

**Consolidated Financial Results**  
**for the Second Quarter of Fiscal Year Ending March 31, 2020 (Fiscal Year 2020)**  
**(Six Months Ended September 30, 2019)**

<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 11, 2019

Scheduled date of payment of dividend: December 6, 2019

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, 2019 to September 30, 2019)**  
**of Fiscal Year 2020**

(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, 2019	124,023	12.0	10,191	135.8	9,781	145.9	6,010	97.9
Six months ended Sep. 30, 2018	110,718	28.0	4,323	161.3	3,977	181.8	3,037	201.9

Note: Comprehensive income Six months ended Sep. 30, 2019: 5,290 million yen (up 79.2%)

Six months ended Sep. 30, 2018: 2,952 million yen (up 327.1%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2019	138.29	-
Six months ended Sep. 30, 2018	69.96	-

(2) Consolidated financial position

	Total assets	Net assets	Equity to total assets
	Millions of yen	Millions of yen	%
As of Sep. 30, 2019	251,631	157,719	58.5
As of Mar. 31, 2019	261,590	153,781	54.8

Reference: Shareholders' equity As of Sep. 30, 2019: 147,179 million yen As of Mar. 31, 2019: 143,407 million yen

**2. Dividends**

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2019	-	10.00	-	30.00	40.00
Fiscal Year 2020	-	10.00	-	-	-
Fiscal Year 2020 (Forecast)	-	-	-	50.00	60.00

Note: Revisions to the most recently announced dividend forecast: Yes

**3. Forecasts of Consolidated Earnings for Fiscal Year 2020 (from April 1, 2019 to March 31, 2020)**

(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	240,000	(0.9)	16,500	79.3	16,000	85.1	10,000	53.7	230.10

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): None

Newly added: None

Excluded: None

(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: Yes

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, 2019:	44,898,730 shares	As of Mar. 31, 2019:	44,898,730 shares
----------------------	-------------------	----------------------	-------------------

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

As of Sep. 30, 2019:	1,439,725 shares	As of Mar. 31, 2019:	1,439,682 shares
----------------------	------------------	----------------------	------------------

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2019:	43,459,013 shares	Six months ended Sep. 30, 2018:	43,413,627 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	11
Going-concern Assumption	11
Significant Changes in Shareholders' Equity	11
Changes in Accounting Policies	11
Segment and Other Information	11

## 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, 2020, the overall Japanese economy, despite areas of weakness chiefly in exports, recovered slowly as corporate earnings were firm and the employment and income situations continued to improve. However, the outlook for the global economy is still uncertain because of the effects of U.S.-China trade friction and increasing geopolitical risks.

In the electric arc furnace steel industry, in which the Kyoei Steel Group operates, the domestic steel market was weak as customers were in a wait-and-see mode because the price of steel scrap, the main raw material for Kyoei Steel's products, softened. On the other hand, as the price of steel scrap started falling from the beginning of the fiscal year, the metal spread (the difference between the prices of steel products and steel scrap) which is a major source of the Group's earnings, increased.

Although there were some variations in the business conditions between the north and south in Vietnam, the overall performance of the overseas steel business was strong with earnings surpassing initial targets as the metal spread expanded along with steel scrap prices declining globally. In the United States, while the overheated steel products market late in the first half is stabilizing, earnings were favorable.

Consolidated net sales increased 13,304 million yen (12.0%) to 124,023 million yen. Operating profit increased 5,869 million yen (135.8%) to 10,191 million yen, ordinary profit increased 5,804 million yen (145.9%) to 9,781 million yen, and profit attributable to owners of parent increased 2,973 million yen (97.9%) to 6,010 million yen.

Results by business segment are as follows.

#### 1) Domestic Steel Business

First half shipments decreased 12,000 tons from one year earlier to 831,000 tons. The price of steel scrap fell by 5,700 yen (16.0%) per ton and product prices increased by 2,900 yen (4.4%) per ton. Therefore, the difference between the prices of steel products and steel scrap widened by 8,700 yen (27.7%) per ton compared with one year earlier.

Segment sales increased 1,900 million yen (3.1%) to 63,579 million yen and operating profit increased 4,425 million yen (128.2%) to 7,875 million yen.

#### 2) Overseas Steel Business

Kyoei Steel operates steel business in Vietnam and the United States.

In Vietnam, although the competitive environment remains severe, business performance was generally firm supported by strong demand for steel products and lower prices for steel scrap and semi-finished products.

In the United States, business performance was favorable as steel prices hovered at high levels even though the steel products market entered an adjustment phase following a price surge late in the first half.

Segment sales increased 11,412 million yen (25.0%) to 57,005 million yen and operating profit increased 1,387 million yen (130.1%) to 2,452 million yen.

