

**Business Results for the
Second Quarter of the Fiscal Year Ending
December 31, 2019 (Unaudited)**

August 8, 2019

Kuraray Co., Ltd.

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Consolidated Earnings Report for the Second Quarter of the Fiscal Year Ending December 31, 2019

Name of listed company: Kuraray Co., Ltd.
Stock code: 3405
Stock exchange listing: Tokyo, first section
URL: <https://www.kuraray.com/>

Representative:
Title: Representative Director and President
Name: Masaaki Ito

Contact:
Title: Senior Manager, Corporate Communications Department, Corporate Management Planning Office
Name: Fumio Uegaki
Tel: +81-3-6701-1070

Preparation of supplementary documentation for the quarterly earnings report: Yes
Holding of quarterly earnings results briefing: Yes (for securities analysts and institutional investors)

(Millions of yen rounded down unless otherwise stated)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2019 (January 1, 2019 to June 30, 2019)

(1) Consolidated Operating Results

(Percentage changes displayed for net sales, operating income, ordinary income and net income attributable to owners of the parent are comparisons with the corresponding period of the previous fiscal year.)

(Millions of yen)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
		(%)		(%)		(%)		(%)
Fiscal 2019 2Q	287,419	(4.6)	27,921	(23.0)	24,685	(28.6)	13,254	(41.3)
Fiscal 2018 2Q	301,382	19.9	36,269	(4.0)	34,571	(5.4)	22,588	(6.7)

Note: Comprehensive income: For the fiscal 2019 second quarter: ¥1,256 million (-87.1%)
For the fiscal 2018 second quarter: ¥9,744 million (-56.6%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Fiscal 2019 2Q	38.16	38.10
Fiscal 2018 2Q	64.51	64.37

Note: In fiscal 2018, Kuraray determined the temporary accounting treatment related to a business combination, which the figures for the second quarter of fiscal 2018 reflect.

(2) Consolidated Financial Position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio (%)
As of June 30, 2019	964,574	556,921	56.5
As of December 31, 2018	947,095	567,033	58.6

[Reference] Equity attributable to owners of the parent: As of June 30, 2019: ¥544,940 million
As of December 31, 2018: ¥555,438 million

Note: Kuraray has adopted ASBJ Statement No. 28 Partial Amendments to Accounting Standard for Tax Effect Accounting (issued February 16, 2018) from January 1, 2019. These accounting standards have been retroactively applied to the

numbers used for the consolidated financial position as of December 31, 2018.

2. Dividends

(Yen)

Record Date	Cash Dividends per Share				
	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Annual
Fiscal 2018	—	20.00	—	22.00	42.00
Fiscal 2019	—	20.00			
Fiscal 2019 (Forecast)			—	22.00	42.00

Note: Revisions to cash dividend forecast during this period: No

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending December 31, 2019 (January 1, 2019 to December 31, 2019)

(Percentage changes displayed for net sales, operating income, ordinary income and net income attributable to owners of the parent are comparisons with the corresponding period of the previous fiscal year.)

(Millions of yen)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per Share (Yen)
		(%)		(%)		(%)		(%)	
Full Fiscal Year	600,000	(0.5)	67,000	1.8	62,500	2.2	38,000	13.2	109.76

Note: Revisions to forecasts of consolidated financial results during this period: Yes

[Reference]

- (1) Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries Involving Changes in the Scope of Consolidation)
Added: No companies Excluded: No companies
- (2) Adoption of Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements
No
- (3) Changes in Accounting Principles, Procedures and Presentation Methods in Connection with the Preparation of Quarterly Consolidated Financial Statements
 1. Changes following revision of accounting standards: Yes
 2. Changes besides 1. above: No
 3. Changes in accounting estimates: No
 4. Restatement: No

Note: For further details, please refer to “Changes in Accounting Principles” under “Notes regarding Quarterly Consolidated Financial Statements” on page 12 of the Attachment.

