Quarterly Financial Results for the Second Quarter, Ended September 30, 2018 (Japanese GAAP, Consolidated)

November 8, 2018

Name of Listed Company: **Kaneka Corporation** Stock Exchange Listings: Tokyo, Nagoya
Code Number: 4118 URL http://www.kaneka.co.jp
Representative: Mamoru Kadokura Title: President, Representative Director
Contact Person: Osamu Ishida Title: Officer – Investor & Public Relations Department Phone: +81-3-5574-8090
Scheduled date for submitting financial statements: November 13, 2018 Scheduled date of dividend distribution: December 5, 2018

Note: Figures have been rounded down to the nearest million yen.

1. Consolidated Business Performance for the Second Quarter, Ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

(1) Consolidated business performance (cumulative) (% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Apr. 2018 – Sep. 2018	306,053	4.7	18,016	13.5	15,943	10.0	10,686	11.1
Apr. 2017 – Sep. 2017	292,258	8.2	15,879	(3.5)	14,492	3.2	9,615	5.2

Note: Comprehensive income: ¥15,456 million (-17.8%) six months ended September 30, 2018
¥18,813 million (694.9%) six months ended September 30, 2017

	Net income per share	Fully diluted net income per share
	¥	¥
Apr. 2018 – Sep. 2018	163.00	162.75
Apr. 2017 – Sep. 2017	146.07	145.90

Note: The Company conducted a consolidation of shares of common stock at the ratio of five shares to one share on October 1, 2018. However, net income per share and fully diluted net income per share have been calculated as though the share consolidation took place on April 1, 2017.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of September 30, 2018	656,820	359,306	51.5
As of March 31, 2018	639,780	346,599	51.0

(Reference) Shareholders' equity: ¥338,191 million as of September 30, 2018
¥326,186 million as of March 31, 2018

2. Dividends

	Annual dividends				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
Apr. 2017 – Mar. 2018	¥ —	¥ 9.00	¥ —	¥ 9.00	¥ 18.00
Apr. 2018 – Mar. 2019	—	9.00			
Apr. 2018 – Mar. 2019 (Forecasts)			—	45.00	—

Note: Changes in dividend forecast during the quarter under review: No
The Company conducted a consolidation of shares of common stock at the ratio of five shares to one share on October 1, 2018. Accordingly, the year-end dividend per share (forecast) for the fiscal year ending March 31, 2019 reflects the impact of the share consolidation and the total annual dividend is shown as "—." Without the share consolidation, the year-end dividend per share (forecast) for the fiscal year ending March 31, 2019 would be ¥9 and the annual dividend per share would be ¥18. For details, please see "Explanations or other items pertaining to appropriate use of business performance forecasts."

3. Forecast for consolidated business performance for the year ending March 31, 2019
(from April 1, 2018 to March 31, 2019)

(Percentage figures represent changes from the corresponding periods of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	650,000	9.0	42,000	13.9	37,000	12.9	23,000	6.6	350.91

Note: Revisions to consolidated business performance forecasts during the quarter under review: No
The Company conducted a consolidation of shares of common stock at the ratio of five shares to one share on October 1, 2018. Net income per share in the forecast for consolidated business performance for the fiscal year ending March 31, 2019 reflects the impact of the share consolidation. Without the share consolidation, net income per share in the forecast for consolidated business performance for the fiscal year ending March 31, 2019 would be ¥70.18 per share. For details, please see “Explanations or other items pertaining to appropriate use of business performance forecasts.”

