Summary of Consolidated Financial Results [IFRS]
for the First Six Months of the Fiscal Year Ending March 31, 2019

November 7, 2018

Listed company name	:	Sysmex Corporation
Code	:	6869
Listed stock exchanges	:	Tokyo Stock Exchange
URL	:	www.sysmex.co.jp
Company representative	:	Hisashi Ietsugu, Chairman and CEO
Contact	:	Kensuke Iizuka, Executive Officer, Corporate Business Administration
Phone	:	078(265)-0500
Scheduled date for filing of quarterly report	:	November 13, 2018
Scheduled date for dividend payment	:	December 3, 2018
Preparation of supplementary material for quarterly earnings	:	Yes
Holding of earnings announcement	:	Yes

(Unit: Millions of Yen)

1. Results for the First Six Months of the Fiscal Year Ending March 31, 2019

(1) Operating results

(% changes as compared with the corresponding period of the previous fiscal year)

	Net Sales		Operating profit		Profit before tax		Profit	
Six months ended Sep. 30, 2018	136,194	3.9%	28,503	1.8%	26,411	(4.1)%	19,389	1.8%
Six months ended Sep. 30, 2017	131,107	10.4%	28,006	3.6%	27,548	10.0%	19,038	(18.7)%

	Profit attributable to owners of the parent		Total comprehensive income		Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Six months ended Sep. 30, 2018	19,473	1.5%	20,512	(18.8)%	93.36	93.19
Six months ended Sep. 30, 2017	19,193	(18.3)%	25,249	85.7%	92.18	91.96

(2) Financial condition

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent to total assets
As of Sep. 30, 2018	325,476	254,538	253,929	78.0%
As of Mar. 31, 2018	321,979	241,443	240,749	74.8%

2. Dividend

	Dividend per share				
	First quarter (Yen)	Second quarter (Yen)	Third quarter (Yen)	Year-end (Yen)	Annual (Yen)
Year ended Mar. 31, 2018	—	30.00	—	36.00	66.00
Year ending Mar. 31, 2019	—	34.00			
Year ending Mar. 31, 2019 (Forecast)			—	34.00	68.00

Note: Revision of dividends forecast for this period: No

3. Financial Forecast for the Year Ending March 31, 2019

(% changes as compared with the corresponding period of the previous fiscal year)

	Net Sales		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share (Yen)
Year ending Mar. 31, 2019	300,000	6.4%	59,000	(0.1)%	56,000	(3.6)%	39,500	0.7%	189.36

Note: Revision of business forecast for this period: Yes

4. Other Information

(1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation): No

(2) Changes in accounting policies and accounting estimates
- 1) Changes in accounting policies required by IFRS: Yes
- 2) Other changes in accounting policies: No
- 3) Changes in accounting estimates: No

(3) Number of outstanding stock (common stock)
- 1) Number of outstanding stock at the end of each fiscal period (including treasury stock):
  209,073,232 shares as of Sep. 30, 2018; 208,964,432 shares as of Mar. 31, 2018
- 2) Number of treasury stock at the end of each fiscal period:
  445,912 shares as of Sep. 30, 2018; 445,468 shares as of Mar. 31, 2018
- 3) Average number of outstanding stock for each period (cumulative):
  208,580,388 shares for the six months ended Sep. 30, 2018
  208,221,530 shares for the six months ended Sep. 30, 2017

Note: Quarterly summaries of financial results are excluded from quarterly reviews.

* Explanation regarding the appropriate use of financial forecast and other information
  1. The forecasts and future projections contained herein have been prepared on the basis of rational decisions given the information available as of the date of announcement of this document. These forecasts do not represent a commitment by the Company, and actual performance may differ substantially from forecasts for a variety of reasons. Please refer to "3) Consolidated financial forecast" within "1. Qualitative information on quarterly financial results" on page 5 of the attachment to this document for cautionary statements concerning the conditions and performance forecasts that serve as the basis for these forecasts.
  2. Supplementary financial materials (in Japanese and English) will be posted on the Sysmex website on Wednesday, November 7, 2018.