#### 3) Material Recycling Business

Effects of falling steel scrap prices, rising processing costs and a decline in the number of one-time orders affected segment performance. Segment sales decreased 60 million yen (1.8%) to 3,203 million yen and operating profit decreased 91 million yen (17.0%) to 442 million yen.

#### 4) Others

This category includes sales of civil engineering materials, an insurance agent business and other activities by a subsidiary. In addition, Kyoei Steel has harbor operations in Vietnam. Sales increased 52 million yen (28.5%) to 236 million yen, and operating profit increased 135 million yen (compared with operating loss of 73 million yen one year earlier) to 62 million yen as the harbor business got on track.

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

Current assets decreased by 9,129 million yen, or 5.6%, from the end of the previous fiscal year to 152,787 million yen. This was attributable mainly to an increase of 9,149 million yen in cash and deposits, and decreases of 9,284 million yen in notes and accounts receivable-trade, 4,185 million yen in electronically recorded monetary claims-operating, 1,600 million yen in securities, and 2,780 million yen in other current assets.

Non-current assets decreased by 830 million yen, or 0.8%, from the end of the previous fiscal year to 98,844 million yen. This was mainly attributable to an increase of 955 million yen in other, net under property, plant and equipment and a decrease of 1,667 million yen in machinery, equipment and vehicles.

Total assets decreased by 9,959 million yen, or 3.8%, from the end of the previous fiscal year to 251,631 million yen.

**Liabilities**

Current liabilities decreased by 11,977 million yen, or 15.0%, from the end of the previous fiscal year to 67,923 million yen. This was attributable mainly to decreases of 6,604 million yen in notes and accounts payable-trade, 1,382 million yen in electronically recorded obligations-operating, and 4,347 million yen in short-term borrowings.

Non-current liabilities decreased by 1,921 million yen, or 6.9%, from the end of the previous fiscal year to 25,988 million yen. This was attributable mainly to a decrease of 2,203 million yen in long-term borrowings.

Total liabilities decreased by 13,898 million yen, or 12.9%, from the end of the previous fiscal year to 93,912 million yen.

**Net assets**

Net assets increased by 3,939 million yen, or 2.6%, from the end of the previous fiscal year to 157,719 million yen. This was attributable mainly to a profit attributable to owners of parent of 6,010 million yen, dividends of surplus of 1,304 million yen, and a decrease of 626 million yen in foreign currency translation adjustment.

As a result, equity to total assets rose from 54.8% to 58.5%.

**Cash flows**

Cash and cash equivalents at the end of the second quarter of the current fiscal year increased by 13,388 million yen from the end of the previous fiscal year to 39,794 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 provided by operating activities was 16,319 million yen. Major components were profit before income taxes of 9,387 million yen, depreciation of 3,941 million yen, a 12,984 million yen decrease in trade receivables, a 7,832 million yen decrease in trade payables, and income taxes paid of 2,217 million yen.

**(ii) Cash flows from investing activities**

Net cash provided by investing activities was 3,632 million yen. Major components were payments into time deposits of 13,133 million yen, proceeds from withdrawal of time deposits of 17,732 million yen, and purchase of property, plant and equipment of 2,184 million yen.

**(iii) Cash flows from financing activities**

Net cash used in financing activities was 6,478 million yen. Major components include a net decrease of 3,153 million yen in short-term borrowings, repayments of long-term borrowings of 1,919 million yen, and dividends paid of 1,304 million yen.

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

In the domestic steel business, the uncertain outlook for the domestic economy is likely to keep customers in the wait-and-see mode in the second half of this fiscal year. On the other hand, since steel scrap prices are expected to remain below our initial assumption, we expect segment profits to exceed our initial targets. Nevertheless, there is no reason for optimism as steel scrap prices may bottom out and upturn.

In the overseas steel business, price competition is likely to intensify as local competitors in Vietnam are increasing production. Although we expect demand to stay strong, earnings will be under increasing pressure. In the United States, demand for steel has been firm but concerns are rising over a possible slowdown.

Accordingly, we expect the operating environment, particularly overseas, to be challenging. Nevertheless, since the current fiscal year financial results are likely to exceed the forecast that we announced on July 31, 2019 with results of operations for the first quarter of the fiscal year ending March 31, 2020, we have revised the consolidated forecast. Based on this outlook, we have also revised the dividend forecast for the fiscal year ending March 31, 2020.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