4. Other
(1) Changes in principal subsidiaries during the term: No
(2) Application of simplified methods of accounting and specific accounting methods: No
(3) Changes in accounting principles, changes in estimates, or restatements
1. Changes owing to revisions in accounting standards: No
2. Changes other than 1. above: No
3. Changes in accounting estimates: No
4. Restatements: No
(4) Number of shares outstanding (common stock)

1. Number of shares issued at the end of the period (including treasury stock):	September 30, 2018	70,000,000 shares	March 31, 2018	70,000,000 shares
2. Shares of treasury stock at the end of the period:	September 30, 2018	4,408,281 shares	March 31, 2018	4,456,938 shares
3. Average number of shares during the period (calculated cumulatively from the beginning of the fiscal year)	September 30, 2018	65,561,353 shares	September 30, 2017	65,827,196 shares

Note: The Company conducted a consolidation of shares of common stock at the ratio of five shares to one share on October 1, 2018. However, the number of shares issued at the end of the period, the number of shares of treasury stock at the end of the period, and the average number of shares during the period, have all been calculated as though the share consolidation took place on April 1, 2017.

(These financial statements are exempt from audit procedures)

(Explanations or other items pertaining to appropriate use of business performance forecasts)
The business performance forecasts and certain other statements contained in this document are forward-looking statements, which are rationally determined based on information currently available to the Company. For a variety of reasons, actual performance may differ substantially from these projections. They do not constitute a guarantee that the Company will achieve these forecasts or other forward-looking statements. For cautionary items used in business performance forecasts, please refer to “(3) Consolidated Business Forecasts” under “1. Quarterly Consolidated Business Performance” on page 4.

The Company conducted a consolidation of shares of common stock at the ratio of five shares to one share on the effective date of October 1, 2018, following the approval of a proposal on the share consolidation at the 94th Annual General Meeting of Shareholders held on June 28, 2018. The dividend forecast and forecast for consolidated business performance for the fiscal year ending March 31, 2019 without reflecting the share consolidation is as follows:
1. Dividend forecast for the fiscal year ending March 31, 2019
Interim dividend per share: ¥9.00 (Note 1) Year-end dividend per share: ¥9.00 (Note 2)
2. Forecast for consolidated business performance for the fiscal year ending March 31, 2019
Full-year net income per share for the fiscal year ending March 31, 2019: ¥70.18

Notes:1. The interim dividend will be paid out based on the number of shares before the share consolidation.
2.Converted to the per-share dividend before the share consolidation.
3.The annual dividend per share for the fiscal year ending March 31, 2019 (before the share consolidation) was ¥18.00.

Supplementary Materials

Contents

1. Quarterly Consolidated Business Performance

(1) Consolidated Business Performance

During the first six months under review (April 1, 2018 to September 30, 2018), the global economy continued to follow a gradual growth path. Against this backdrop, the Kaneka Group's operating results were higher than the same period of the previous fiscal year. Consolidated net sales in the second quarter amounted to ¥306,053 million (up 4.7% year on year), driven by growth in global businesses, where the Group bolstered production capacity. Operating income was ¥18,016 million (up 13.5% year on year). Ordinary income was ¥15,943 million (up 10.0% year on year). Net income attributable to owners of parent was ¥10,686 million (up 11.1% year on year). Although the Group was affected by natural disasters such as earthquakes and typhoon damage, the businesses that the Group prioritized and focused on strengthening, performed steadily.

Operating performance by business segment was as follows:

1) Material Solutions Unit

In the Vinyls and Chlor-Alkali business, sales of PVC resins and caustic soda were favorable both in Japan and overseas. Moreover, sales of paste PVC and other specialty PVC resins were solid in Japan. Hereafter, the Group will strive to incorporate surging raw material costs in sales prices.

In the Performance Polymers business, modifiers saw progress on the expansion of applications for non-PVC and other uses and recorded favorable sales in response to vigorous demand in the Asian market. The new second production line that started up last year in Malaysia also contributed to sales. Demand for modified silicone polymers, a globally unique product, has been increasing worldwide. In this environment, sales of modified silicone polymers increased substantially as new production facilities in Malaysia started contributing to sales in earnest. At the end of this year, the Group will complete the facility in Belgium for increased production capacity, and will begin responding to strong demand. Adoption of epoxy masterbatch, a material providing unique solutions, as a structural adhesive for automobiles is increasing, and it is entering a phase of demand expansion. The Group is preparing to decide about early production capacity increases.