Content of Supplementary Materials

1. Qualitative information on quarterly financial results

1) Operating performance analysis

Future-related information contained in the text below is based on the judgement as of the end of the fiscal period under review.

During the first six months of the fiscal year ending March 31, 2019, the Japanese economy continued its modest recovery, buoyed by firm corporate capital investment and personal consumption. Overall, the overseas economy continued its gradual recovery, despite ongoing uncertainties, including trade friction stemming from US trade policies, European fiscal policy trends, concerns about economic deceleration in China and instability in the Middle East.

On the healthcare front, as Japan becomes the world's longest-lived society the call is growing for the development of healthcare technologies that will help maintain long and healthy lives. This trend is expected to contribute to ongoing expansion of the healthcare market. In the United States, reviews of the Affordable Care Act—introduced to reduce the number of people without medical insurance—are being prolonged, though their impact on the market is limited. In China, policies to curtail medical expenses are gaining momentum, but healthcare-related demand remains solid due to national strategy measures. We also expect new domains to open up as genetic analysis technologies are used on the healthcare front.

Under these conditions, Sysmex is building the Bio-Diagnostic Reagent Center in Seishin Industrial Park (Nishi-ku, Kobe) to handle the integrated process from research and development, procurement of substances, production to distribution of bio-diagnostic reagents. With a view to strengthening its business in the hemostasis, immunochemistry, life science and other fields, the Company aims to boost product competitiveness in bio-diagnostic reagents, diagnostic reagents using proteins and other substances making full use of state-of-the-art biotechnology, and provide a stable supply of these reagents. The center adjoins Technopark, our R&D hub and is slated to commence operations in April 2019.

Meanwhile, in North America (United States and Canada) we are responding to the business expansion. In July 2018, we opened a newly expanded support base in the United States that consolidates into a single location training functions targeting customers and Sysmex America's own technical staff. The new center has seven virtual learning studios, more than triple the previous number. As a result, the center can provide a large number of customers with rapid and efficient training services, so customers can use their products with confidence.

In addition, in the face of increasingly severe competition in the Chinese market, we are working to increase our share and expand our business in the hematology market. To this end, in September 2018 we launched the XS-500*ix* for the China market in the Automated Hematology Analyzer XS-Series. Adhering to the frameworks for ensuring high levels of quality and productivity that Sysmex has cultivated when manufacturing instruments in Japan, the instrument will be manufactured at the Jinan Factory (Jinan, Shandong, China) in order to provide a product that matches market characteristics. Going forward, we will continue working to put in place structures optimized for individual regions and augment our product and service lineup, thereby meeting customer needs and market characteristics. As a result, we will accelerate standardization and raise the efficiency of testing, thus contributing to advances in healthcare.

Net sales by destination

		Six months ended September 30, 2017		Six months ended September 30, 2018		YoY (Previous period = 100)
		Amount (Millions of yen)	Percentage of total (%)	Amount (Millions of yen)	Percentage of total (%)	
Japan		21,156	16.1	20,937	15.4	99.0
	Americas	30,180	23.0	31,413	23.1	104.1
	EMEA	34,210	26.1	36,004	26.4	105.2
	China	34,079	26.0	36,230	26.6	106.3
	Asia Pacific	11,480	8.8	11,608	8.5	101.1
Overseas subtotal		109,951	83.9	115,257	84.6	104.8
Total		131,107	100.0	136,194	100.0	103.9

In Japan, reagent sales increased, centered on the hematology, immunochemistry and life science fields, but overall sales fell, due to the dissolution of a joint venture, Sysmex bioMérieux Co., Ltd,. As a result, sales in Japan decreased 1.0% year on year, to ¥20,937 million.

In overseas markets, instrument sales were down, mainly in the hematology and hemostasis fields, but reagent sales increased in the hematology, hemostasis and life science fields. Consequently, overseas sales for the Sysmex Group rose 4.8% year on year, to ¥115,257 million. The overseas sales ratio rose 0.7 percentage point, to 84.6%.

