

Consolidated Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2020 (J-GAAP)

November 5, 2019

Company name: T.RAD Co., Ltd.	Listing: Tokyo Stock Exchange, First Section
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Scheduled date of filing of 2nd quarter securities report:	November 6, 2019
Scheduled date of start of dividend payments:	November 29, 2019
Supplemental materials prepared for consolidated financial results: None	
Briefing on consolidated financial results: None	

(Amounts less than one million yen have been truncated)

1. Consolidated Financial Performance for the 2nd Quarter of Fiscal Year Ending March 31, 2020

(April 1, 2019 to September 30, 2019)

(1) Consolidated operating performance (Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2019	66,100	-2.2	1,666	-45.8	1,633	-50.5	1,701	10.5
Six months ended September 30, 2018	67,580	14.7	3,073	14.5	3,298	7.8	1,540	5.0

Note: Comprehensive income

Six months ended September 30, 2019: ¥1,046 million 35.5%

Six months ended September 30, 2018: ¥772 million -43.6%

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2019	224.46	—
Six months ended September 30, 2018	193.57	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Six months ended September 30, 2019	90,070	45,389	48.0	6,004.05
Fiscal year ended March 31, 2019	92,929	46,170	47.4	5,537.07

Reference: Shareholders' equity

As of September 30, 2019: ¥43,225 million

As of March 31, 2019 : ¥44,072 million

2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	—	40.00	—	50.00	90.00
Fiscal year ending March 31, 2020	—	40.00			
Fiscal year ending March 31, 2020 (Forecast)			—	50.00	90.00

Note: Revisions to the forecast of dividends since the latest official announcement: No

3. Forecast of Consolidated Financial Performance for the Fiscal Year Ending March 31, 2020

(April 1, 2019 to March 31, 2020)

(Percentage figures indicate changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2020	130,500	-4.1	2,200	-56.8	2,300	-58.7	900	-48.1	125.01

Note: Revisions to the forecast of consolidated financial performance since the latest official announcement: Yes

For details, please refer to “Notice of Revisions to the Forecasts of Financial Performance for the Year Ending March 31, 2020” released on November 5, 2019.

4. Other

- (1) Changes in significant subsidiaries during the current quarter consolidated accumulative period (changes in specific subsidiaries resulting in changes in the scope of consolidation): None
- (2) Adoption of specific accounting policies for quarterly consolidated financial statements: None
- (3) Changes in accounting principles, estimation procedures or presentation methods
 - 1) Changes associated with revision of accounting standards: Yes
 - 2) Changes other than 1): None
 - 3) Changes accounting estimation procedures: None
 - 4) Changes in presentation methods: None

For details, please refer to P.13 “2. Quarterly Consolidated Financial Statements and main notes

(4) Notes to quarterly consolidated financial statements(Changes of accounting policy)”.

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding at end of period (including treasury stock)

As of September 30, 2019: 8,344,405 shares

As of March 31, 2019 : 8,344,405 shares

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

As of September 30, 2019: 1,144,944 shares

As of March 31, 2019 : 384,960 shares

3) Average number of shares outstanding during the period

Six months ended September 30, 2019: 7,581,576 shares

Six months ended September 30, 2018: 7,959,812 shares

* The consolidated financial results presented herein are not subject to the audit procedures by certified public accountant or audit firm.

* Explanations for proper use of forecasts and other specific affairs

The forward-looking statement such as forecast of financial performance etc. described in this report based on information currently available and certain assumptions judged to be reasonable. Actual performance may differ significantly from these projections due to various factors.

(Changes in presentation method of date)

We changed presentation method of date to Western calendar style from Japanese calendar style since “Consolidated Financial Results for the 1st Quarter of Fiscal Year Ending March 31, 2020”

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1. Qualitative Information for the Second Quarter of Fiscal Year Ending March 31, 2020

(1) Consolidated financial performance

The economic environment during the current second quarter consolidated accumulative period, remained strong aided by the favorable transition of domestic demand although decrease of exports behind the gradual slowdown in global economy. However, there are risks which exert downward pressure on the economy due to the slowdown in Chinese and Indian economy, U.S-China trade conflict and the withdrawal of UK from the EU etc.

