

Consolidated Financial Results
for the Second Quarter of Fiscal Year Ending March 31, 2019 (Fiscal Year 2019)
(Six Months Ended September 30, 2018)

<Under Japanese GAAP>

Company name: Kyoei Steel, Ltd. Stock exchange listed: Tokyo, 1st Section
 Stock code: 5440 URL: <http://www.kyoeisteel.co.jp/>
 Representative: Yasuyuki Hiroto, President
 Inquiries: Akinori Masuda, General Manager of Corporate Planning Dept.
 Tel: +81-6-6346-5221 (from overseas)
 Scheduled date of filing of Quarterly Report (Japanese version only): November 12, 2018
 Scheduled date of payment of dividend: December 7, 2018
 Preparation of supplementary materials for quarterly financial results: None

(Millions of yen with fractional amounts rounded off, unless otherwise noted)

1. Consolidated Financial Results for the Second Quarter (from April 1, 2018 to September 30, 2018) of Fiscal Year 2019

(1) Consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 30, 2018	110,718	28.0	4,323	161.3	3,977	181.8	3,037	201.9
Six months ended Sep. 30, 2017	86,506	21.5	1,654	(68.8)	1,411	(73.3)	1,006	(67.4)

Note: Comprehensive income Six months ended Sep. 30, 2018: 2,952 million yen (up 327.1%)
 Six months ended Sep. 30, 2017: 691 million yen (down 46.8%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2018	69.96	-
Six months ended Sep. 30, 2017	23.20	-

(2) Consolidated financial position

	Total assets	Net assets	Equity to total assets
	Millions of yen	Millions of yen	%
As of Sep. 30, 2018	256,889	152,799	55.0
As of Mar. 31, 2018	234,220	148,460	59.8

Reference: Shareholders' equity As of Sep. 30, 2018: 141,231 million yen As of Mar. 31, 2018: 140,010 million yen

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2018	-	10.00	-	30.00	40.00
Fiscal Year 2019	-	10.00	-	-	-
Fiscal Year 2019 (Forecast)	-	-	-	20.00	30.00

Note: Revisions to the most recently announced dividend forecast: None

3. Forecasts of Consolidated Earnings for Fiscal Year 2019 (from April 1, 2018 to March 31, 2019)

(Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	235,000	22.9	7,500	76.1	7,000	71.4	5,000	43.5	115.17

Note: Revisions to the most recently announced consolidated earnings forecast: Yes

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: 1 (Vietnam Italy Steel Joint Stock Company) Excluded: None

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements, Changes in Significant Subsidiaries during the Period” on page 10 of the attachments for further information.

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Sep. 30, 2018:	44,898,730 shares	As of Mar. 31, 2018:	44,898,730 shares
----------------------	-------------------	----------------------	-------------------

2) Number of treasury shares at the end of the period

As of Sep. 30, 2018:	1,471,819 shares	As of Mar. 31, 2018:	1,496,219 shares
----------------------	------------------	----------------------	------------------

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2018:	43,413,627 shares	Six months ended Sep. 30, 2017:	43,359,192 shares
---------------------------------	-------------------	---------------------------------	-------------------

* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in this report are based on information available at the date of publication for this document and certain assumptions regarding factors that may influence future results at the date of publication. Actual results may vary significantly from these forecasts due to a wide range of factors. For a discussion of the assumptions for forecasts, precautions concerning usage and other information, please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements” on page 4 of the attachments.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
Quarterly Consolidated Statements of Income for the Six-month Period	7
Quarterly Consolidated Statements of Comprehensive Income for the Six-month Period	8
(3) Quarterly Consolidated Statements of Cash Flows	9
(4) Notes to Quarterly Consolidated Financial Statements	10
Going-concern Assumption	10
Significant Changes in Shareholders' Equity	10
Changes in Significant Subsidiaries during the Period	10
Additional Information	10
Segment and Other Information	10

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half of the fiscal year ending March 31, 2019, the Japanese economy recovered slowly as improvements in corporate earnings and jobs continued. However, the outlook remained uncertain because of the effects of U.S.-China trade friction and increasing geopolitical risk.

In the market for steel construction materials in Japan, the primary source of demand for the Kyoei Steel Group's products, demand was firm in the building construction and civil engineering markets. The price of steel scrap, the main material for the Kyoei Steel Group's products, started increasing in July and there has been progress, although the pace is slow, with raising prices of products to reflect the higher cost. As a result, there was an increase in the metal spread (the difference between the prices of steel products and steel scrap), which is a major source of earnings. In the overseas steel business, sales and earnings increased in Vietnam and the United States as the demand for steel products was strong in both countries.