As a result, during the first six months of the fiscal year ending March 31, 2019, the Group recorded consolidated net sales of ¥136,194 million, up 3.9% year on year. Operating profit rose 1.8%, to ¥28,503 million; profit before tax decreased 4.1%, to ¥26,411 million; and profit attributable to owners of the parent expanded 1.5%, to ¥19,473 million.

Performance by segment

(1) Japan

In Japan, sales of reagents increased, mainly in the hematology, immunochemistry and life science fields. However, the dissolution of a joint venture, Sysmex bioMérieux, had a negative impact on sales. Accordingly, sales in this segment dipped 0.1% year on year, to ¥22,281 million.

On the profit front, we worked to hold down SG&A expenses, but R&D expenses increased, leading to a 9.3% year-on-year decline in segment profit (operating profit), to ¥17,546 million.

(2) Americas

In North America, sales of reagents and maintenance services increased, mainly in the hematology field. Instrument sales also expanded in the hemostasis field, pushing up sales. In Central and South America, sales fell as instrument sales dropped, principally in the hematology field. Overall, sales in the Americas grew 2.2% year on year, to ¥29,254 million.

Segment profit (operating profit) fell 47.8% year on year, to ¥1,525 million, due to increases in payments of Group trademark royalties and SG&A expenses.

(3) EMEA

Sales of instruments and reagents increased mainly in the hematology field, and reagent sales also expanded in the life science field, causing sales in the segment to grow 6.6%, to ¥37,001 million.

Although SG&A expenses increased, higher sales and an improved cost of sales ratio prompted a 12.5% year-on-year rise in segment profit (operating profit), to ¥3,133 million.

(4) China

Despite lower instrument sales in the hematology and hemostasis fields, reagent sales increased in those fields, leading to a 6.2% year-on-year sales rise, to ¥36,174 million.

SG&A expenses grew, but the impact of higher sales and an improved cost of sales ratio led to an increase in gross profit and caused segment profit (operating profit) to surge 50.6% year on year, to ¥5,545 million.

(5) Asia Pacific

In Southeast Asia, sales in India and Bangladesh fell in comparison with the corresponding period of the previous year, when we benefited from government-tender projects. However, sales in Taiwan and South Korea grew, centered on the hematology field, leading to a 0.6% year-on-year rise in segment sales, to ¥11,482 million.

Although SG&A expenses increased, segment profit (operating profit) grew 27.8% year on year, to ¥1,463 million, due to the effects of an improved cost of sales ratio, which pushed up gross profit.

2) Financial conditions analysis

(1) Financial conditions

As of September 30, 2018, total assets amounted to ¥325,476 million, up ¥3,497 million from March 31, 2018. As principal factors, cash and cash equivalents fell ¥10,600 million, and trade and other receivables (current assets) declined ¥2,604 million. However, other short-term financial assets rose ¥7,834 million, property, plant and equipment grew ¥4,523 million, inventories expanded ¥2,412 million, and intangible assets increased ¥1,101 million.

Meanwhile, total liabilities as of September 30, 2018, were ¥70,938 million, down ¥9,598 million from their level on March 31, 2018. Principal factors included decreases of ¥4,018 million in trade and other payables, ¥1,913 million in income taxes payable, ¥1,336 million in accrued expenses and ¥1,186 million in accrued bonuses.

Total equity came to ¥254,538 million, up ¥13,095 million from March 31, 2018. Among principal reasons, retained earnings increased ¥11,722 million, and other components of equity rose ¥1,123 million. Equity attributable to owners of the parent to total assets as of September 30, 2018, was 78.0%, up 3.2 percentage points from the 74.8% recorded as of March 31, 2018.

(2) Cash flows

As of September 30, 2018, cash and cash equivalents amounted to ¥50,844 million, down ¥10,600 million from March 31, 2018.