(4) Number of Shares Issued and Outstanding (Common Shares)

1. Number of shares issued and outstanding (including treasury stock) as of the period-end:

As of June 30, 2019	354,863,603 shares
As of December 31, 2018	354,863,603 shares
2. Number of treasury shares as of the period-end:

As of June 30, 2019	8,651,973 shares
As of December 31, 2018	6,179,578 shares
3. Average number of shares for the period (cumulative):

As of June 30, 2019	347,356,017 shares
As of June 30, 2018	350,171,666 shares

Note: It is not required that this type of earnings report be audited.

*Cautionary Statement with Respect to Forecasts of Consolidated Business Results
(Cautionary note regarding forward-looking statements)*

The results forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts. Please refer to “Basis for the Revision in Forecasts, Including Consolidated Operating Results Forecasts” on page 4 of the Attachment for the assumptions used.

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1. Qualitative Information regarding Business Results

(1) Overview of Consolidated Business Results

In the second quarter of fiscal 2019 (January 1, 2019–June 30, 2019), the world economy showed deepening sense of deceleration due mainly to a contraction in trade caused by intensifying U.S.-China trade friction, slowing economic growth in China, prolonged political turmoil in Europe, and rising geopolitical risks in the Middle East even various countries came out economic stimulus policy . Consequently, consolidated operating results for the second quarter of fiscal 2019 are as follows: net sales decreased ¥13,963 million, or 4.6%, compared with the previous fiscal year to ¥287,419 million; operating income fell ¥8,348 million, or 23.0%, to ¥27,921 million; ordinary income decreased ¥9,885 million, or 28.6%, to ¥24,685 million; and net income attributable to owners of the parent dropped ¥9,334 million, or 41.3%, to ¥13,254 million.

The Kuraray Group launched the medium-term management plan “PROUD 2020” from fiscal 2018. In fiscal 2019, the second year of the plan, the Group aims to achieve its long-term vision of becoming a “Specialty Chemical Company, growing sustainably by incorporating new foundational platforms into its own technologies.” We will steadily take specific measures related to the key management strategies underlined in the plan. We will also continue working to establish a new business portfolio from a medium- to long-term perspective.

Furthermore, regarding the business combination with Calgon Carbon Corporation conducted on March 9, 2018, which resulted from the acquisition of shares, Kuraray used temporary accounting treatment for the second quarter of the previous fiscal year. However, the treatment was determined at the end of the previous fiscal year. As a result, for comparison and analysis with the corresponding period of the previous fiscal year, the figures used have been revised to reflect the determination of the treatment.

In addition, Kuraray has adopted ASBJ Statement No. 28 Partial Amendments to Accounting Standard for Tax Effect Accounting (issued February 16, 2018) from January 1, 2019. Regarding the Company’s financial position, these accounting standards have been retroactively applied to the numbers used for comparison and analysis with the previous fiscal year.

Results by Business Segment

Vinyl Acetate

Sales in this segment decreased 2.2% year on year to ¥134,747 million, and segment income fell 20.3% year on year to ¥23,087 million.

- (1) The sales volume of PVA resin declined due to decelerating economic conditions. Shipments of optical-use poval film were affected by an inventory adjustment for polarized film and a decline in operations on one of the production lines in the first quarter, although demand for large displays remained firm. In addition, the sales volume of PVB film declined for commodity use in contrast to an expansion in high-function films for construction use. However, sales of water-soluble PVA film were favorable as demand continued to grow.
- (2) Sales of EVAL™ ethylene vinyl alcohol copolymer (EVOH resin) decreased for

automotive gas tank applications due in part to a decline in the production number of vehicles. In addition, the sales volume for food packaging applications fell due to the lingering effects on sales of an incident at the U.S. plant last year.

Isoprene

Sales in this segment decreased 5.1% year on year to ¥27,433 million, and segment income fell 28.5% year on year to ¥3,449 million.

- (1) The sales volume of SEPTON™ thermoplastic elastomer declined due mainly to contracting demand, especially in China. However, sales of fine chemicals remained firm.
- (2) The sales volume of GENESTAR™ heat-resistant polyamide resin fell due to sluggish global demand for electric and electronic devices, despite growing use of connectors for automotive devices.

Functional Materials

Sales in this segment decreased 4.2% year on year to ¥62,558 million, and segment income increased 18.0% year on year to ¥2,213 million.