Under the circumstances, the net sales of the TRAD Group (on a foreign currency basis) decreased from the same period of the previous year except United States and China etc. Operating income decreased in domestic and overseas. The profit attributable to owner of parent increased from the same period of the previous year due to the gain on sales of investment securities etc.

As a result, net sales during the consolidated cumulative second quarter decreased by 1,480 million yen from the previous fiscal year, amounting to 66,100 million yen (down 2.2% year on year), operating income decreased by 1,407 million yen, amounting to 1,666 million yen (down 45.8% year on year), ordinary income decreased by 1,664 million yen, amounting to 1,633 million yen (down 50.5% year on year) and profit attributable to owners of parent increased by 160 million yen, amounting to 1,701 million yen (up 10.5% year on year).

The segment results are as follows.

The book-closing date for the consolidated subsidiaries for the first six months of the fiscal year under review is June 30. In preparing the consolidated financial statements, the financial statements as of, and for the six-month period ended on this date were used. With respect to material transactions conducted during the period between this date and the book-closing date for consolidated accounting, we have made adjustments as necessary for consolidated accounting. The segments relevant to such adjustments include the United States, Europe, Asia and China.

Three of domestic subsidiaries have the same settlement date that coincides with the last day of the consolidated fiscal year. The segment impacted by such adjustments is Other.

	Net Sales				Operating Income (Loss)			
	Six months ended September 30, 2018	Six months ended September 30, 2019	Increase/Decrease	Percentage change (on a foreign currency basis)*	Six months ended September 30, 2018	Six months ended September 30, 2019	Increase/Decrease	Percentage change (on a foreign currency basis)*
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
Japan	29,738	29,147	-590	-2.0	365	(289)	-654	-179.4
United States	15,882	16,568	686	7.0	247	(150)	-398	-162.4
Europe	2,268	1,308	-959	-40.8	(478)	(566)	-88	-21.5
Asia	8,690	8,626	-63	-3.3	1,167	1,037	-129	-14.0
China	10,512	9,929	-582	0.2	1,469	1,289	-180	-6.8
Other (including eliminations)	489	519	29	6.0	302	346	43	14.4
Total	67,580	66,100	-1,480	-1.0	3,073	1,666	-1,407	-45.1

*The percentage changes (on a foreign currency basis) in the chart are the percentage changes after correcting for differences arising from fluctuations in the foreign exchange rates applicable to overseas net sales.

(i) Japan

Net sales of products for automobile industry increased from the same period of the previous year thanks to the favorable transition of the orders received for our products. The net sales of products for construction and industrial machines decreased from the same period of the previous year due to the decrease of demand for China and Mining market. As a result, the net sales in the Japan segment decreased by 590 million yen, resulting in 29,147 million yen.

Operating loss of 289 million yen was posted, worsening by 654 million yen from the same period of the previous year, due to increased personnel costs and operational costs etc.

(ii) United States

The net sales of products for the automobile industry increased due to the commencement of mass production of models for which orders were newly received. The net sales of products for construction and industrial machines increased from the same period of the previous year by increase of major customer demands for agricultural industrial machines.

As a result, the net sales in the United States segment increased by 686 million yen from the same period of the previous year, resulting in 16,568 million yen. On a foreign currency basis, it increased by 7.0%.

Operating loss of 150 million yen was posted, worsening by 398 million yen from the same period of the previous year, due to increase of costs influenced by increase in custom duties and increase of scrap costs etc. On a foreign currency basis, it decreased by 162.4%.

(iii) Europe

The net sales of products for the automobile industry increased due to the commencement of mass production of models for which orders were newly received in Czech Republic. The net sales of products for air conditioners largely decreased from the same period of the previous year due to the ending of transaction with major customers. As a result, the net sales in the Europe segment decreased by 959 million yen from the same period of the previous year, resulting in 1,308 million yen. On a foreign currency basis, it decreased by 40.8%.

Operating loss of 566 million yen was posted, worsening by 88 million yen from the same period of the previous year, due to the end of transaction with major customers for sales of products for air conditioners etc. On a foreign currency basis, it decreased by 21.5%.

(iv) Asia

The net sales of products for the automobile industry decreased from the same period of the previous year due to the decrease of orders received in Thailand despite favorable sales of orders received models in Indonesia. As a result, the net sales in the Asia segment decreased by 63 million yen from the same period of the previous year, resulting in 8,626 million yen. On a foreign currency basis, it decreased by 3.3%.