Cash flows from various activities during the first six months of the fiscal year are described in more detail below.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥19,426 million, down ¥4,211 million from the first six months of the preceding fiscal year. As principal factors, profit before tax provided ¥26,411 million (¥1,137 million less than in the corresponding period of the preceding year), depreciation and amortization provided ¥7,620 million (up ¥477 million), a decrease in trade receivables provided ¥3,014 million (used ¥890 million in the corresponding period of the previous year), an increase in inventories used ¥1,870 million (down ¥2,995 million), a decrease in trade payables used ¥2,920 million (provided ¥3,218 million in the corresponding period of the previous year), a decrease in accounts payable–other used ¥1,500 million (up ¥633 million), and income taxes paid used ¥9,341 million (up ¥4,031 million).

(Cash flows from investing activities)

Net cash used in investing activities was ¥22,729 million (up ¥983 million). Among major factors, purchases of property, plant and equipment used ¥9,425 million (up ¥3,862 million from the corresponding period of the previous fiscal year), purchases of intangible assets used ¥4,062 million (down ¥731 million), purchases of investments in equity instruments used ¥1,007 million (down ¥707 million) and payments into time deposits used ¥7,565 million (up ¥7,544 million).

(Cash flows from financing activities)

Net cash used in financing activities was ¥7,253 million (up ¥1,142 million). This was mainly due to dividends paid of ¥7,506 million (up ¥1,261 million).

3) Consolidated financial forecast

For the Company's consolidated financial forecast for the full fiscal year, please refer to the Announcement Regarding Differences between Actual and Forecast Figures for the Six Months Ended September 30, 2018, and Revision of Full-Year Financial Forecasts, announced today (November 7, 2018).

2. Condensed quarterly consolidated financial statements and notes

1) Condensed quarterly consolidated statement of financial position

(Unit: Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and cash equivalents	61,444	50,844
Trade and other receivables	72,567	69,962
Inventories	40,975	43,388
Other short-term financial assets	214	8,048
Income taxes receivables	619	636
Other current assets	9,131	8,437
Total current assets	184,952	181,318
Non-current assets		
Property, plant and equipment	67,651	72,174
Goodwill	12,251	12,335
Intangible assets	29,765	30,866
Investments accounted for using the equity method	411	734
Trade and other receivables	10,882	11,812
Other long-term financial assets	7,486	7,500
Asset for retirement benefits	802	784
Other non-current assets	2,343	2,566
Deferred tax assets	5,432	5,382
Total non-current assets	137,027	144,158
Total assets	321,979	325,476

(Unit: Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	28,579	24,560
Other short-term financial liabilities	690	906
Income taxes payable	7,717	5,803
Provisions	614	632
Contract liabilities	—	9,768
Advances received	4,588	—
Accrued expenses	10,632	9,295
Accrued bonuses	7,474	6,287
Other current liabilities	10,501	4,125
Total current liabilities	70,796	61,381
Non-current liabilities		
Long-term financial liabilities	712	646
Liability for retirement benefits	731	815
Provisions	202	205
Other non-current liabilities	2,652	3,008
Deferred tax liabilities	5,439	4,881
Total non-current liabilities	9,739	9,556
Total liabilities	80,536	70,938
Equity		
Equity attributable to owners of the parent		
Capital stock	12,276	12,492
Capital surplus	17,664	17,786
Retained earnings	214,952	226,675
Treasury stock	(295)	(300)
Other components of equity	(3,847)	(2,724)
Total equity attributable to owners of the parent	240,749	253,929
Non-controlling interests	693	609
Total equity	241,443	254,538
Total liabilities and equity	321,979	325,476

2) Condensed quarterly consolidated statement of income

(Unit: Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	131,107	136,194
Cost of sales	56,597	59,663
Gross profit	74,510	76,531
Selling, general and administrative expenses	38,981	39,788
Research and development expenses	7,678	8,763
Other operating income	228	707
Other operating expenses	71	183
Operating profit	28,006	28,503
Financial income	135	188
Financial expenses	118	286
Share of profit (loss) of associates accounted for using the equity method	(275)	(680)
Foreign exchange gain (loss)	(198)	(1,313)
Profit before tax	27,548	26,411
Income taxes expenses	8,510	7,021
Profit	19,038	19,389
Profit attributable to		
Owners of the parent	19,193	19,473
Non-controlling interests	(155)	(84)
Profit	19,038	19,389