- (1) In the methacrylate business, market conditions worsened and sales of resins stagnated.
- (2) In the medical business, sales were steady, especially for esthetic and restorative dentistry products.
- (3) As for Calgon Carbon, the business was impacted by a decline in operations due to issues with a utility facility at the U.S. plant in the first quarter. However, in the Carbon Materials business, sales of high value-added products increased.

Fibers and Textiles

Sales in this segment edged down 1.1% year on year to ¥33,071 million while segment income fell 9.9% year on year to ¥2,963 million.

- (1) Sales of CLARINO™ man-made leather sales for luxury items applications remained stable. However, sales declined for use in shoes.
- (2) In fibers and industrial materials, although the sales volume increased for use in reinforcing rubber, exports of cement reinforcing materials were affected by slowing economic conditions and remained weak.
- (3) In consumer goods and materials, sales of KURAFLEX™ remained stable as sales of high value-added products expanded, despite a fall in sales figures for commodity products.

Trading

In fiber-related businesses, sales for sportswear remained firm, and exports of high-function yarn expanded. However, exports of resins and chemicals fell, mainly those to China. As a result, segment sales decreased 5.4% year on year to ¥64,765 million, and segment income fell 0.8% to ¥2,053 million.

Others

In other businesses, due to increased R&D and other costs in as well as weak sales of domestic affiliates, segment sales declined 10.8% year on year to ¥26,040 million, and segment income fell 48.0% to ¥369 million.

(2) Overview of Financial Position

Total assets increased ¥17,478 million from the end of the previous fiscal year to ¥964,574 million mainly because of a ¥30,582 million increase in tangible fixed assets that offset a ¥11,022 million decrease in intangible fixed assets. Total liabilities increased ¥27,590 million to ¥407,652 million due to factors that included the issuance of commercial paper totaling ¥24,000 million and a ¥17,925 million increase in other noncurrent liabilities. The main reason for the increases in tangible fixed assets and other noncurrent liabilities is the application of IFRS 16 for leases of some overseas affiliates from the first quarter of the fiscal year ending December 31, 2019, which led to increases in right-of-use assets and lease liabilities respectively.

Net assets fell ¥10,111 million to ¥556,921 million. Equity attributable to owners of the parent amounted to ¥544,940 million, for an equity ratio of 56.5%.

(3) Basis for the Revision in Forecasts, Including Consolidated Operating Results Forecasts

Considering the results of the cumulative consolidated second quarter, current global economic conditions, and the business environment, we revised the full-year operating results forecast, which was announced on May 15, 2019, and reviewed the assumed exchange rate and raw material prices.

The revised cumulative consolidated operating results forecast for the fiscal year ending December 31, 2019 (January 1, 2019 to December 31, 2019) is as follows.

	(Millions of yen)				(Yen)
	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent	Net Income Per Share
Original Forecast (A) (Announced May 15, 2019)	608,000	69,500	65,000	40,000	115.08
Revised Forecast (B)	600,000	67,000	62,500	38,000	109.76
Amount Adjusted (B - A)	(8,000)	(2,500)	(2,500)	(2,000)	
Percent Adjusted	(1.3)	(3.6)	(3.8)	(5.0)	

For the third quarter onward, we assume average exchange rates of ¥110 to the U.S. dollar and ¥125 to the euro, as well as a domestic naphtha price of ¥45,000 per kiloliter.

2. Quarterly Consolidated Financial Statements and Notes
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	December 31, 2018	June 30, 2019
ASSETS		
Current Assets		
Cash and cash deposits	67,022	55,465
Notes and accounts receivable–trade	128,107	122,377
Short-term investment securities	32,921	43,855
Merchandise and finished goods	101,081	103,950
Work in process	15,221	15,279
Raw materials and supplies	36,667	37,128
Other	14,315	17,114
Allowance for doubtful accounts	(426)	(397)
Total current assets	394,910	394,774
Noncurrent Assets		
Tangible fixed assets		
Buildings and structures, net	74,182	74,741
Machinery, equipment and vehicles, net	204,215	198,119
Land	22,707	22,250
Construction in progress	49,468	67,081
Other, net	6,837	25,801
Total tangible fixed assets	357,411	387,994
Intangible fixed assets		
Goodwill	66,485	62,509
Customer-related assets	36,263	33,911
Other	41,400	36,707
Total intangible fixed assets	144,150	133,128
Investments and other assets		
Investment securities	29,509	27,053
Long-term loans receivable	218	194
Net defined benefit assets	1,101	1,238
Deferred tax assets	12,993	13,467
Others	6,840	6,754
Allowance for doubtful accounts	(40)	(32)
Total investments and other assets	50,622	48,677
Total noncurrent assets	552,184	569,799
Total assets	947,095	964,574

