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

August 3, 2018

Listed company name	:	Sysmex Corporation
Code	:	6869
Listed stock exchanges	:	Tokyo Stock Exchange
URL	:	http://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	:	August 9, 2018
Scheduled date for dividend payment	:	—
Preparation of supplementary material for quarterly earnings	:	Yes
Holding of earnings announcement	:	Yes

(Unit: Millions of Yen)

1. Results for the First Three 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	
Three months ended Jun. 30, 2018	65,961	6.9%	13,831	11.3%	12,766	6.9%	9,375	15.4%
Three months ended Jun. 30, 2017	61,719	4.3%	12,432	(10.4)%	11,940	(3.0)%	8,126	(13.9)%

	Profit attributable to owners of the parent		Total comprehensive income		Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Three months ended Jun. 30, 2018	9,424	14.6%	7,917	(30.9)%	45.19	45.10
Three months ended Jun. 30, 2017	8,220	(13.0)%	11,453	—	39.48	39.39

(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 Jun. 30, 2018	308,257	241,823	241,178	78.2%
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	—				
Year ending Mar. 31, 2019 (Forecast)		34.00	—	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)
Six months ending Sep. 30, 2018	142,000	8.3%	29,500	5.3%	28,500	3.5%	20,000	4.2%	95.89
Year ending Mar. 31, 2019	310,000	10.0%	62,000	4.9%	60,000	3.2%	42,500	8.4%	203.76

Note: Revision of business forecast for this period: No

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):
   209,033,832 shares as of Jun. 30, 2018; 208,964,432 shares as of Mar. 31, 2018
  2) Number of treasury stock at the end of each fiscal period:
   445,648 shares as of Jun. 30, 2018; 445,468 shares as of Mar. 31, 2018
  3) Average number of outstanding stock for each period (cumulative):
   208,556,624 shares for the three months ended Jun. 30, 2018
   208,202,753 shares for the three months ended Jun. 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. Basic earnings per share have been revised from the figures indicated in the consolidated financial forecast announced on May 9, 2018, in accordance with changes in the number of shares of outstanding stock and treasury stock. No other figures in the financial forecast have been revised.
  2. 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.
  3. Supplementary financial materials (in Japanese and English) will be posted on the Sysmex website on Friday, August 3, 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 three 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 also continued its gradual recovery, despite ongoing uncertainties, including trade friction stemming from US trade policies, European financial policy trends and concerns about economic deceleration in China.

On the healthcare front, the Japanese government is including the medical and healthcare industry in its growth strategies, which is expected to continue invigorating healthcare-related industries going forward. Looking overseas, in the United States the Affordable Care Act that was introduced to decrease the number of people without medical insurance was reviewed, causing the number of people without medical insurance to increase. In China, policies to curtail medical expenses are gaining momentum, but the foundations of healthcare-related demand remain solid. We also expect new domains to open up as genetic analysis technologies are used on the healthcare front.

Under these conditions, Sysmex established a new subsidiary in Egypt to further reinforce its business foundations in the Middle East. By transitioning from a system of providing sales and services through local distributors to one of offering sales and services directly, we are strengthening our sales and service structure and providing services and support that the Sysmex Group is uniquely positioned to offer, thereby contributing to the advancement of healthcare. 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. To do so, we are 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. This location adjoins Technopark, our R&D hub. The center is slated to commence operations in April 2019.

Net sales by destination

		Three months ended June 30, 2017		Three months ended June 30, 2018		YoY (Previous period = 100)
		Amount (Millions of yen)	Percentage of total (%)	Amount (Millions of yen)	Percentage of total (%)	
Japan		9,394	15.2	9,562	14.5	101.8
	Americas	14,334	23.2	14,946	22.7	104.3
	EMEA	16,737	27.1	18,196	27.6	108.7
	China	16,174	26.2	17,885	27.1	110.6
	Asia Pacific	5,078	8.3	5,370	8.1	105.8
Overseas subtotal		52,325	84.8	56,398	85.5	107.8
Total		61,719	100.0	65,961	100.0	106.9

In Japan, instrument sales declined, principally in the hematology field, but reagent sales increased in line with growth in the installed instrument base. Sales of reagents also expanded in the immunochemistry and life science fields. As a result, sales in Japan rose 1.8% year on year, to ¥9,562 million.

In overseas markets, instrument sales were down but reagent sales rose, centered on the hematology, hemostasis and immunochemistry fields. Consequently, overseas sales for the Sysmex Group rose 7.8% year on year, to ¥56,398 million. The overseas sales ratio rose 0.7 percentage point, to 85.5%.