(Unit: Yen)

Earnings per share		
Basic	92.18	93.36
Diluted	91.96	93.19

3) Condensed quarterly consolidated statement of other comprehensive income

(Unit: Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	19,038	19,389
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net gain (loss) on financial assets measured at fair value through other comprehensive income	239	7
Total	239	7
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	5,972	1,112
Share of other comprehensive income of investments accounted for using the equity method	0	3
Total	5,972	1,116
Total other comprehensive income	6,211	1,123
Comprehensive income	25,249	20,512
Comprehensive income attributable to		
Owners of the parent	25,404	20,597
Non-controlling interests	(155)	(84)
Comprehensive income	25,249	20,512

4) Condensed quarterly consolidated statement of changes in equity

Six months ended September 30, 2017

(Unit: Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
As of April 1, 2017	11,611	17,303	188,506	(289)	(7,725)	209,406	845	210,252
Cumulative effects of changes in accounting policies			—			—		—
Restated balance	11,611	17,303	188,506	(289)	(7,725)	209,406	845	210,252
Profit			19,193			19,193	(155)	19,038
Other comprehensive income					6,211	6,211	0	6,211
Comprehensive income	—	—	19,193	—	6,211	25,404	(155)	25,249
Exercise of warrants	154	86				240		240
Cash dividends			(6,245)			(6,245)		(6,245)
Purchase of treasury stock				(2)		(2)		(2)
Equity transactions with non-controlling interests		(11)				(11)	(6)	(18)
Total transactions with the owners	154	74	(6,245)	(2)	—	(6,018)	(6)	(6,025)
As of September 30, 2017	11,766	17,378	201,454	(291)	(1,514)	228,793	684	229,477

Six months ended September 30, 2018

(Unit: Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
As of April 1, 2018	12,276	17,664	214,952	(295)	(3,847)	240,749	693	241,443
Cumulative effects of changes in accounting policies			(244)			(244)		(244)
Restated balance	12,276	17,664	214,707	(295)	(3,847)	240,504	693	241,198
Profit			19,473			19,473	(84)	19,389
Other comprehensive income					1,123	1,123	0	1,123
Comprehensive income	—	—	19,473	—	1,123	20,597	(84)	20,512
Exercise of warrants	216	121				338		338
Cash dividends			(7,506)			(7,506)		(7,506)
Purchase of treasury stock				(4)		(4)		(4)
Equity transactions with non-controlling interests		—				—	—	—
Total transactions with the owners	216	121	(7,506)	(4)	—	(7,172)	—	(7,172)
As of September 30, 2018	12,492	17,786	226,675	(300)	(2,724)	253,929	609	254,538

5) Condensed quarterly consolidated statement of cash flows

(Unit: Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before tax	27,548	26,411
Depreciation and amortization	7,142	7,620
Decrease (increase) in trade receivable	(890)	3,014
Decrease (increase) in inventories	(4,866)	(1,870)
Increase (decrease) in trade payable	3,218	(2,920)
Decrease/increase in consumption taxes receivable/payable	1,093	255
Increase (decrease) in accounts payable–other	(866)	(1,500)
Increase (decrease) in advances received	(120)	—
Increase (decrease) in contract liabilities	—	(721)
Increase (decrease) in accrued bonuses	(768)	(1,267)
Other	(2,622)	(370)
Subtotal	28,868	28,650
Interest and dividend received	120	140
Interest paid	(40)	(22)
Income taxes paid	(5,309)	(9,341)
Net cash provided by (used in) operating activities	23,638	19,426
Cash flows from investing activities		
Purchases of property, plant and equipment	(5,563)	(9,425)
Purchases of intangible assets	(4,794)	(4,062)
Purchases of investments in equity instruments	(1,715)	(1,007)
Acquisitions of subsidiaries or other businesses	(9,469)	(20)
Payments into time deposits	(20)	(7,565)
Other	(181)	(646)
Net cash provided by (used in) investing activities	(21,746)	(22,729)
Cash flows from financing activities		
Dividends paid	(6,245)	(7,506)
Other	134	253
Net cash provided by (used in) financing activities	(6,110)	(7,253)
Effects of exchange rate changes on cash and cash equivalents	1,342	(44)
Net increase (decrease) in cash and cash equivalents	(2,875)	(10,600)
Cash and cash equivalents at the beginning of the term	57,944	61,444
Cash and cash equivalents at the end of the term	55,068	50,844