(Millions of yen)

	December 31, 2018	June 30, 2019
LIABILITIES		
Current Liabilities		
Notes and accounts payable—trade	45,408	37,423
Short-term loans payable	46,540	36,072
Commercial paper	—	24,000
Accrued expenses	12,201	10,775
Income taxes payable	8,474	8,159
Provision for bonuses	6,681	5,205
Other provision	266	275
Other	25,212	31,805
Total current liabilities	144,785	153,718
Noncurrent liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	120,049	122,132
Deferred tax liabilities	24,951	23,246
Provision for directors' retirement benefits	237	282
Provision for environmental measures	5,716	5,077
Net defined benefit liabilities	18,065	19,079
Asset retirement obligations	5,070	5,004
Other	11,185	29,110
Total noncurrent liabilities	235,276	253,934
Total liabilities	380,062	407,652
NET ASSETS		
Shareholders' equity		
Capital stock	88,955	88,955
Capital surplus	87,207	87,200
Retained earnings	364,841	370,424
Treasury stock	(9,746)	(13,221)
Total shareholders' equity	531,257	533,359
Accumulated other comprehensive income		
Valuation difference on available-for-sale	7,822	6,419
Deferred gain or losses on hedges	1	65
Foreign currency translation adjustments	20,382	9,197
Remeasurements of defined benefit plans	(4,025)	(4,101)
Total accumulated other comprehensive income	24,181	11,580
Subscription rights to shares	587	671
Noncontrolling interests	11,007	11,309
Total net assets	567,033	556,921
Total liabilities and net assets	947,095	964,574

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	Fiscal 2018 2Q (January 1, 2018 – June 30, 2018)	Fiscal 2019 2Q (January 1, 2019 – June 30, 2019)
Net sales	301,382	287,419
Cost of sales	202,846	195,784
Gross profit	98,536	91,634
Selling, general and administrative expenses		
Selling expenses	17,153	16,824
General and administrative expenses	45,113	46,888
Total selling, general and administrative expenses	62,266	63,713
Operating income	36,269	27,921
Non-operating income		
Interest income	247	166
Dividend income	1,222	331
Equity in earnings of affiliates	174	128
Other	905	424
Total non-operating income	2,550	1,050
Non-operating expenses		
Interest expenses	661	726
Foreign exchange loss	1,390	1,362
Other	2,196	2,197
Total non-operating expenses	4,248	4,286
Ordinary income	34,571	24,685
Extraordinary income		
Gain on sale of investment securities	—	1,568
Insurance income	—	337
Compensation income	336	—
Total extraordinary income	336	1,906
Extraordinary loss		
Impairment loss	—	3,387
Loss on disposal of tangible fixed assets	492	1,016
Litigation-related loss	—	706
Disaster loss	699	624
Costs related to suspension of operations	—	516
Acquisition related expenses	906	—
Total extraordinary loss	2,097	6,252
Income before income taxes and noncontrolling interests	32,810	20,339
Income taxes—current	10,758	7,731
Income taxes—deferred	(1,035)	(1,190)

	9,723	6,541
		(Millions of yen)
	Fiscal 2018 2Q (January 1, 2018 – June 30, 2018)	Fiscal 2019 2Q (January 1, 2019 – June 30, 2019)
Total income taxes	23,086	13,797
Net income	498	543
Net income attributable to noncontrolling interests	22,588	13,254
Net income attributable to owners of the parent		