First half consolidated net sales increased 24,212 million yen (28.0%) to 110,718 million yen. Operating profit increased 2,668 million yen (161.3%) to 4,323 million yen, ordinary profit increased 2,566 million yen (181.8%) to 3,977 million yen, and profit attributable to owners of parent increased 2,031 million yen (201.9%) to 3,037 million yen.

Results by business segment are as follows.

1) Domestic Steel Business

First half shipments increased 18,000 tons from one year earlier to 843,000 tons. The price of steel scrap rose by 7,400 yen (26.0%) per ton but product prices increased by 11,400 yen (20.4%) per ton. Therefore, the difference between the prices of steel products and steel scrap, widened by 4,000 yen (14.5%) per ton compared with one year earlier.

Segment sales increased 11,048 million yen (21.8%) to 61,679 million yen and operating profit increased 1,154 million yen (50.2%) to 3,451 million yen.

2) Overseas Steel Business

Kyoei Steel has operations in Vietnam and the United States.

The demand for steel products remained firm in Vietnam and the United States and the volume of shipments of products was higher than one year earlier. In addition, the difference between prices of steel products and steel scrap widened because of the increase in prices of steel products. As a result, the performance of the overseas steel business was strong.

Segment sales increased 12,857 million yen (39.3%) to 45,593 million yen and operating profit increased 1,191 million yen (compared with a loss of 125 million yen one year earlier) to 1,066 million yen.

3) Material Recycling Business

The volume of waste plastics and other materials handled increased because China tightened restrictions on imports of waste materials. The performance of this business also benefited from the receipt of one-time orders. Segment sales increased 275 million yen (9.2%) to 3,263 million yen and operating profit increased 253 million yen (90.3%) to 532 million yen.

4) Others

This category includes sales of civil engineering materials, an insurance agent business and other activities by a subsidiary. In addition, earnings of Thi Vai International Port Co., Ltd., a harbor operating company in Vietnam, are included in the consolidated financial statements beginning with the first half of the current fiscal year. Sales increased 32 million yen (21.1%) to 183 million yen, but operating profit was down 86 million yen to a loss of 73 million yen.

(2) Explanation of Financial Position**Assets**

Current assets increased by 15,504 million yen, or 11.2%, from the end of the previous fiscal year to 153,765 million yen. This was attributable mainly to increases of 6,344 million yen in notes and accounts receivable-trade, 1,921 million yen in electronically recorded monetary claims-operating, 6,745 million yen in merchandise and finished goods, and 2,768 million yen in other under current assets, and a decrease of 2,217 million yen in cash and deposits.

Non-current assets increased by 7,165 million yen, or 7.5%, from the end of the previous fiscal year to 103,123 million yen. This was mainly attributable to increases of 4,177 million yen in buildings and structures and 3,696 million yen in goodwill.

Total assets increased by 22,669 million yen, or 9.7%, from the end of the previous fiscal year to 256,889 million yen.

Liabilities

Current liabilities increased by 18,140 million yen, or 27.8%, from the end of the previous fiscal year to 83,369 million yen. This was attributable mainly to increases of 2,009 million yen in notes and accounts payable-trade, 465 million yen in electronically recorded obligations-operating and 14,772 million yen in short-term loans payable.

Non-current liabilities increased by 190 million yen, or 0.9%, from the end of the previous fiscal year to 20,721 million yen. This was attributable mainly to an increase of 475 million yen in deferred tax liabilities, and decreases of 162 million yen in long-term loans payable and 120 million yen in other under non-current liabilities.

Total liabilities increased by 18,330 million yen, or 21.4%, from the end of the previous fiscal year to 104,089 million yen.

Net assets

Net assets increased by 4,339 million yen, or 2.9%, from the end of the previous fiscal year to 152,799 million yen. This was attributable mainly to a profit attributable to owners of parent of 3,037 million yen, dividends of surplus of 1,304 million yen, an increase of 3,118 million yen in non-controlling interests, and a decrease of 427 million yen in foreign currency translation adjustment.

As a result, equity to total assets declined from 59.8% to 55.0%.

Cash flows

Cash and cash equivalents at the end of the second quarter of the current fiscal year decreased by 7,831 million yen from the end of the previous fiscal year to 21,468 million yen. The cash flow components during the first half and the main reasons for changes are as described below.

(i) Cash flows from operating activities

Net cash used in operating activities was 3,348 million yen. Major components were profit before income taxes of 4,369 million yen, depreciation of 3,548 million yen, a 5,081 million yen increase in notes and accounts receivable-trade, a 4,327 million yen increase in inventories, and income taxes paid of 923 million yen.

