337,604
Merchandise and finished products	84,286	84,962
Work in progress	29,130	33,148
Raw materials and supplies	23,896	23,503
Other	49,194	44,127
Allowance for doubtful accounts	(1,627)	(1,494)
Total current assets	737,140	715,838
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	206,196	203,026
Machinery and equipment, net	80,689	79,591
Land	155,114	153,525
Construction in progress	18,326	13,025
Other, net	36,839	36,805
Total property, plant and equipment	497,166	485,974
Intangible fixed assets		
Other	34,436	33,206
Total intangible fixed assets	34,436	33,206
Investments and other assets		
Investment securities	380,323	428,809
Other	96,894	93,378
Allowance for doubtful accounts	(4,057)	(3,614)
Total investments and other assets	473,160	518,573
Total fixed assets	1,004,763	1,037,753
<b>TOTAL ASSETS</b>	<b>1,741,904</b>	<b>1,753,592</b>



	As of March 31, 2017	As of September 30, 2017
<b>LIABILITIES</b>		
Current liabilities		
Notes and trade payables	247,562	241,270
Short-term bank loans	43,035	33,570
Reserve for bonuses	17,056	16,706
Repair reserve	18,679	25,685
Other	88,864	93,471
Total current liabilities	415,198	410,704
Long-term liabilities		
Bonds	109,640	107,520
Long-term debt	8,658	8,647
Repair reserve	–	27,911
Net defined benefit liability	35,149	36,058
Deferred tax liabilities	66,147	67,401
Other	25,823	24,894
Total long-term liabilities	245,418	272,433
<b>TOTAL LIABILITIES</b>	<b>660,617</b>	<b>683,137</b>
<b>NET ASSETS</b>		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,280	144,269
Retained earnings	695,720	642,706
Treasury stock	(69,636)	(62,897)
Total stockholders' equity	884,829	838,542
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	149,574	182,809
Net deferred gains (losses) on hedges	(2)	6
Foreign currency translation adjustments	(2,219)	(591)
Remeasurements of defined benefit plans	1,683	1,549
Total accumulated other comprehensive income	149,035	183,775
Non-controlling interests	47,422	48,136
<b>TOTAL NET ASSETS</b>	<b>1,081,286</b>	<b>1,070,454</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,741,904</b>	<b>1,753,592</b>

**(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income**

**Quarterly consolidated statements of income**  
**First six months of the fiscal years**

(Million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	697,492	687,498
Cost of sales	566,862	554,354
Gross profit	130,630	133,143
Selling, general and administrative expenses	118,958	116,195
Operating income	11,671	16,947
Non-operating income		
Interest and dividend income	3,931	3,551
Equity in earnings of affiliates	1,381	1,388
Other	3,074	2,597
Total non-operating income	8,387	7,537
Non-operating expense		
Interest expense	1,155	1,117
Foreign exchange transaction loss	1,309	415
Other	3,201	3,846
Total non-operating expenses	5,666	5,378
Ordinary income	14,392	19,106
Extraordinary gains		
Gain on sale of fixed assets	769	2,035
Gain on sale of investment securities	40,277	6,238
Other	136	132
Total extraordinary gains	41,183	8,407
Extraordinary losses		
Loss on sale or disposal of fixed assets	1,359	1,981
Repair costs and repair reserve provisions	30,218	53,500
Other	484	210
Total extraordinary losses	32,062	55,691
Income (Loss) before income taxes and non-controlling interests	23,514	(28,178)
Current income taxes	8,419	7,130
Deferred income taxes	(1,875)	(15,270)
Total income taxes	6,543	(8,139)
Net income (loss)	16,971	(20,038)
Net income attributable to non-controlling shareholders	1,828	1,390
Net income (loss) attributable to parent company shareholders	15,142	(21,428)

**Quarterly consolidated statements of comprehensive income**  
**First six months of the fiscal years**

(Million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net income (loss)	16,971	(20,038)
Other comprehensive income		
Valuation difference on available-for-sale securities	(11,709)	33,153
Net deferred gains on hedges	7	17
Foreign currency translation adjustments	(10,899)	236
Remeasurements of defined benefit plans	563	(641)
Share of other comprehensive income of affiliates accounted for using equity method	(3,064)	1,812
Total other comprehensive income	(25,101)	34,578
Comprehensive income	(8,130)	14,539
Attributable to:		
Parent company shareholders	(8,789)	13,311
Non-controlling shareholders	659	1,228

