

Consolidated Financial Summary

First Quarter of FY2019

(April 1, 2018 – June 30, 2018)

TS TECH Co.,Ltd.

This document is an English translation of the Japanese language version of the consolidated financial summary that TS TECH Co., Ltd. has produced as a reference purpose.

In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



Consolidated Financial Summary for the First Quarter of FY2019 (under IFRS)

July 31, 2018

Company name: TS TECH CO., LTD. Stock exchange listing: Tokyo Stock Exchange
 Stock code: 7313 URL: <http://www.tstech.co.jp>
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 Scheduled date for filing of quarterly securities report: August 8, 2018
 Scheduled date of commencement of dividend payment: —
 Preparation of supplementary explanatory material: None
 Quarterly results briefing: None

(Amounts of less than one million yen are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of FY2019 (April 1, 2018 – June 30, 2018)

(1) Consolidated Financial Results (Accumulated Total)

(% of change from the same period of previous year)

	Revenue		Operating income		Income before tax		Net income		Income attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of FY2019	103,692	-4.2	9,970	-23.6	10,543	-23.0	7,278	-26.5	5,584	-21.0	6,293	-33.8
First quarter of FY2018	108,182	4.2	13,407	52.7	13,689	81.9	9,897	85.3	7,066	78.3	9,503	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter of FY2019	82.13	—
First quarter of FY2018	103.93	—

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Million yen	Million yen	Million yen	%	Yen
First quarter of FY 2019	347,672	256,002	237,698	68.4	3,495.68
FY2018	351,944	259,924	235,589	66.9	3,464.66

2. Cash Dividends

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of year	Annual
	Yen	Yen	Yen	Yen	Yen
FY2018	—	38.00	—	42.00	80.00
FY2019	—	—	—	—	—
FY2019 (forecast)	—	42.00	—	42.00	84.00

(Note) Revision from the most recent announcement of cash dividends forecasts: None

3. Consolidated Forecasts for FY2019 (April 1, 2018 - March 31, 2019)

(% of change from the same period of previous year)

	Revenue		Operating income		Income before tax		Net income		Income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY2019	202,000	-9.7	18,200	-21.4	19,000	-22.3	14,200	-20.8	10,900	-16.5	160.30
FY2019	420,000	-12.4	41,000	-13.4	42,600	-14.3	32,400	-15.6	25,700	-14.7	377.95

(Note) Revision from the most recent announcement of consolidated financial forecasts: None

*Notes

- (1) Changes in important subsidiaries during the quarter : None
 (Changes in significant subsidiaries affecting the scope of consolidation during this period)
 New subsidiaries — companies Excluded subsidiaries — companies

- (2) Changes in accounting policies and accounting estimates
 1) Changes in accounting policies required by IFRS : Yes
 2) Changes other than 1) : None
 3) Changes in accounting estimates : None

- (3) Number of shares issued (common stock)

1) Number of shares issued at the end of the term including treasury stock	1Q of FY2019	68,000,000 shares	FY2018	68,000,000 shares
2) Number of treasury stock at the end of the term	1Q of FY2019	2,195 shares	FY2018	2,100 shares
3) Average number of shares during the term (cumulative)	1Q of FY2019	67,997,866 shares	1Q of FY2018	67,997,950 shares

*This quarterly financial statement is exempt from quarterly reviews.

*Explanation regarding the appropriate use of forecasts of financial results and other notes

The consolidated forecasts presented above are projections made by management at TS TECH Co., Ltd. (hereinafter the “Company”) on the basis of information available at the time of preparation. For that reason, they involve risks and uncertainties. Accordingly, we request that readers of this document avoid making investment decisions based exclusively on these forecasts. Please bear in mind the possibility that actual results may differ materially from these forecasts due to various important factors. Readers are asked to proceed to “(3) Qualitative Information Concerning Consolidated Forecasts” on page 4 for assumptions and other information that form the premise for the operating results forecast above.