6) Notes to the condensed quarterly consolidated financial statements

1. Notes related to the going concern assumption

   Not applicable

2. Changes in accounting policies

The Company has applied IFRS 15, "Revenue from Contracts with Customers," from the first three months of the fiscal year ending March 31, 2019. Of the transitional measures accepted for application of IFRS 15, the Company has adopted the method of recognizing the cumulative effect of application from the date the standard was applied.

In line with the application of IFRS 15, the Company recognizes revenue based on the following five-step approach.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the Company satisfies a performance obligation

The Sysmex Group engages in the sale of IVD instruments and reagents and the provision of related services. Based on the five-step approach outlined above, in accordance with the details of contracts with customers, we enter into contracts and identify multiple performance obligations. Transaction prices are determined on the basis of consideration agreed upon in contracts with customers, less discounts and rebates. Transaction prices determined in this manner are allocated to the performance obligations, and revenue is recognized. Certain of these contracts are transactions comprising multiple elements, including instruments, reagents and maintenance services.

(1) Sales of instruments and reagents

We recognize revenue from the sale of instruments and reagents based on the details of contracts with customers, when the customer obtains control of such products and performance obligations are deemed to have been satisfied. Specifically, revenue is recognized when the rights of ownership and the risks thereof are transferred from the Sysmex Group to the customer, either on the shipping date, at the time of transfer to the customer or at the time of customer inspection and acceptance.

(2) Maintenance service

Maintenance services mainly involve the provision of services on products for a certain period of time. As the control of these maintenance services is transferred over a defined period, revenue is recognized when performance obligations are satisfied over a defined period.

Revenue from maintenance services on products is primarily recognized through a calculation based on the percentage of the total volume of goods or services transferred (output method). If consideration is received from a customer before performance obligations are satisfied, this consideration is recognized as a contract liability.

Consideration related to the provision of these product sales and services is generally received within one year from the point revenue is recognized, so does not include a significant financial element.

Revising the recognition of revenue to be based on the five-step approach described above has resulted mainly in differences in the allocation of transaction prices for individual performance obligations under contract identification and multiple-element transactions. Differences between this revenue and revenue recognized on the basis of previous accounting standards is presented in trade and other receivables or contract liabilities.

As a result, compared with the previously applied accounting standards, trade and other receivables (current assets) decreased ¥285 million, contract liabilities increased ¥91 million, deferred tax assets fell by ¥56 million, deferred tax liabilities declined by ¥189 million, and retained earnings fell ¥244 million in the condensed quarterly consolidated statement of financial position at the beginning of the three-month period.

Compared with the previously applied accounting standards, in the condensed quarterly consolidated statements of income sales were down by ¥126 million, operating profit and profit before tax were both down ¥126 million, and profit was down ¥114 million.

In addition, at the end of the six-month period under review, trade and other receivables (current assets) were down ¥320 million, contract liabilities were up ¥182 million, deferred tax assets were down ¥51 million, deferred tax liabilities were down ¥196 million, and retained earnings were down ¥359 million.

With the application of IFRS 15, from the three-month period deferred revenue previously presented under advances received and other current liabilities is presented as contract liabilities under current liabilities.

As a result, compared with the previously applied accounting standards, advances received were down ¥4,588 million in the condensed quarterly consolidated statement of financial position at the beginning of the first three months of the fiscal year ending March 31, 2019, and down ¥3,868 million at the end of the first six months of the fiscal year. The corresponding figures for other current liabilities were down ¥5,697 million and ¥5,718 million.