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2018 2Q (January 1, 2018 – June 30, 2018)	Fiscal 2019 2Q (January 1, 2019 – June 30, 2019)
Net income	23,086	13,797
Other comprehensive income		
Valuation difference on available-for-sale securities	(921)	(1,402)
Deferred gains or losses on hedges	625	63
Foreign currency translation adjustment	(13,104)	(11,125)
Remeasurements of defined benefit plans	56	(76)
Total other comprehensive income	<u>(13,342)</u>	<u>(12,540)</u>
Quarterly comprehensive income	<u>9,744</u>	<u>1,256</u>
Comprehensive income attributable to:		
Owners of the parent	9,247	653
Noncontrolling interests	496	603

(3) Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal 2018 2Q (January 1, 2018 – June 30, 2018)	Fiscal 2019 2Q (January 1, 2019 – June 30, 2019)
Net cash provided by (used in) operating activities		
Income before income taxes and noncontrolling interests	32,810	20,339
Depreciation and amortization	27,316	28,440
Foreign exchange losses (gains)	(849)	537
Loss (gain) on redemption of investment securities	—	(1,568)
Impairment loss	—	3,387
Loss on disposal of tangible fixed assets	492	1,016
Decrease (increase) in notes and accounts receivable – trade	(6,978)	3,946
Decrease (increase) in inventories	(3,995)	(6,190)
Increase (decrease) in notes and accounts payable – trade	(485)	(7,449)
Other, net	(7,346)	2,327
Subtotal	40,963	44,788
Income taxes (paid) refund	(11,236)	(7,434)
Other, net	1,061	86
Net cash provided by (used in) operating activities	30,788	37,440
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	851	(907)
Net decrease (increase) in short-term investment securities	5,856	(7,728)
Purchase of tangible fixed assets and intangible fixed assets	(30,188)	(40,793)
Purchase of investment securities	(99)	(361)
Proceeds from sale and redemption of investment securities	172	2,208
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(119,814)	—
Other, net	(1,171)	(1,880)
Net cash provided by (used in) investing activities	(144,392)	(49,463)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	26,990	567
Net (decrease) increase in commercial paper	—	24,000
Proceeds from long-term loans payable	80,000	2,094
Repayment of long-term loans payable	(25,412)	(11,033)
Proceeds from issuance of bonds	40,000	—
Purchase of treasury stock	(3,732)	(3,519)
Cash dividends paid	(7,718)	(7,671)
Other, net	(360)	(962)
		(Millions of yen)

	Fiscal 2018 2Q (January 1, 2018 – June 30, 2018)	Fiscal 2019 2Q (January 1, 2019 – June 30, 2019)
Net cash provided by (used in) financing activities	109,767	3,474
Effect of Exchange Rate Changes on Cash and Cash Equivalents	557	(702)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,279)	(9,250)
Cash and Cash Equivalents, Beginning of the Period	70,234	71,345
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiaries	—	1
Cash and Cash Equivalents, End of the Period	66,954	62,095

(4) Notes regarding Quarterly Consolidated Financial Statements

Notes regarding Going Concern Assumptions

None

Material Changes in Shareholders' Equity

Kuraray's Board of Directors resolved to purchase treasury stock at the meeting convened on February 13, 2019 and is subsequently proceeding with acquisitions with an upper limit of five million shares and ¥10,000 million. Due in part to subsequent acquisitions, in the second quarter of the fiscal year ending December 31, 2019, treasury stock increased ¥3,474 million and amounted to ¥13,221 million as of June 30, 2019.

Changes in Accounting Principles

● Changes in Accounting Principles Following the Revision of Accounting Standards

Kuraray has adopted IFRS 16 for leases of some overseas affiliates from the first quarter of the fiscal year ending December 31, 2019. As a result, regarding operating leases (as the borrower) under IAS 17, the Company recognizes right-of-use assets and lease liabilities on the start date of the application. With this application, the Group adopted the method of recognizing cumulative effects on the application start date, which is considered a transitional measure. Due to the adoption of this method, Kuraray has not restated its comparative information.

As a result, in the quarterly consolidated balance sheet for the second quarter of fiscal 2019, other tangible fixed assets increased ¥19,000 million, other current assets increased ¥1,243 million, and other noncurrent liabilities increased ¥18,024 million.

Furthermore, the impact of this change on profit and loss in the second quarter of the fiscal year ending December 31, 2019, is minor.