(ii) Cash flows from investing activities

Net cash used in investing activities was 12,785 million yen. Major components were payments into time deposits of 10,696 million yen, proceeds from withdrawal of time deposits of 6,051 million yen, payments of 5,458 million yen for the purchase of shares of subsidiaries resulting in change in scope of consolidation, and purchase of property, plant and equipment of 2,533 million yen.

(iii) Cash flows from financing activities

Net cash provided by financing activities was 7,230 million yen. Major components include a net increase of 10,720 million yen in short-term loans payable, repayments of long-term loans payable of 1,494 million yen, and cash dividends paid of 1,304 million yen.

(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements

In the second half of the fiscal year, we anticipate challenges in the domestic steel business due to the consistently high cost of steel scrap, larger than expected increases in the cost of electrodes and the cost of cargo transportation, and the high cost of energy, which is also exceeding our initial forecast, caused by the rising price of crude oil and other reasons. In the overseas steel business, we anticipate pressure on profit margins in Vietnam because of intense price-based competition that is occurring mainly in the northern part of the country, although demand for steel is remaining strong. In the United States, we expect our operations to continue to perform well because of the strong demand for steel products. Vietnam Italy Steel Joint Stock Company, which became a Kyoei Steel subsidiary in May 2018, will be included in the consolidated financial statements beginning in the second half of this fiscal year.

Although we foresee a difficult business climate in the second half, we expect fiscal year earnings to be higher than in our previous forecast because first half performance exceeded the forecast. As a result, we have revised the full-year forecast that was announced on July 31, 2018 with results of operations for the first quarter of the fiscal year ending March 31, 2019.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

	(Unit: millions of yen)	
	FY2018 (as of Mar. 31, 2018)	Second quarter of FY2019 (as of Sep. 30, 2018)
Assets		
Current assets		
Cash and deposits	36,069	33,853
Notes and accounts receivable-trade	43,545	49,889
Electronically recorded monetary claims-operating	11,752	13,673
Securities	5,400	4,400
Merchandise and finished goods	22,457	29,202
Raw materials and supplies	15,263	16,692
Other	3,914	6,682
Allowance for doubtful accounts	(139)	(626)
Total current assets	138,261	153,765
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,514	21,691
Machinery, equipment and vehicles, net	34,818	36,946
Land	24,122	24,135
Other, net	974	1,119
Total property, plant and equipment	77,428	83,892
Intangible assets		
Goodwill	550	4,246
Other	1,930	2,680
Total intangible assets	2,480	6,926
Investments and other assets		
Investment securities	11,231	9,371
Other	4,887	3,000
Allowance for doubtful accounts	(66)	(66)
Total investments and other assets	16,051	12,305
Total non-current assets	95,958	103,123
Total assets	234,220	256,889

	(Unit: millions of yen)	
	FY2018 (as of Mar. 31, 2018)	Second quarter of FY2019 (as of Sep. 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	21,251	23,260
Electronically recorded obligations-operating	432	896
Short-term loans payable	29,788	44,560
Current portion of long-term loans payable	2,971	2,975
Income taxes payable	846	1,251
Provision for bonuses	709	975
Provision for directors' bonuses	20	12
Other	9,214	9,440
Total current liabilities	65,229	83,369
Non-current liabilities		
Long-term loans payable	16,820	16,657
Deferred tax liabilities	456	932
Deferred tax liabilities for land revaluation	2,433	2,433
Provision for directors' retirement benefits	11	11
Net defined benefit liability	70	66
Other	741	621
Total non-current liabilities	20,530	20,721
Total liabilities	85,760	104,089
Net assets		
Shareholders' equity		
Capital stock	18,516	18,516
Capital surplus	21,493	21,209
Retained earnings	93,909	95,536
Treasury shares	(1,809)	(1,762)
Total shareholders' equity	132,109	133,499
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,425	1,494
Deferred gains or losses on hedges	(48)	137
Revaluation reserve for land	4,618	4,618
Foreign currency translation adjustment	1,706	1,279
Remeasurements of defined benefit plans	201	204
Total accumulated other comprehensive income	7,901	7,732
Non-controlling interests	8,450	11,568
Total net assets	148,460	152,799
Total liabilities and net assets	234,220	256,889

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**(Quarterly Consolidated Statements of Income)****(For the Six-month Period)**

(Unit: millions of yen)