3. Segment information

1) Overview of reportable segments

The Group's reportable segments are the constituent business units of the Group for which separate financial data are available and that are examined on a regular basis for the purpose of enabling the Managing Board to allocate managerial resources and evaluate results of operations.

The Group is primarily engaged in the manufacture and sale of diagnostic instruments and reagents. These businesses are conducted in Japan by the Company, and in the Americas, EMEA, China and the Asia Pacific by regional headquarters established in those regions. These companies formulate overarching strategies tailored to regional characteristics and conduct business activities accordingly. Regional headquarters and other domestic and overseas subsidiaries are independent management units that handle production and sales for each region.

Accordingly, the Group has five reportable segments comprising geographical segments based on manufacturing and sales systems. These are "Japan," the "Americas," "EMEA," "China," and the "Asia Pacific."

2) Segment profit and operating results

Profit and operating results from continuing operations by reportable segment of the Group are as follows;

Intersegment sales are determined based on market prices or costs of goods manufactured.

Accounting policies of reporting segments are consistent with the Group's accounting policies noted in the "2. Changes in accounting policies."

Six months ended September 30, 2017

(Unit: Millions of yen)

	Reportable segment						Adjustments (Note 1)	Consolidated (Note 2)
	Japan	Americas	EMEA	China	Asia Pacific	Total		
Sales								
Sales to external customers	22,312	28,617	34,713	34,047	11,416	131,107	–	131,107
Intersegment sales	49,693	187	1,134	11	2	51,029	(51,029)	–
Total	72,006	28,804	35,847	34,059	11,418	182,137	(51,029)	131,107
Segment profit	19,337	2,921	2,784	3,683	1,145	29,872	(1,865)	28,006
Financial income	–	–	–	–	–	–	–	135
Financial expenses	–	–	–	–	–	–	–	118
Share of profit (loss) of associates accounted for using the equity method	–	–	–	–	–	–	–	(275)
Foreign exchange gain (loss)	–	–	–	–	–	–	–	(198)
Profit before tax	–	–	–	–	–	–	–	27,548
Income taxes expenses	–	–	–	–	–	–	–	8,510
Profit	–	–	–	–	–	–	–	19,038

Notes:

1. Segment profit adjustments of negative ¥1,865 million include negative ¥4 million for the elimination of intersegment transfers, negative ¥1,902 million for the unrealized gains on inventories and ¥45 million for the unrealized gains on non-current assets.
2. Segment profit is adjusted to coincide with operating profit in the condensed quarterly consolidated statement of income.

Six months ended September 30, 2018

(Unit: Millions of yen)

	Reportable segment						Adjustments (Note 1)	Consolidated (Note 2)
	Japan	Americas	EMEA	China	Asia Pacific	Total		
Sales								
Sales to external customers	22,281	29,254	37,001	36,174	11,482	136,194	–	136,194
Intersegment sales	47,746	151	1,272	3	2	49,176	(49,176)	–
Total	70,028	29,406	38,273	36,178	11,484	185,371	(49,176)	136,194
Segment profit	17,546	1,525	3,133	5,545	1,463	29,215	(712)	28,503
Financial income	–	–	–	–	–	–	–	188
Financial expenses	–	–	–	–	–	–	–	286
Share of profit (loss) of associates accounted for using the equity method	–	–	–	–	–	–	–	(680)
Foreign exchange gain (loss)	–	–	–	–	–	–	–	(1,313)
Profit before tax	–	–	–	–	–	–	–	26,411
Income taxes expenses	–	–	–	–	–	–	–	7,021
Profit	–	–	–	–	–	–	–	19,389

Notes:

1. Segment profit adjustments of negative ¥712 million include negative ¥712 million for the unrealized gains on inventories and ¥1 million for the unrealized gains on non-current assets.
2. Segment profit is adjusted to coincide with operating profit in the condensed quarterly consolidated statement of income.