As a result, during the first three months of the fiscal year ending March 31, 2019, the Group recorded consolidated net sales of ¥65,961 million, up 6.9% year on year. Operating profit rose 11.3%, to ¥13,831 million; profit before tax increased 6.9%, to ¥12,766 million; and profit attributable to owners of the parent expanded 14.6%, to ¥9,424 million.

Performance by segment

(1) Japan

In Japan, sales of reagents increased, mainly in the hematology, immunochemistry and life science fields, pushing up sales in this segment 4.6% year on year, to ¥10,128 million.

On the profit front, lower intragroup export sales and deteriorating profitability on exports, due to the impact of exchange rates, led to a 14.1% decrease in segment profit (operating profit), to ¥8,097 million.

(2) Americas

In North America, instrument sales increased, mainly in the hemostasis field, although instrument sales in the hematology field declined. Nevertheless, reagent sales in the hematology field grew, due to an increase in the installed instrument base, pushing up sales. In Central and South America, sales fell as instrument sales dropped, principally in the hematology field. Overall, sales in the Americas dipped 0.3% year on year, to ¥13,950 million.

Segment profit (operating profit) fell 58.9% year on year, to ¥680 million, due to increases in payments of Group trademark royalties and SG&A expenses.

(3) EMEA

Reagent sales rose, mainly thanks to expansion of the installed instrument base in the hematology field, and reagent sales also expanded in the life science field, causing sales in the segment to grow 11.3%, to ¥18,704 million.

Although SG&A expenses increased, higher sales and an improved cost of sales ratio prompted a 0.6% year-on-year rise in segment profit (operating profit), to ¥1,322 million.

(4) China

Despite lower instrument sales in the hemostasis and urinalysis fields, reagent sales increased in the hematology and hemostasis fields, leading to a 10.4% year-on-year sales rise, to ¥17,851 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 88.0% year on year, to ¥3,476 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 5.1% year-on-year rise in segment sales, to ¥5,325 million.

Although SG&A expenses increased, segment profit (operating profit) grew 10.2% year on year, to ¥498 million, due to the effects of higher sales and an improved cost of sales ratio, which pushed up gross profit.

2) Financial conditions analysis

(1) Financial conditions

As of June 30, 2018, total assets amounted to ¥308,257 million, down ¥13,722 million from March 31, 2018. As principal factors, despite a ¥1,761 million rise in inventories, cash and cash equivalents fell ¥10,300 million, trade and other receivables (current assets) declined ¥3,672 million, and other current assets decreased ¥1,855 million.

Meanwhile, total liabilities as of June 30, 2018, were ¥66,434 million, down ¥14,102 million from their level on March 31, 2018. Principal factors included decreases of ¥5,411 million in trade and other payables, ¥4,125 million in income taxes payable, ¥3,597 million in accrued bonuses and ¥1,232 million in accrued expenses.

Total equity came to ¥241,823 million, up ¥380 million from March 31, 2018. Among principal reasons, other components of equity decreased ¥1,458 million, but retained earnings increased ¥1,673 million. Equity attributable to owners of the parent to total assets as of June 30, 2018, was 78.2%, up 3.4 percentage point from the 74.8% recorded as of March 31, 2018.

(2) Cash flows

As of June 30, 2018, cash and cash equivalents amounted to ¥51,144 million, down ¥10,300 million from March 31, 2018.

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

(Cash flows from operating activities)

Net cash provided by operating activities was ¥3,296 million, down ¥6,541 million from the first three months of the preceding fiscal year. As principal factors, profit before tax provided ¥12,766 million (¥825 million more than in the corresponding period of the preceding year), depreciation and amortization provided ¥3,803 million (up ¥322 million), a decrease in trade receivables provided ¥3,476 million (down ¥417 million), a decrease in trade payables used ¥3,435 million (provided ¥688 million in the corresponding period of the previous year), a decrease in accrued bonuses used ¥3,628 million (up ¥429 million), and income taxes paid used ¥7,449 million (up ¥4,377 million).

(Cash flows from investing activities)

Net cash used in investing activities was ¥5,892 million (down ¥10,186 million). Among major factors, purchases of property, plant and equipment used ¥2,819 million (down ¥299 million from the corresponding period of the previous fiscal year), purchases of intangible assets used ¥1,771 million (up ¥131 million), purchases of investments in equity instruments used ¥1,007 million (down ¥698 million) and acquisitions of subsidiaries or other businesses used ¥20 million (down ¥9,449 million).

(Cash flows from financing activities)

Net cash used in financing activities was ¥7,326 million (up ¥1,105 million). This was mainly due to dividends paid of ¥7,506 million (up ¥1,261 million).