	(Unit: millions of yen)	
	FY2019 (as of Mar. 31, 2019)	Second quarter of FY2020 (as of Sep. 30, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	42,133	51,282
Notes and accounts receivable-trade	48,845	39,561
Electronically recorded monetary claims-operating	14,854	10,669
Securities	4,400	2,800
Merchandise and finished goods	26,360	25,770
Raw materials and supplies	18,535	18,715
Other	7,289	4,509
Allowance for doubtful accounts	(500)	(519)
<b>Total current assets</b>	<b>161,916</b>	<b>152,787</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,028	20,665
Machinery, equipment and vehicles, net	34,980	33,312
Land	24,249	24,264
Other, net	1,360	2,315
<b>Total property, plant and equipment</b>	<b>81,617</b>	<b>80,557</b>
Intangible assets		
Goodwill	3,944	3,629
Other	2,565	2,409
<b>Total intangible assets</b>	<b>6,508</b>	<b>6,038</b>
Investments and other assets		
Investment securities	8,120	8,278
Other	3,493	4,036
Allowance for doubtful accounts	(64)	(65)
<b>Total investments and other assets</b>	<b>11,549</b>	<b>12,249</b>
<b>Total non-current assets</b>	<b>99,674</b>	<b>98,844</b>
<b>Total assets</b>	<b>261,590</b>	<b>251,631</b>

	(Unit: millions of yen)	
	FY2019 (as of Mar. 31, 2019)	Second quarter of FY2020 (as of Sep. 30, 2019)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	17,816	11,212
Electronically recorded obligations-operating	4,673	3,291
Short-term borrowings	40,857	36,509
Current portion of long-term borrowings	3,861	3,799
Income taxes payable	2,053	2,686
Provision for bonuses	718	1,281
Provision for bonuses for directors (and other officers)	2	1
Other	9,920	9,145
<b>Total current liabilities</b>	<b>79,900</b>	<b>67,923</b>
Non-current liabilities		
Long-term borrowings	24,069	21,866
Deferred tax liabilities	730	614
Deferred tax liabilities for land revaluation	2,433	2,433
Provision for retirement benefits for directors (and other officers)	12	-
Retirement benefit liability	74	81
Other	591	994
<b>Total non-current liabilities</b>	<b>27,909</b>	<b>25,988</b>
<b>Total liabilities</b>	<b>107,809</b>	<b>93,912</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	18,516	18,516
Capital surplus	21,141	21,141
Retained earnings	98,550	103,291
Treasury shares	(1,700)	(1,700)
<b>Total shareholders' equity</b>	<b>136,507</b>	<b>141,247</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	785	723
Deferred gains or losses on hedges	32	(137)
Revaluation reserve for land	4,625	4,625
Foreign currency translation adjustment	1,251	625
Remeasurements of defined benefit plans	206	95
<b>Total accumulated other comprehensive income</b>	<b>6,900</b>	<b>5,932</b>
<b>Non-controlling interests</b>	<b>10,374</b>	<b>10,541</b>
<b>Total net assets</b>	<b>153,781</b>	<b>157,719</b>
<b>Total liabilities and net assets</b>	<b>261,590</b>	<b>251,631</b>



**(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 FY2019 (from Apr. 1, 2018 to Sep. 30, 2018)	First six months of FY2020 (from Apr. 1, 2019 to Sep. 30, 2019)
Net sales	110,718	124,023
Cost of sales	99,667	106,703
Gross profit	11,051	17,320
Selling, general and administrative expenses	6,728	7,128
Operating profit	4,323	10,191
Non-operating income		
Interest income	247	342
Dividend income	95	91
Share of profit of entities accounted for using equity method	-	296
Other	121	132
Total non-operating income	462	860
Non-operating expenses		
Interest expenses	657	1,031
Share of loss of entities accounted for using equity method	6	-
Foreign exchange losses	93	201
Other	51	38
Total non-operating expenses	808	1,270
Ordinary profit	3,977	9,781
Extraordinary income		
Gain on sales and retirement of non-current assets	13	7
Gain on step acquisitions	549	-
Insurance claim income	48	36
Other	-	9
Total extraordinary income	610	52
Extraordinary losses		
Loss on sales and retirement of non-current assets	209	357
Loss on disaster	-	21
Provision for disposal costs of PCBs	-	46
Other	9	22
Total extraordinary losses	218	446
Profit before income taxes	4,369	9,387
Income taxes	1,204	2,806
Profit	3,165	6,581
Profit attributable to non-controlling interests	128	571
Profit attributable to owners of parent	3,037	6,010

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

(Unit: millions of yen)

	First six months of FY2019 (from Apr. 1, 2018 to Sep. 30, 2018)	First six months of FY2020 (from Apr. 1, 2019 to Sep. 30 2019)
Profit	3,165	6,581
Other comprehensive income		
Valuation difference on available-for-sale securities	69	(62)
Deferred gains or losses on hedges	239	(192)
Foreign currency translation adjustment	(525)	(925)
Remeasurements of defined benefit plans, net of tax	3	(111)
Total other comprehensive income	(213)	(1,291)
Comprehensive income	2,952	5,290
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	3,042	5,041
Comprehensive income attributable to non-controlling interests	(90)	249