The biodegradable polymer PHBH, for which the Group has decided to enhance production capacity, is being adopted for use in fruit and vegetable bags, as regulations regarding disposable plastics are being strengthened in the European and U.S. markets. Considering that this material is biodegradable even in seawater, the Group will develop a market for this product as a solution to the societal problem of microplastic pollution. The Group will proceed with a sense of speed regarding business expansion for next-generation, cutting-edge high-tech materials for the aerospace industry using its newly installed prepreg production facilities.

2) Quality of Life Solutions Unit

In the E & I Technology business, sales of ultra-heat-resistant polyimide films were favorable, supported by increased demand for smartphones with higher functionality. Moreover, the market for new polyimide products, such as those for use in optical applications for displays, also expanded. The Group has decided to enhance the production capacity of high thermal conductive graphite sheets and their raw material ultra-heat-resistant polyimide films to respond to dramatic expansion in demand as smartphones become more compact and offer higher functionality, including organic electroluminescent displays and wireless charging. The Group will continue to strengthen its expertise and expand this business as the sole manufacturer of these materials, overseeing all aspects from raw materials to end products.

In the Performance Fibers business, demand for hair accessories in the African market has been making a full-fledged recovery, and the Group is strengthening its brand capabilities in high-functionality hair accessories to spearhead further demand creation in Africa and other markets. In the flame-retardant material field, sales increased atop surging demand for uniforms in Europe and the Americas.

In the Foam & Residential Techs business, sales grew despite diminished hauls resulting from typhoons and earthquakes and sluggish demand accompanying delays in civil engineering and construction work. The Group will proceed with implementing cost reductions and incorporating surging raw material costs in sales prices. In bead-method polyolefin foam, the Group is working to strengthen its global supply structure through measures, including starting operations at a plant in Thailand and enhancing production capacity in Belgium, in order to address growing demand in the automotive field and other areas.

In the PV & Energy Management business, sales of high-efficiency photovoltaic module products expanded, and the Group improved profitability in line with its advancement of structural reforms. The Group is making progress with its net zero energy management system materials for houses and buildings by using its proprietary photovoltaic modules for electricity-generating windows and walls. It will also strengthen its solutions business as regards global energy problems.

3) Health Care Solutions Unit

In the Medical Devices business, sales of new products, such as high-functionality balloon catheters and digestive system catheters, proceeded steadily. Moreover, sales increased in overseas markets, offsetting the negative impact of revisions to medical reimbursement prices in Japan. The Group will work to expand sales in therapeutic fields such as drug-coated balloon catheter treatments and electrode catheters, and to new regions such as Central and South America.

In the Pharma business, sales of biopharmaceuticals made by Kaneka Eurogentec S.A. performed robustly. The Group is working to bolster production capacity as planned. The continuous manufacturing equipment for producing pharmaceutical intermediates and active pharmaceutical ingredients that the Group has installed at Kaneka Singapore Co. (Pte.) Ltd. and Osaka Synthetic Chemical Laboratories, Inc. has been highly evaluated by the markets and contributed to increased sales. These new technologies are centered on strengthening business in the small molecule pharmaceutical sector, and are accelerating comprehensive business expansion in the Pharma field.

4) Nutrition Solutions Unit

In the Foods & Agris business, amid continued sluggish conditions in the markets for bakery products, the Group worked to stimulate demand through proactive proposal-based sales to major suppliers of bakery products, convenience stores and food product manufacturers. Moreover, as the Indonesian business is developing steadily, expansion is planned to accommodate large-scale production capacity. The Group has newly entered the dairy products business and has started sales of fermented butter in addition to milk. It will enhance the product lineup with yoghurt and other new dairy products, and accelerate market development. Furthermore, in conjunction with the food production support business, the Group is planning measures that will contribute to productivity improvements for dairy farmers and recycling-oriented dairy farming.