Operating income decreased by 129 million yen from the same period of the previous year, resulting in 1,037 million yen. On a foreign currency basis, it decreased by 14.0%.

(v) China

The net sales of products for the automobile industry slightly increased from the same period of the previous year due to the decrease of sales of local automobile manufacturer. Net sales of products for construction and industrial machines decreased from the same period of the previous year due to the decrease in orders from major customers. As a result, the net sale in the China segment decreased by 582 million yen from the same period of the previous year, resulting in 9,929 million yen. On a foreign currency basis, it increased by 0.2% due partly to foreign exchange factors.

The operating income decreased by 180 million yen from the same period of the previous year, resulting in 1,289 million yen. On a foreign currency basis, it decreased by 6.8%.

(2) Consolidated financial position

1) Assets, liabilities and net assets

Total assets at the end of current second quarter of the fiscal year under review resulted in 90,070 million yen (down 2,859 million yen from the end of the previous fiscal year) due to the decrease of net sales etc.

Assets resulted in 90,070 million yen (down 2,859 million yen) due to the decrease of accounts receivable-trade etc.

Liabilities resulted in 44,680 million yen (down 2,079 million yen) due to the decrease of accounts payable-trade influenced by bank holiday at the end of the previous fiscal year etc.

Net assets resulted in 45,389 million yen (down 780 million yen) due to the purchase of treasury stock etc. despite increases of retained earnings etc.

2) Cash flows

Cash and cash equivalents at the end of the current second quarter of the fiscal year under review totaled 14,907 million yen, increase of 3,960 million yen from the end of the previous fiscal year.

The factors for increase or decrease of each cash flow in the current second quarter consolidated accumulative period are as follows.

Net cash provided by operating activities was 240 million yen, a decrease of 3,577 million yen year on year due to the decrease of operating income etc. Net cash provided by investing activities was 1,212 million yen, an increase of 5,171 million yen year on year due to the sales of investment securities etc. Net cash used in financing activities was 220 million yen, an increase of 364 million yen year on year due to the increase of loans payable etc.

(3) Future projections including forecasts of consolidated financial performance

We revised the forecast of consolidated financial performance released on May 16, 2019. For details, please refer to "Notice of Revisions to the Forecasts of Financial Performance for the Year Ending March 31, 2020" that we announced today (November 5, 2019).

2. Quarterly Consolidated Financial Statements and main notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	FY2018	FY2019_2Q
	As of March 31, 2019	As of September 30, 2019
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	13,894	14,881
Notes and accounts receivable-trade	24,742	23,705
Electronically recorded monetary claims-operating	2,589	3,061
Short-term investment securities	399	399
Merchandise and finished goods	2,714	3,131
Work in process	734	933
Raw materials and supplies	5,370	5,652
Others	2,792	2,486
Allowance for doubtful accounts	(85)	(88)
Total current assets	53,152	54,164
Noncurrent assets		
Tangible fixed assets		
Building and structures, net	6,389	6,453
Machinery, equipment and vehicles, net	15,239	15,442
Land	2,335	2,359
Lease assets, net	102	502
Construction in progress	3,457	3,642
Other tangible fixed assets, net	2,117	2,201
Total tangible fixed assets	29,641	30,602
Intangible assets		
Goodwill	228	167
Others	1,255	1,389
Total intangible assets	1,484	1,557
Investments and other assets		
Investment securities	7,668	2,813
Net defined benefit asset	233	216
Deferred tax assets	63	72
Others	704	656
Allowance for doubtful accounts	(19)	(13)
Total investments and other assets	8,650	3,745
Total noncurrent assets	39,776	35,905
Total assets	92,929	90,070

(Millions of yen)