	First six months of FY2018 (from Apr. 1, 2017 to Sep. 30, 2017)	First six months of FY2019 (from Apr. 1, 2018 to Sep. 30, 2018)
Net sales	86,506	110,718
Cost of sales	78,780	99,667
Gross profit	7,726	11,051
Selling, general and administrative expenses	6,071	6,728
Operating profit	1,654	4,323
Non-operating income		
Interest income	126	247
Dividend income	130	95
Share of profit of entities accounted for using equity method	39	-
Foreign exchange gains	9	-
Other	137	121
Total non-operating income	441	462
Non-operating expenses		
Interest expenses	639	657
Share of loss of entities accounted for using equity method	-	6
Foreign exchange losses	-	93
Other	44	51
Total non-operating expenses	684	808
Ordinary profit	1,411	3,977
Extraordinary income		
Gain on sales and retirement of non-current assets	6	13
Gain on sales of capital of subsidiaries and associates	7	-
Gain on step acquisitions	-	549
Other	-	48
Total extraordinary income	13	610
Extraordinary losses		
Loss on sales and retirement of non-current assets	164	209
Loss on accident	165	-
Other	21	9
Total extraordinary losses	350	218
Profit before income taxes	1,075	4,369
Income taxes	382	1,204
Profit	692	3,165
Profit (loss) attributable to non-controlling interests	(314)	128
Profit attributable to owners of parent	1,006	3,037

(Quarterly Consolidated Statements of Comprehensive Income)
(For the Six-month Period)

(Unit: millions of yen)

	First six months of FY2018 (from Apr. 1, 2017 to Sep. 30, 2017)	First six months of FY2019 (from Apr. 1, 2018 to Sep. 30, 2018)
Profit	692	3,165
Other comprehensive income		
Valuation difference on available-for-sale securities	651	69
Deferred gains or losses on hedges	(55)	239
Foreign currency translation adjustment	(638)	(525)
Remeasurements of defined benefit plans, net of tax	41	3
Total other comprehensive income	(1)	(213)
Comprehensive income	691	2,952
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,325	3,042
Comprehensive income attributable to non-controlling interests	(634)	(90)

(3) Quarterly Consolidated Statements of Cash Flows

	(Unit: millions of yen)	
	First six months of FY2018 (from Apr. 1, 2017 to Sep. 30, 2017)	First six months of FY2019 (from Apr. 1, 2018 to Sep. 30, 2018)
Cash flows from operating activities		
Profit before income taxes	1,075	4,369
Depreciation	3,292	3,548
Amortization of goodwill	68	66
Increase (decrease) in provision	208	293
Increase (decrease) in net defined benefit liability	(13)	(3)
Share of (profit) loss of entities accounted for using equity method	(39)	6
Loss (gain) on sales and retirement of non-current assets	158	196
Loss (gain) on step acquisitions	-	(549)
Interest and dividend income	(256)	(342)
Interest expenses	639	657
Decrease (increase) in notes and accounts receivable-trade	(10,891)	(5,081)
Decrease (increase) in inventories	(4,574)	(4,327)
Increase (decrease) in notes and accounts payable-trade	5,077	418
Increase (decrease) in accrued consumption taxes	211	275
Decrease (increase) in net defined benefit asset	43	(18)
Other, net	23	(1,578)
Subtotal	(4,980)	(2,069)
Interest and dividend income received	276	345
Interest expenses paid	(596)	(701)
Income taxes paid	(805)	(923)
Net cash provided by (used in) operating activities	(6,104)	(3,348)
Cash flows from investing activities		
Payments into time deposits	(16,411)	(10,696)
Proceeds from withdrawal of time deposits	341	6,051
Purchase of securities	(3,000)	(2,000)
Proceeds from sales of securities	5,000	3,000
Purchase of investment securities	(1)	(1)
Proceeds from sales of investments in capital of subsidiaries	107	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(5,458)
Payments of deposit	(25)	(1,272)
Proceeds from withdrawal deposit	27	1,237
Payments of loans receivable	(5)	(835)
Collection of loans receivable	16	18
Purchase of property, plant and equipment	(3,620)	(2,533)
Proceeds from sales of property, plant and equipment	17	5
Purchase of intangible assets	(47)	(133)
Other, net	(93)	(169)
Net cash provided by (used in) investing activities	(17,694)	(12,785)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5,478	10,720
Repayments of long-term loans payable	(1,535)	(1,494)
Proceeds from disposal of treasury shares	58	47
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(708)
Cash dividends paid	(870)	(1,304)
Dividends paid to non-controlling interests	(15)	(11)
Other, net	(20)	(20)
Net cash provided by (used in) financing activities	3,096	7,230
Effect of exchange rate change on cash and cash equivalents	(107)	(215)
Net increase (decrease) in cash and cash equivalents	(20,809)	(9,119)
Cash and cash equivalents at beginning of period	36,740	29,299
Increase in cash and cash equivalents from newly consolidated subsidiary	-	1,288
Cash and cash equivalents at end of period	15,930	21,468

(4) Notes to Quarterly Consolidated Financial Statements**Going-concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Significant Subsidiaries during the Period

Vietnam Italy Steel Joint Stock Company, which was an equity-method affiliate in the previous fiscal year, was included in the scope of consolidation in the first quarter of the current fiscal year following the additional investment by Kyoei Steel.