In the Supplemental Nutrition business, sales of the mainstay reduced form of coenzyme Q10 continued to increase, primarily in the U.S. market. The Group recently made a company specializing in lactic acid bacteria in Spain into a Group company. The Group will work closely with this company to increase its lineup of supplement materials and expand its lactic acid bacteria and supplement business globally.

(2) Consolidated Financial Position

1) Status of Assets, Liabilities and Equity

Total assets were ¥656,820 million as of September 30, 2018, up ¥17,039 million compared with March 31, 2018 due to increases in inventories and property, plant and equipment. Liabilities totaled ¥297,514 million, up ¥4,332 million due to an increase in loans payable. Net assets (equity) increased by ¥12,707 million to ¥359,306 million, due to an increase in retained earnings.

2) Consolidated Cash Flows

Net cash provided by operating activities during the first six months of the year was ¥19,413 million, mainly due to income before income taxes and depreciation and amortization, while net cash used in investing activities amounted to ¥22,004 million, mainly due to the purchase of property, plant and equipment. Net cash provided by financing activities was ¥1,619 million, mainly owing to an increase in loans payable. As a result, cash and cash equivalents as of September 30, 2018 totaled ¥46,425 million.

(3) Consolidated Business Forecasts

In the global economy, there are growing concerns about the shrinkage in world trade as uncertainty about the future increases, including trade friction between the U.S. and China and the impact of rising interest rates in the U.S. In October 2018, the IMF lowered its global economic forecast for the first time in two years, referencing the risk of the turnaround in the economic expansion that followed the financial crisis in 2008. In this kind of business environment, the Company will accelerate its transformation to a new, resilient portfolio structure by further enhancing its R&D and global business initiatives.

In the first half of the fiscal year, the Group was temporarily impacted by natural disasters, rising raw material costs, and other factors, but from the third quarter the Group will expand business and strengthen global competitiveness while making full use of the new power of its businesses such as modifiers and modified silicone polymers which have bolstered their production capacity at overseas bases. Furthermore, the Group will work to drive growth in key strategic businesses such as E & I Technology, where demand is expected to rapidly increase with the arrival of the IoT- and AI-driven society, and the Health Care and Supplemental Nutrition businesses, where new products are being developed.

In light of the above, the Group has left its forecast for consolidated business performance unchanged from the forecast announced on May 11, 2018.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY2017 Term ended March 31, 2018	FY2018 2nd Quarter Term ended September 30, 2018
Assets		
Current assets		
Cash and deposits	47,647	47,130
Notes and accounts receivable - trade	142,194	143,967
Short-term investment securities	110	110
Merchandise and finished goods	55,955	62,500
Work in process	9,527	8,899
Raw materials and supplies	38,732	40,767
Other	13,076	14,890
Allowance for doubtful accounts	(972)	(976)
Total current assets	306,270	317,290
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	77,592	78,313
Machinery, equipment and vehicles, net	106,298	105,675
Other, net	53,583	58,008
Total property, plant and equipment	237,475	241,997
Intangible assets		
Goodwill	3,476	3,229
Other	6,415	6,082
Total intangible assets	9,892	9,312
Investments and other assets		
Investment securities	68,888	71,930
Other	17,524	16,557
Allowance for doubtful accounts	(270)	(267)
Total investments and other assets	86,142	88,220
Total noncurrent assets	333,510	339,530
Total assets	639,780	656,820

(Millions of yen)

	FY2017 Term ended March 31, 2018	FY2018 2nd Quarter Term ended September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable – trade	84,914	85,919
Short-term loans payable	59,653	65,515
Current portion of bonds	–	10,000
Income taxes payable	4,481	2,855
Provision	126	13
Other	45,706	45,187
Total current liabilities	194,881	209,490
Noncurrent liabilities		
Bonds payable	10,000	–
Long-term loans payable	45,847	45,662
Provision	643	597
Net defined benefit liability	37,324	37,600
Other	4,483	4,163
Total noncurrent liabilities	98,299	88,023
Total liabilities	293,181	297,514
Net assets		
Shareholders' equity		
Capital stock	33,046	33,046
Capital surplus	32,799	32,798
Retained earnings	264,963	272,697
Treasury stock	(18,683)	(18,392)
Total shareholders' equity	312,125	320,150
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,730	26,383
Deferred gains or losses on hedges	(108)	(115)
Foreign currency translation adjustment	(3,035)	(1,369)
Remeasurements of defined benefit plans	(7,526)	(6,857)
Total accumulated other comprehensive income	14,060	18,041
Subscription rights to shares	300	425
Noncontrolling interests	20,112	20,688
Total net assets	346,599	359,306
Total liabilities and net assets	639,780	656,820