3) Consolidated financial forecast

The Company maintains its consolidated financial forecasts, as announced on May 9, 2018.

These forecasts are based on information available as of the date of this release. Actual results may differ materially from these forecast due to unforeseen factors and future events.

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 June 30, 2018
Assets		
Current assets		
Cash and cash equivalents	61,444	51,144
Trade and other receivables	72,567	68,894
Inventories	40,975	42,736
Other short-term financial assets	214	212
Income taxes receivables	619	588
Other current assets	9,131	7,275
Total current assets	184,952	170,851
Non-current assets		
Property, plant and equipment	67,651	67,471
Goodwill	12,251	12,023
Intangible assets	29,765	29,946
Investments accounted for using the equity method	411	1,092
Trade and other receivables	10,882	11,383
Other long-term financial assets	7,486	7,127
Asset for retirement benefits	802	799
Other non-current assets	2,343	2,386
Deferred tax assets	5,432	5,174
Total non-current assets	137,027	137,405
Total assets	321,979	308,257

(Unit: Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	28,579	23,167
Other short-term financial liabilities	690	917
Income taxes payable	7,717	3,591
Provisions	614	609
Contract liabilities	—	9,335
Advances received	4,588	—
Accrued expenses	10,632	9,399
Accrued bonuses	7,474	3,876
Other current liabilities	10,501	6,001
Total current liabilities	70,796	56,899
Non-current liabilities		
Long-term financial liabilities	712	685
Liability for retirement benefits	731	775
Provisions	202	203
Other non-current liabilities	2,652	2,840
Deferred tax liabilities	5,439	5,030
Total non-current liabilities	9,739	9,534
Total liabilities	80,536	66,434
Equity		
Equity attributable to owners of the parent		
Capital stock	12,276	12,414
Capital surplus	17,664	17,742
Retained earnings	214,952	216,625
Treasury stock	(295)	(297)
Other components of equity	(3,847)	(5,305)
Total equity attributable to owners of the parent	240,749	241,178
Non-controlling interests	693	644
Total equity	241,443	241,823
Total liabilities and equity	321,979	308,257

2) Condensed quarterly consolidated statement of income

(Unit: Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	61,719	65,961
Cost of sales	26,848	28,322
Gross profit	34,870	37,638
Selling, general and administrative expenses	18,895	20,131
Research and development expenses	3,658	4,207
Other operating income	141	614
Other operating expenses	25	83
Operating profit	12,432	13,831
Financial income	71	93
Financial expenses	24	251
Share of profit (loss) of associates accounted for using the equity method	(128)	(320)
Foreign exchange gain (loss)	(409)	(586)
Profit before tax	11,940	12,766
Income taxes expenses	3,813	3,390
Profit	8,126	9,375
Profit attributable to		
Owners of the parent	8,220	9,424
Non-controlling interests	(93)	(49)
Profit	8,126	9,375

(Unit: Yen)

Earnings per share		
Basic	39.48	45.19
Diluted	39.39	45.10

3) Condensed quarterly consolidated statement of other comprehensive income

(Unit: Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	8,126	9,375
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	198	(179)
Total	198	(179)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	3,128	(1,280)
Share of other comprehensive income of investments accounted for using the equity method	(0)	2
Total	3,128	(1,278)
Total other comprehensive income	3,326	(1,458)
Comprehensive income	11,453	7,917
Comprehensive income attributable to		
Owners of the parent	11,547	7,966
Non-controlling interests	(93)	(49)
Comprehensive income	11,453	7,917

4) Condensed quarterly consolidated statement of changes in equity

Three months ended June 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			8,220			8,220	(93)	8,126
Other comprehensive income					3,326	3,326	0	3,326
Comprehensive income	—	—	8,220	—	3,326	11,547	(93)	11,453
Exercise of warrants	54	30				85		85
Cash dividends			(6,245)			(6,245)		(6,245)
Purchase of treasury stock				(0)		(0)		(0)
Equity transactions with non-controlling interests		(11)				(11)	(6)	(18)
Total transactions with the owners	54	19	(6,245)	(0)	—	(6,172)	(6)	(6,179)
As of June 30, 2017	11,666	17,322	190,481	(289)	(4,398)	214,781	745	215,527

Three months ended June 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			9,424			9,424	(49)	9,375
Other comprehensive income					(1,458)	(1,458)	0	(1,458)
Comprehensive income	—	—	9,424	—	(1,458)	7,966	(49)	7,917
Exercise of warrants	138	77				215		215
Cash dividends			(7,506)			(7,506)		(7,506)
Purchase of treasury stock				(1)		(1)		(1)
Equity transactions with non-controlling interests		—				—	—	—
Total transactions with the owners	138	77	(7,506)	(1)	—	(7,292)	—	(7,292)
As of June 30, 2018	12,414	17,742	216,625	(297)	(5,305)	241,178	644	241,823