	FY2018	FY2019_2Q
	As of March 31, 2019	As of September 30, 2019
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	14,280	13,213
Electronically recorded obligations – operating	5,340	3,842
Short-term loans payable	8,061	7,912
Lease obligations	414	480
Income taxes payable	658	787
Accrued expenses	2,797	2,813
Provision for bonuses	1,390	1,435
Provision for directors' bonuses	84	34
Provision for product warranties	235	209
Provision for shareholders benefit program	48	21
Electronically recorded obligations - non-operating	729	550
Asset retirement obligations	116	—
Others	1,895	1,245
Total current liabilities	36,053	32,547
Noncurrent liabilities		
Long-term loans payable	8,368	10,175
Lease obligations	777	980
Deferred tax liabilities	1,324	707
Provision for directors' retirement benefits	5	6
Net defined benefit liability	95	130
Asset retirement obligations	90	90
Others	43	42
Total noncurrent liabilities	10,705	12,132
Total liabilities	46,759	44,680
(Net assets)		
Shareholders' equity		
Capital stock	8,545	8,545
Capital surplus	7,551	7,526
Retained earnings	28,315	29,619
Treasury stock	(901)	(2,257)
Total shareholders' equity	43,512	43,435
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	456	86
Foreign currency translation adjustment	(381)	(768)
Remeasurements of defined benefit plans	485	472
Total accumulated other comprehensive income	559	(209)
Non-controlling interests	2,098	2,164
Total net assets	46,170	45,389
Total liabilities and net assets	92,929	90,070

(2) Quarterly consolidated statements of income and quarterly consolidated statement of comprehensive income
(Quarterly consolidated statements of income)

(Millions of yen)

	Six months ended September 30, 2018 (Apr. 1, 2018–September 30, 2018)	Six months ended September 30, 2019 (Apr. 1, 2019–September 30, 2019)
	Amount	Amount
Net sales	67,580	66,100
Cost of sales	59,136	59,142
Gross profit	8,444	6,958
Selling, general and administrative expenses		
Packing and delivery expenses	867	765
Salaries and allowances	940	1,069
Provision for bonuses	322	310
Provision for directors' bonuses	46	34
Retirement benefit expenses	27	42
Welfare expenses	522	686
Provision for product warranties	78	108
Research and development expenses	694	589
Others	1,870	1,684
Total selling, general and administrative expenses	5,370	5,292
Operating income (loss)	3,073	1,666
Non-operating income		
Interest income	63	62
Dividends income	107	93
Equity in earnings of affiliates	114	38
Others	104	55
Total non-operating income	390	250
Non-operating expenses		
Interest expenses	131	147
Foreign exchange losses	22	120
Others	12	14
Total non-operating expenses	165	282
Ordinary income (loss)	3,298	1,633

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
	(Apr. 1, 2018–September 30, 2018)	(Apr. 1, 2019–September 30, 2019)
	Amount	Amount
Extraordinary income		
Gain on sales of noncurrent assets	22	36
Gain on sales of investment securities	—	1,350
Total extraordinary income	22	1,387
Extraordinary loss		
Loss on sales of noncurrent assets	38	2
Loss on retirement of noncurrent assets	33	52
Impairment loss	192	—
Loss on sales of investment securities	—	382
Provision of allowance for doubtful accounts of golf club membership	11	0
Surcharges	274	11
Total extraordinary loss	549	449
Income (loss) before income taxes	2,770	2,571
Income taxes-current	859	1,162
Income taxes-deferred	222	(457)
Total income taxes	1,081	704
Profit (loss)	1,688	1,867
Profit (loss) attributable to non-controlling interests	147	165
Profit (loss) attributable to owners of parent	1,540	1,701

(Quarterly consolidated statement of comprehensive income)

(Millions of yen)

	Six months ended September 30, 2018 (Apr. 1, 2018–September 30, 2018)	Six months ended September 30, 2019 (Apr. 1, 2019–September 30, 2019)
	Amount	Amount
Profit (loss)	1,688	1,867
Other comprehensive income		
Valuation difference on available-for-sale securities	147	(369)
Foreign currency translation adjustment	(946)	(426)
Remeasurements of defined benefit plans, net of tax	(35)	(13)
Share of other comprehensive income of associates accounted for using equity method	(81)	(11)
Total other comprehensive income	(916)	(820)
Comprehensive income	772	1,046
(Breakdown)		
Comprehensive income attributable to owners of the parent	687	932
Comprehensive income attributable to non-controlling interests	84	113