**(3) Quarterly consolidated statements of cash flows**

(Million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Income (Loss) before income taxes and non-controlling interests	23,514	(28,178)
Depreciation	30,078	29,145
Decrease of doubtful receivables, net	(385)	(622)
(Increase) Decrease of net defined benefit asset	149	(2,524)
Increase (Decrease) of net defined benefit liability	(665)	554
Equity in gains of affiliates	(1,381)	(1,388)
Amortization of consolidation goodwill, net	1,157	1,153
Interest and dividend income	(3,931)	(3,551)
Interest expense	1,155	1,117
Net gains on sales of investment securities	(40,180)	(6,179)
Net losses on devaluation of investment securities	94	109
Net (gains) losses on sales or disposal of fixed assets	619	(27)
Repair costs	5,793	—
Repair reserve provisions	24,424	53,500
Decrease in trade receivables	22,548	3,776
Increase in inventories	(4,904)	(4,143)
Decrease in trade payables	(9,985)	(7,282)
Other	7,045	9,572
Sub-total	55,148	45,030
Payments for repair costs	(9,883)	(18,583)
Payments for extra retirement payments	(104)	(26)
Payment of income taxes	(4,002)	(4,328)
Net cash provided by operating activities	41,158	22,092
Cash flows from investing activities		
Net increase in time deposits	(10,188)	(24)
Payments for purchases of property, plant and equipment	(27,395)	(18,410)
Proceeds from sales of property, plant and equipment	3,122	8,398
Payments for purchases of investment securities	(277)	(808)
Proceeds from sales of investment securities	46,170	8,023
Payments for purchase of intangible fixed assets	(6,073)	(4,931)
Interest and dividends received	6,043	5,247
Other	1,058	1,237
Net cash provided by (used in) investing activities	12,460	(1,266)

(Million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from financing activities		
Net decrease in short-term bank loans	(13,375)	(9,467)
Proceeds from long-term debt	6,380	2,650
Repayments of long-term debt	(4,940)	(2,103)
Payments for redemption of bonds	(495)	(120)
Payments for purchases of treasury stock	(15,016)	(15,025)
Payments for purchases of treasury stock of subsidiaries	(0)	(0)
Interest paid	(1,168)	(1,124)
Dividends paid	(10,063)	(9,853)
Dividends paid to non-controlling interests	(250)	(302)
Payments for purchase of stock in subsidiaries not resulting in change in scope of consolidation	–	(220)
Other	(1,806)	(3,361)
Net cash used in financing activities	(40,735)	(38,929)
Effect of exchange rate changes on cash and cash equivalents	(4,313)	838
Net increase (decrease) in cash and cash equivalents	8,569	(17,264)
Cash and cash equivalents at beginning of year	175,513	214,564
Increase in cash and cash equivalents resulting from the merger of non-consolidated subsidiaries	–	184
Cash and cash equivalents at end of period	184,082	197,483

#### **(4) Notes regarding quarterly consolidated financial statements**

##### **[Notes on premise of a going concern]**

None

##### **[Significant changes in shareholders' equity]**

Treasury stock increased by ¥15,025 million during the first six months of the current fiscal year, due mainly to share repurchases based on a resolution passed by the Board of Directors on May 12, 2017.

Additionally, retained earnings decreased by ¥21,763 million and treasury stock decreased by ¥21,763 million during the first six months of the current fiscal year due to the cancellation of treasury stock on May 26, 2017 based on a resolution passed by the Board of Directors on May 12, 2017.

##### **[Changes in accounting estimates]**

(Repair reserves)

DNP previously recorded repair reserves to cover the expected required repair costs for defects in some products, but because it was able to obtain new and more accurate information about the products subject to repair, it changed its estimate for the first six months of the fiscal year ending March 2018.

As a result, income before income taxes and non-controlling interests decreased by ¥53.5 billion for the first six months of the fiscal year ending March 2018.

**[Segment information, etc.]**

**I. First six months of previous fiscal year (April 1, 2016 – September 30, 2016)**

Information on sales and income/loss by reporting segment

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on quarterly consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	393,783	192,976	83,828	26,904	697,492	–	697,492
Inter-segment	2,383	285	–	25	2,694	(2,694)	–
Total	396,166	193,262	83,828	26,929	700,187	(2,694)	697,492
Segment income	8,071	7,033	5,991	897	21,994	(10,322)	11,671

Notes: 1. Segment income is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.

2. Segment income is adjusted to reflect operating income as reported on the quarterly consolidated statements of income.

**II. First six months of current fiscal year (April 1, 2017 – September 30, 2017)**

Information on sales and income/loss by reporting segment

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on quarterly consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	377,646	192,395	90,892	26,563	687,498	–	687,498
Inter-segment	1,734	856	9	5	2,605	(2,605)	–
Total	379,381	193,252	90,901	26,568	690,104	(2,605)	687,498
Segment income	9,063	5,256	13,821	721	28,863	(11,915)	16,947

Notes: 1. Segment income is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.

2. Segment income is adjusted to reflect operating income as reported on the quarterly consolidated statements of income.