Vietnam Italy Steel Joint Stock Company is considered as a specified subsidiary of Kyoei Steel.

Additional Information

Application of the Partial Amendments to Accounting Standard for Tax Effect Accounting

Kyoei Steel has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from the beginning of the first quarter of the current fiscal year. Accordingly, deferred tax assets and deferred tax liabilities are reclassified and included in the investments and other assets section and the non-current liabilities section, respectively.

Segment and Other Information

I. First six months of FY2018 (from Apr. 1, 2017 to Sep. 30, 2017)

1. Information related to net sales and profit/loss for each reportable segment (Unit: millions of yen)

	Reportable segments				Others (Note 1)	Adjustment (Note 2)	Amounts shown on quarterly consolidated statements of income (Note 3)
	Domestic Steel Business	Overseas Steel Business	Material Recycling Business	Total			
Net sales							
External sales	50,630	32,736	2,988	86,355	152	-	86,506
Inter-segment sales and transfers	79	-	469	548	-	(548)	-
Total	50,709	32,736	3,457	86,902	152	(548)	86,506
Segment profit (loss)	2,297	(125)	280	2,452	12	(809)	1,654

- Notes:
- Others represent the businesses which are not included in any of the reportable segments and mainly consist of civil engineering materials sales and insurance agent businesses.
 - The adjustment of (809) million yen to segment profit (loss) includes 9 million yen in eliminations for inter-segment transactions and (818) million yen in corporate costs that are not allocated to reportable segments. Corporate costs mainly include general and administration expenses of the Company's head office that cannot be attributed to reportable segments.
 - Segment profit (loss) are adjusted to be consistent with operating profit shown on the quarterly consolidated statements of income.

2. Information related to impairment of non-current assets, goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

In the overseas steel business segment, Kyoei Steel used U.S. consolidated subsidiary Kyoei Steel America LLC to purchase all of the stock of Vinton Steel and its subsidiary in the previous fiscal year. Provisional goodwill of 375 million yen was posted following this acquisition. Following completion of the allocation of the acquisition cost in the first quarter of the current fiscal year, goodwill was subsequently revised to 705 million yen.

Significant gain on bargain purchase

Not applicable.

II. First six months of FY2019 (from Apr. 1, 2018 to Sep. 30, 2018)

1. Information related to net sales and profit/loss for each reportable segment (Unit: millions of yen)

	Reportable segments				Others (Note 1)	Adjustment (Note 2)	Amounts shown on quarterly consolidated statements of income (Note 3)
	Domestic Steel Business	Overseas Steel Business	Material Recycling Business	Total			
Net sales							
External sales	61,679	45,593	3,263	110,535	183	-	110,718
Inter-segment sales and transfers	16	-	621	637	100	(736)	-
Total	61,695	45,593	3,884	111,171	283	(736)	110,718
Segment profit (loss)	3,451	1,066	532	5,049	(73)	(652)	4,323

- Notes:
- Others represent the businesses which are not included in any of the reportable segments and mainly consist of harbor operation, civil engineering materials sales and insurance agent businesses.
 - The adjustment of (652) million yen to segment profit (loss) includes 19 million yen in eliminations for inter-segment transactions and (672) million yen in corporate costs that are not allocated to reportable segments. Corporate costs mainly include general and administration expenses of the Company's head office that cannot be attributed to reportable segments.
 - Segment profit (loss) is adjusted to be consistent with operating profit shown on the quarterly consolidated statements of income.

2. Information related to impairment of non-current assets, goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

On May 14, 2018, Vietnam Italy Steel Joint Stock Company was made a consolidated subsidiary following the additional investment by Kyoei Steel. As a result, goodwill in the Overseas Steel Business segment increased by 3,775 million yen in the first six months of FY2019. The amount of goodwill is calculated provisionally because the allocation of the acquisition cost is incomplete as of the end of the second quarter of FY2019.

Significant gain on bargain purchase

Not applicable.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.