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018 (Apr. 1, 2018–September 30, 2018)	Six months ended September 30, 2019 (Apr. 1, 2019–September 30, 2019)
	Amount	Amount
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	2,770	2,571
Depreciation and amortization	2,906	2,917
Retirement benefit expenses	(51)	(18)
Increase(decrease) in net defined benefit liability	27	51
Increase (decrease) in provision for directors' retirement benefits	1	1
Increase (decrease) in allowance for doubtful accounts	15	(1)
Increase (decrease) in provision for bonuses	30	44
Increase (decrease) in provision for directors' bonuses	(49)	(49)
Increase (decrease) in provision for product warranties	52	(20)
Loss on retirement of noncurrent assets	33	52
Loss(gain) on sales of tangible fixed assets	16	(34)
Loss (gain) on sales of investment securities	—	(968)
Surcharges	274	11
Interest and dividends income	(171)	(156)
Interest expenses	131	147
Equity in (earnings) losses of affiliates	(114)	(38)
Impairment loss	192	—
Decrease(increase) in notes and accounts receivable-trade	(935)	314
Decrease(increase) in inventories	(492)	(1,025)
Increase(decrease) in notes and accounts payable-trade	1,144	(2,376)
Decrease(increase) in other current assets	(136)	169
Increase (decrease) in other current liabilities	(511)	(456)
Other, net	116	69
Subtotal	5,249	1,205
Interest and dividends income received	231	325
Interest expenses paid	(131)	(146)
Income taxes paid	(812)	(897)
Surcharges paid	(718)	(246)
Net cash provided by (used in) operating activities	3,818	240

(Millions of yen)

	Six months ended September 30, 2018 (Apr. 1, 2018–September 30, 2018)	Six months ended September 30, 2019 (Apr. 1, 2019–September 30, 2019)
	Amount	Amount
Net cash provided by (used in) investing activities		
Purchase of tangible fixed assets	(3,220)	(3,975)
Proceeds from sales of tangible fixed assets	127	47
Purchase of intangible assets	—	(265)
Proceeds from sales of investment securities	—	5,299
Payments into time deposits	(736)	(24)
Proceeds from withdrawal of time deposits	30	99
Others	(159)	30
Net cash provided by (used in) investing activities	(3,959)	1,212
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	38	1,005
Proceeds from long-term loans payable	730	2,300
Repayment of long-term loans payable	(1,073)	(1,472)
Proceeds from share issuance to non-controlling shareholders	50	—
Purchase of treasury stock	(0)	(1,355)
Cash dividends paid	(477)	(397)
Cash dividends paid to non-controlling shareholders	(51)	(72)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	411	—
Others	(212)	(227)
Net cash provided by (used in) financing activities	(585)	(220)
Effect of exchange rate change on cash and cash equivalents	(294)	(152)
Net increase (decrease) in cash and cash equivalents	(1,019)	1,080
Cash and cash equivalents at beginning of period	11,965	13,826
Cash and cash equivalents at end of period	10,946	14,907

(4) Notes to quarterly consolidated financial statements
(Going concern assumptions)
Not applicable

(Notes in the event of significant changes in shareholders' equity)

We acquired 373,500 treasury shares based on a resolution at the meeting of the board of directors held on June 18, 2019, we acquired 282,800 treasury shares based on a resolution at the meeting of the board of directors held on August 2, 2019, and we acquired 103,500 treasury shares based on a resolution at the meeting of the board of directors held on August 22, 2019. As a result, in the current second quarter consolidated accumulative period, treasury shares increased by 1,355 million yen and as of the end of the current second quarter consolidated accounting period, treasury shares resulted in 2,257 million yen.

(Changes of accounting policy)

The consolidated overseas subsidiaries that applying International Financial Reporting Standards(IFRS) have been applying IFRS No.16 "Lease" (January 13, 2016. Hereinafter referred to as "IFRS No.16") from beginning of the first quarterly consolidated accounting period.

This has led to lessees post all leases as assets and liabilities on balance sheet in principle. The application of IFRS No.16 is subject to the transitional accounting treatment. The consolidated overseas subsidiaries applies the method for recognizing the cumulative effect of adoption of this standards at applying start date.

As a result, the end of the current second quarter consolidated accounting period, lease assets increased by 440 million yen, lease obligations of current liabilities increased by 104 million yen, and lease obligations of noncurrent liabilities increased by 340 million yen. The effect on profit and loss in the current second quarter consolidated accumulative period is negligible.