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	FY2017 2nd Quarter From April 1, 2017 to September 30, 2017	FY2018 2nd Quarter From April 1, 2018 to September 30, 2018
Net sales	292,258	306,053
Cost of sales	210,513	219,774
Gross profit	81,744	86,278
Selling, general and administrative expenses	65,864	68,261
Operating income	15,879	18,016
Non-operating income		
Dividends income	811	914
Foreign exchange gains	414	157
Equity in earnings of affiliates	67	3
Gain on sales of noncurrent assets	–	427
Other	390	434
Total non-operating income	1,683	1,937
Non-operating expenses		
Interest expenses	799	999
Loss on retirement of noncurrent assets	767	1,223
Other	1,504	1,789
Total non-operating expenses	3,071	4,011
Ordinary income	14,492	15,943
Extraordinary loss		
Patent protection court costs	473	837
Total extraordinary losses	473	837
Income before income taxes	14,018	15,105
Income taxes-current	3,831	3,693
Income taxes-deferred	165	(96)
Total income taxes	3,996	3,596
Net income	10,021	11,509
Net income attributable to noncontrolling interests	406	823
Net income attributable to owners of parent	9,615	10,686

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2017 2nd Quarter From April 1, 2017 to September 30, 2017	FY2018 2nd Quarter From April 1, 2018 to September 30, 2018
Net income	10,021	11,509
Other comprehensive income		
Valuation difference on available-for-sale securities	4,505	1,623
Deferred gains or losses on hedges	(2)	(7)
Foreign currency translation adjustment	3,374	1,664
Remeasurements of defined benefit plans, net of tax	912	669
Share of other comprehensive income of associates accounted for using equity method	1	(3)
Total other comprehensive income	8,792	3,946
Comprehensive income	18,813	15,456
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,064	14,667
Comprehensive income attributable to noncontrolling interests	749	788

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	FY2017 2nd Quarter From April 1, 2017 to September 30, 2017	FY2018 2nd Quarter From April 1, 2018 to September 30, 2018
Net cash provided by (used in) operating activities		
Income before income taxes	14,018	15,105
Depreciation and amortization	14,731	15,926
Increase (decrease) in net defined benefit liability	1,496	1,135
Increase (decrease) in allowance for doubtful accounts	22	(2)
Interest and dividends income	(853)	(978)
Interest expenses	799	999
Equity in (earnings) losses of affiliates	(67)	(3)
Loss (gain) on disposal of noncurrent assets	284	(99)
Decrease (increase) in notes and accounts receivable-trade	(11,685)	(1,272)
Decrease (increase) in inventories	(1,218)	(7,208)
Increase (decrease) in notes and accounts payable-trade	6,983	822
Other, net	326	(72)
Subtotal	24,839	24,352
Interest and dividends income received	873	997
Interest expenses paid	(799)	(968)
Income taxes paid	(3,317)	(4,968)
Net cash provided by (used in) operating activities	21,596	19,413
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(16,146)	(20,006)
Proceeds from sales of property, plant and equipment	30	1,705
Purchase of intangible assets	(548)	(812)
Purchase of investment securities	(1,050)	(223)
Proceeds from sales and distributions of investment securities	138	0
Purchase of shares of subsidiaries and associates	–	(1,898)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,466)	–
Payments of loans receivable	(833)	(1,135)
Collection of loans receivable	777	981
Other, net	(363)	(614)
Net cash provided by (used in) investing activities	(19,463)	(22,004)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	5,732	7,586
Proceeds from long-term loans payable	48	1,799
Repayment of long-term loans payable	(4,403)	(4,780)
Repayments of lease obligations	(206)	(64)
Purchase of treasury stock	(2,568)	(15)
Proceeds from sales of treasury stock	232	259
Cash dividends paid	(2,979)	(2,953)
Dividends paid to noncontrolling interests	(227)	(210)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(71)	0
Net cash provided by (used in) financing activities	(4,443)	1,619
Effect of exchange rate change on cash and cash equivalents	235	(17)
Net increase (decrease) in cash and cash equivalents	(2,076)	(988)
Cash and cash equivalents at beginning of period	41,018	47,413
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	600	–
Cash and cash equivalents at end of period	39,542	46,425