**(3) Quarterly Consolidated Statements of Cash Flows**

(Unit: millions of yen)

	First six months of FY2019 (from Apr. 1, 2018 to Sep. 30, 2018)	First six months of FY2020 (from Apr. 1, 2019 to Sep. 30, 2019)
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,369	9,387
Depreciation	3,548	3,941
Amortization of goodwill	66	188
Increase (decrease) in provision	293	586
Increase (decrease) in retirement benefit liability	(3)	(14)
Share of loss (profit) of entities accounted for using equity method	6	(296)
Loss (gain) on sales and retirement of non-current assets	196	350
Insurance claim income	(48)	(36)
Loss on disaster	-	21
Loss (gain) on step acquisitions	(549)	-
Interest and dividend income	(342)	(432)
Interest expenses	657	1,031
Decrease (increase) in trade receivables	(5,081)	12,984
Decrease (increase) in inventories	(4,327)	(378)
Increase (decrease) in trade payables	418	(7,832)
Increase (decrease) in accrued consumption taxes	275	(503)
Decrease (increase) in retirement benefit asset	(18)	15
Other, net	(1,530)	110
Subtotal	(2,069)	19,123
Interest and dividends received	345	462
Interest paid	(701)	(1,079)
Payments associated with disaster loss	-	(6)
Proceeds from insurance income	-	36
Income taxes paid	(923)	(2,217)
Net cash provided by (used in) operating activities	(3,348)	16,319
<b>Cash flows from investing activities</b>		
Payments into time deposits	(10,696)	(13,133)
Proceeds from withdrawal of time deposits	6,051	17,732
Purchase of securities	(2,000)	(1,000)
Proceeds from sales of securities	3,000	2,000
Purchase of investment securities	(1)	(1)
Proceeds from sales and redemption of investment securities	-	2
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,458)	-
Payments of deposit	(1,272)	-
Proceeds from withdrawal deposit	1,237	1,219
Loan advances	(835)	(872)
Collection of loans receivable	18	26
Purchase of property, plant and equipment	(2,533)	(2,184)
Proceeds from sales of property, plant and equipment	5	4
Purchase of intangible assets	(133)	(40)
Other, net	(169)	(122)
Net cash provided by (used in) investing activities	(12,785)	3,632

(Unit: millions of yen)

	First six months of FY2019 (from Apr. 1, 2018 to Sep. 30, 2018)	First six months of FY2020 (from Apr. 1, 2019 to Sep. 30, 2019)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	10,720	(3,153)
Repayments of long-term borrowings	(1,494)	(1,919)
Purchase of treasury shares	-	(0)
Proceeds from disposal of treasury shares	47	-
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(708)	-
Dividends paid	(1,304)	(1,304)
Dividends paid to non-controlling interests	(11)	(82)
Other, net	(20)	(21)
Net cash provided by (used in) financing activities	7,230	(6,478)
Effect of exchange rate change on cash and cash equivalents	(215)	(85)
Net increase (decrease) in cash and cash equivalents	(9,119)	13,388
Cash and cash equivalents at beginning of period	29,299	26,407
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1,288	-
Cash and cash equivalents at end of period	21,468	39,794

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

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Changes in Accounting Policies**

Application of IFRS 16 "Leases"

Some foreign subsidiaries have started to apply IFRS 16 "Leases" in the first quarter of the current fiscal year. Accordingly, as a lessee, in principle, Kyoei Steel booked all leased assets and liabilities as assets and liabilities in the quarterly balance sheets.

To begin applying this standard, Kyoei Steel is using the approved transitional treatment of recognizing the cumulative effect of applying this standard on the first day that this standard was applied.

The effect of this change on profit or loss in the first half of the current fiscal year is insignificant.

**Segment and Other Information**

I. 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 3,683 million yen in the first six months of FY2019.

Significant gain on bargain purchase

Not applicable.

## II. First six months of FY2020 (from Apr. 1, 2019 to Sep. 30, 2019)

## 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	63,579	57,005	3,203	123,787	236	-	124,023
Inter-segment sales and transfers	55	-	513	569	252	(821)	-
Total	63,634	57,005	3,716	124,356	488	(821)	124,023
Segment profit	7,875	2,452	442	10,769	62	(640)	10,191

- 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 (640) million yen to segment profit includes 9 million yen in eliminations for inter-segment transactions and (648) 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 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

In the Overseas Steel Business segment, Vietnam Italy Steel Joint Stock Company was made a consolidated subsidiary following the additional investment by Kyoei Steel in FY2019. The provisional accounting treatment related to the additional investment was finalized at the end of FY2019.

In line with the finalization of this provisional accounting treatment, the significant change in goodwill in the first six months of FY2019 has been revised to reflect this revision.

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.*