(Segment information)

I Six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

1. Net sales and profit (loss) by reportable segments

(Millions of yen)

	Reportable segment						Other (Note 3)	Total
	Japan	United States	Europe	Asia	China	Total		
Net Sales:								
Sales to outside customers	29,738	15,882	2,268	8,690	10,512	67,091	489	67,580
Intersegment sales or Transfers	2,764	70	266	34	931	4,067	1,642	5,710
Total	32,502	15,953	2,534	8,724	11,443	71,159	2,132	73,291
Segment income (loss)	365	247	(478)	1,167	1,469	2,771	101	2,872

Note: 1. Our Group consists of the Company and these overseas corporations which are based on a manufacturing and sales structure. As such, “Japan”, “the United States”, “Europe”, “Asia” and “China” are our five reportable segments.

2. Major countries or regions belong to each reportable segment

Europe.....the Czech Republic, Russia, Germany

AsiaThailand, Indonesia, Vietnam

3. “Other” comprises business operations that are not categorized as reportable segments and includes the business activities of domestic subsidiaries, such as the transportation business.

2. Difference between total segment income (loss) for reportable segments and operating income on consolidated statements of income, and details of the difference (reconciliation of the difference)

(Millions of yen)

Income	Amount
Total segment income	2,771
Income for “Other”	101
Intersegment eliminations	201
Operating income on consolidated statements of income	3,073

3. Impairment loss on noncurrent assets and goodwill, etc., by reportable segment

(Significant impairment loss on noncurrent assets)

In the segment of “China,” we posted impairment losses of goodwill 192 million yen as an extraordinary loss.

(Significant change in goodwill amount)

Not applicable

(Significant gain on bargain purchase)

Not applicable

II Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

1. Net sales and profit (loss) by reportable segments

(Millions of yen)

	Reportable segment						Other (Note 3)	Total
	Japan	United States	Europe	Asia	China	Total		
Net Sales:								
Sales to outside customers	29,147	16,568	1,308	8,626	9,929	65,580	519	66,100
Intersegment sales or transfers	3,456	76	240	32	826	4,632	1,638	6,271
Total	32,604	16,645	1,549	8,658	10,755	70,213	2,157	72,371
Segment income (loss)	(289)	(150)	(566)	1,037	1,289	1,319	74	1,394

Note: 1. Our Group consists of the Company and these overseas corporations which are based on a manufacturing and sales structure. As such, “Japan”, “the United States”, “Europe”, “Asia” and “China” are our five reportable segments.

2. Major countries or regions belong to each reportable segment

Europe.....the Czech Republic, Russia, Germany

AsiaThailand, Indonesia, Vietnam

3. “Other” comprises business operations that are not categorized as reportable segments and includes the business activities of domestic subsidiaries, such as the transportation business.

2. Difference between total segment income (loss) for reportable segments and operating income on consolidated statements of income, and details of the difference (reconciliation of the difference)

(Millions of yen)

Income	Amount
Total segment income	1,319
Income for “Other”	74
Intersegment eliminations	271
Operating income on consolidated statements of income	1,666

3. Impairment loss on noncurrent assets and goodwill, etc., by reportable segment

(Significant impairment loss on noncurrent assets)

Not applicable

(Significant change in goodwill amount)

Not applicable

(Significant gain on bargain purchase)

Not applicable

3. Supplementary information

Sales states (consolidated)

(Millions of yen)

	Six months ended September 30, 2018 (Apr. 1, 2018–September. 30, 2018)		Six months ended September 30, 2019 (Apr. 1, 2019–September.30, 2019)		Increase/Decrease		FY2018 (Apr 1,2018-Mar 31,2019)	
	Amount	%	Amount	%	Amount	%	Amount	%
For Automobile	47,940	70.9	48,622	73.6	682	1.4	97,771	71.8
For Construction & Industrial machine	15,108	22.4	14,240	21.5	-867	-5.7	30,342	22.3
For Air conditioner	2,811	4.2	1,710	2.6	-1,100	-39.2	4,602	3.4
Other	1,720	2.5	1,526	2.3	-194	-11.9	3,408	2.5
Total	67,580	100.0	66,100	100.0	-1,480	-2.2	136,125	100.0

Notes: Amounts less than one million yen have been truncated.