5) Condensed quarterly consolidated statement of cash flows

(Unit: Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Cash flows from operating activities		
Profit before tax	11,940	12,766
Depreciation and amortization	3,481	3,803
Decrease (increase) in trade receivable	3,894	3,476
Decrease (increase) in inventories	(3,463)	(1,852)
Increase (decrease) in trade payable	688	(3,435)
Decrease/increase in consumption taxes receivable/payable	1,659	1,557
Increase (decrease) in advances received	(609)	—
Increase (decrease) in contract liabilities	—	(1,094)
Increase (decrease) in accrued bonuses	(3,198)	(3,628)
Other	(1,534)	(922)
Subtotal	12,857	10,670
Interest and dividend received	68	85
Interest paid	(14)	(9)
Income taxes paid	(3,072)	(7,449)
Net cash provided by (used in) operating activities	9,838	3,296
Cash flows from investing activities		
Purchases of property, plant and equipment	(3,119)	(2,819)
Purchases of intangible assets	(1,640)	(1,771)
Purchases of investments in equity instruments	(1,706)	(1,007)
Acquisitions of subsidiaries or other businesses	(9,469)	(20)
Other	(144)	(273)
Net cash provided by (used in) investing activities	(16,079)	(5,892)
Cash flows from financing activities		
Dividends paid	(6,245)	(7,506)
Other	24	180
Net cash provided by (used in) financing activities	(6,220)	(7,326)
Effects of exchange rate changes on cash and cash equivalents	566	(378)
Net increase (decrease) in cash and cash equivalents	(11,895)	(10,300)
Cash and cash equivalents at the beginning of the term	57,944	61,444
Cash and cash equivalents at the end of the term	46,048	51,144

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 under review. In addition, at the end of the three-month period under review, trade and other receivables (current assets) were down ¥293 million, contract liabilities were up ¥81 million, deferred tax assets were down ¥63 million, deferred tax liabilities were down ¥192 million, and retained earnings were down ¥241 million. The impact on the condensed quarterly consolidated statements of income for the three months under review was slight.

With the application of IFRS 15, from the three-month period under review 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, advance received was down ¥4,588 million in the condensed quarterly statement of financial position at the beginning of the three-month period under review and down ¥3,653 million at the end of that period. Other current liabilities were down ¥5,697 million at the beginning of the period and down ¥5,600 million at the end of the period.

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."

Three months ended June 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	9,682	13,999	16,803	16,166	5,068	61,719	—	61,719
Intersegment sales	25,088	91	593	6	1	25,781	(25,781)	—
Total	34,770	14,091	17,396	16,172	5,069	87,500	(25,781)	61,719
Segment profit	9,431	1,657	1,314	1,849	452	14,705	(2,273)	12,432
Financial income	—	—	—	—	—	—	—	71
Financial expenses	—	—	—	—	—	—	—	24
Share of profit (loss) of associates accounted for using the equity method	—	—	—	—	—	—	—	(128)
Foreign exchange gain (loss)	—	—	—	—	—	—	—	(409)
Profit before tax	—	—	—	—	—	—	—	11,940
Income taxes expenses	—	—	—	—	—	—	—	3,813
Profit	—	—	—	—	—	—	—	8,126

Notes:

1. Segment profit adjustments of negative ¥2,273 million include negative ¥2 million for the elimination of intersegment transfers, negative ¥2,369 million for the unrealized gains on inventories and ¥100 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.

Three months ended June 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	10,128	13,950	18,704	17,851	5,325	65,961	－	65,961
Intersegment sales	22,937	63	350	3	1	23,355	(23,355)	－
Total	33,066	14,013	19,054	17,854	5,326	89,316	(23,355)	65,961
Segment profit	8,097	680	1,322	3,476	498	14,075	(244)	13,831
Financial income	－	－	－	－	－	－	－	93
Financial expenses	－	－	－	－	－	－	－	251
Share of profit (loss) of associates accounted for using the equity method	－	－	－	－	－	－	－	(320)
Foreign exchange gain (loss)	－	－	－	－	－	－	－	(586)
Profit before tax	－	－	－	－	－	－	－	12,766
Income taxes expenses	－	－	－	－	－	－	－	3,390
Profit	－	－	－	－	－	－	－	9,375

Notes:

1. Segment profit adjustments of negative ¥244 million include negative ¥222 million for the unrealized gains on inventories and negative ¥11 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.