Additional Information

Kuraray applies ASBJ Statement No. 28 Partial Amendments to Accounting Standard for Tax Effect Accounting (issued February 16, 2018) from January 1, 2019. Deferred tax assets are stated under investments and other assets, and deferred tax liabilities are stated under noncurrent liabilities.

Business Combinations, etc.

● Important Revision of the Original Allocation of the Acquisition Price

Kuraray acquired all of the shares of Calgon Carbon Corporation on March 9, 2018. Although Kuraray used temporary accounting treatment for the second quarter of the previous fiscal year with January 1, 2018, as the recognized acquisition date, the treatment was determined at the end of the previous fiscal year.

With the determination of this temporary accounting treatment, in the comparative information included in the quarterly consolidated financial statements of the second quarter of the fiscal year ending December 31, 2019, the original allocation of the acquisition price now reflects an important revision, mainly ¥14,244 million was allocated to equipment and transport under tangible fixed assets, and, as a result, the temporarily calculated goodwill of ¥85,688 million decreased ¥35,177 million to ¥50,511 million.

As a result, in the quarterly consolidated statement of income for the second quarter of the previous fiscal year, operating income, ordinary income, and net income before taxes each decreased ¥1,918

million.

Segment Information, etc.

● Segment Information

I. Second Quarter of Fiscal 2018 (January 1, 2018 to June 30, 2018)

1. Net sales, income and loss by reporting segment

(Millions of yen)

	Reporting Segment						Other Business ¹	Total	Adjustment ²	Consolidated Statements of Income ³
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Trading	Total				
Net sales										
(1) Outside customers	115,854	15,214	55,912	24,724	67,171	278,876	22,506	301,382	—	301,382
(2) Intersegment sales and transfers	21,981	13,707	9,378	8,725	1,274	55,067	6,685	61,753	(61,753)	—
Total	137,835	28,921	65,290	33,450	68,445	333,943	29,192	363,135	(61,753)	301,382
Segment income (loss)	28,968	4,828	1,874	3,289	2,069	41,030	710	41,741	(5,471)	36,269

Notes:

1. The “Other Business” category incorporates operations not included in business segment reporting, including the environmental business and engineering business.
2. Adjustment is as follows: Included within segment loss of ¥5,471 million is the elimination of intersegment transactions of ¥877 million and corporate expenses of ¥6,348million. Corporate expenses mainly comprise the submitting company’s basic research expenses.
3. Segment income is adjusted to agree with operating income in the consolidated statements of income.

II. Second Quarter of Fiscal 2019 (January 1, 2019 to June 30, 2019)

1. Net sales, income and loss by reporting segment

(Millions of yen)

	Reporting Segment						Other Business ¹	Total	Adjustment ²	Consolidated Statements ³ of Income
	Vinyl Acetate	Isoprene	Functional Materials	Fibers and Textiles	Trading	Total				
Net sales										
(1) Outside customers	113,522	15,146	53,068	25,189	63,438	270,365	17,054	287,419	—	287,419
(2) Intersegment sales and transfers	21,225	12,287	9,489	7,881	1,326	52,210	8,986	61,196	(61,196)	—
Total	134,747	27,433	62,558	33,071	64,765	322,575	26,040	348,615	(61,196)	287,419
Segment income (loss)	23,087	3,3449	2,213	2,963	2,053	33,767	369	34,136	(6,214)	27,921

Notes:

1. The “Other Business” category incorporates operations not included in business segment reporting, including the environmental business and engineering business.
2. Adjustment is as follows: Included within segment loss of ¥6,214 million is the elimination of intersegment transactions of ¥776 million and corporate expenses of ¥6,991 million. Corporate expenses mainly comprise the submitting company’s basic research expenses.
3. Segment income is adjusted to agree with operating income in the consolidated statements of income.
4. At the end of the previous fiscal year, Kuraray determined the temporary accounting treatment for the business combination and reflected the change in the figures for the second quarter of the previous fiscal year.

2. Information related to goodwill or impairment loss of fixed assets for each reportable segment

● Important impairment losses related to fixed assets

In the vinyl acetate segment, Kuraray recorded an impairment loss. Furthermore, the amount recorded for said impairment loss was ¥3,387 million in the second quarter of the fiscal year under review.