(4) Notes to the Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable

(Notes in the Event of Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Additional Information)

(Adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.")

The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from the beginning of the three months ended June 30, 2018. Accordingly, deferred tax assets have been presented under investments and other assets and deferred tax liabilities have been presented under noncurrent liabilities.

(Segment Information)

Ⅰ Term from April 1, 2017 to September 30, 2017

1) Sales and Income (Loss) by Segments

(Millions of yen)

	Segment Information					Others (Note1)	Total	Adjustment	Figures in consolidated financial statements (Note2)
	Material Solutions Unit	Quality of Life Solutions Unit	Health Care Solutions Unit	Nutrition Solutions Unit	Total				
Sales									
Customers	115,472	74,623	21,675	79,857	291,629	628	292,258	—	292,258
Intersegment	646	17	0	23	688	583	1,271	(1,271)	—
Total	116,119	74,641	21,675	79,881	292,317	1,212	293,529	(1,271)	292,258
Segment profit	12,248	6,853	4,228	2,549	25,880	339	26,220	(10,340)	15,879

Note: 1 "Others" is a business segment that is not included in the reporting segments and includes property insurance and life insurance business.

2 Segment profit is reconciled with operating income in the quarterly consolidated financial statements.

2) Reconciliations between Segment Total and Quarterly Consolidated Statements of Income (Adjustments)

(Millions of yen)

Income	Amount
Segment total	25,880
Segment profit of Others	339
Elimination of intersegment transactions	(0)
Companywide expenses (Note)	(10,367)
Other adjustments	28
Operating income in the quarterly consolidated statements of income	15,879

Note: Companywide expenses primarily are expenses for basic R&D that are not allocable to any reporting segment.

Ⅱ Term from April 1, 2018 to September 30, 2018

1) Sales and Income (Loss) by Segments

(Millions of yen)

	Segment Information					Others (Note1)	Total	Adjustment	Figures in consolidated financial statements (Note2)
	Material Solutions Unit	Quality of Life Solutions Unit	Health Care Solutions Unit	Nutrition Solutions Unit	Total				
Sales									
Customers	124,391	78,883	23,680	78,546	305,501	551	306,053	—	306,053
Intersegment	669	12	—	13	696	533	1,229	(1,229)	—
Total	125,060	78,896	23,680	78,560	306,198	1,084	307,283	(1,229)	306,053
Segment profit	14,189	7,628	4,673	2,173	28,664	258	28,923	(10,906)	18,016

Note: 1 “Others” is a business segment that is not included in the reporting segments and includes property insurance and life insurance business.

2 Segment profit is reconciled with operating income in the quarterly consolidated financial statements.

2) Reconciliations between Segment Total and Quarterly Consolidated Statements of Income (Adjustments)

(Millions of yen)

Income	Amount
Segment total	28,664
Segment profit of Others	258
Elimination of intersegment transactions	12
Companywide expenses (Note)	(10,943)
Other adjustments	25
Operating income in the quarterly consolidated statements of income	18,016

Note: Companywide expenses primarily are expenses for basic R&D that are not allocable to any reporting segment.