○Table of Contents

1. Qualitative Information Concerning Quarterly Results	2
(1) Qualitative Information Concerning Consolidated Financial Results.....	2
(2) Qualitative Information Concerning Consolidated Financial Positions.....	4
(3) Qualitative Information Concerning Consolidated Forecasts	4
2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto	5
(1) Condensed Quarterly Consolidated Statement of Financial Position	5
(2) Condensed Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Condensed Quarterly Consolidated Statement of Changes in Equity	9
(4) Condensed Quarterly Statement of Cash Flows.....	11
(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements.....	13

1. Qualitative Information Concerning Quarterly Results

(1) Qualitative Information Concerning Consolidated Financial Results

Results for the first quarter of FY2019 (April 1, 2018 – June 30, 2018) are as follows.

(Unit: Million yen)

		First quarter of FY2019	Year-on-year change
Revenue	After application of IFRS 15	103,692	-4.2%
	FY2018 standards	116,049	7.3%
Operating income		9,970	-23.6%
Income before tax		10,543	-23.0%
Net income		7,278	-26.5%
Income attributable to owners of parent		5,584	-21.0%

Note: Under IFRS 15 “Revenue from Contracts with Customers,” a portion of amounts of originally recorded as sales and costs will no longer be recognized as revenue.

When calculated using FY2018 standards, revenue reached 116,049 million yen on a consolidated basis, a year-on-year increase of 7,867 million yen (7.3%), on higher order volume from major customers in all segments and an improved model makeup. These factors offset a decrease in lower press tool sales in the Americas segment.

Looking at profits, operating income stood at 9,970 million yen, a year-on-year decrease of 3,076 million yen (23.6%) due to the end of compensation (3,840 million yen) accompanying the conclusion of the Guangzhou plant relocation in China, offsetting the impact of higher revenue. Income attributable to owners of parent amounted to 5,584 million yen, a year-on-year decrease of 1,482 million yen (21.0%).

*USD/JPY average exchange rate... FY2018 1Q: ¥111.1 FY2019 1Q: ¥109.1

*CNY/JPY average exchange rate... FY2018 1Q: ¥16.2 FY2019 1Q: ¥17.1

Operating performance by segment is as follows.

(Japan)

(Unit: Million yen)

		First quarter of FY2018	First quarter of FY2019	Difference	Change
Revenue	After application of IFRS 15	20,042	20,490	447	2.2%
	FY2018 standards		22,648	2,605	13.0%
Operating income		1,402	1,886	484	34.5%

Main factors for year-on-year change (versus FY2018 standards)

Revenue Revenue increased primarily due to higher order volume from major customers and development royalties, offsetting a change in the makeup of models.

Operating income Operating income increased due to the effects of higher revenue.

(Americas)

(Unit: Million yen)

		First quarter of FY2018	First quarter of FY2019	Difference	Change
Revenue	After application of IFRS 15	55,982	50,406	-5,576	-10.0%
	FY2018 standards		56,826	844	1.5%
Operating income		3,305	2,816	-489	-14.8%

Main factors for year-on-year change (versus FY2018 standards)

Revenue Revenue increased slightly due to higher order volume from major customers, an improved makeup of models and an increase in sales beyond existing customers*, offsetting a decline in sales of press tools and the impact of exchange rates.

Operating income Operating income decreased primarily due to higher labor costs stemming from both increased production and wage increases, as well as higher materials costs, offsetting an increase in revenue.

*Sales beyond existing customers: sales to finished vehicle manufacturers other than major customers

(China)

(Unit: Million yen)

		First quarter of FY2018	First quarter of FY2019	Difference	Change
Revenue	After application of IFRS 15	23,348	23,366	17	0.1%
	FY2018 standards		27,313	3,964	17.0%
Operating income		8,169	4,868	-3,301	-40.4%

Main factors for year-on-year change (versus FY2018 standards)

Revenue Revenue increased primarily due to higher order volume from major customers, an improved makeup of models and the impact of exchange rates.

Operating income Operating income decreased primarily due to the end of compensation accompanying the conclusion of the Guangzhou plant relocation, offsetting the effects of higher revenue.

(Asia and Europe)

(Unit: Million yen)

	First quarter of FY2018	First quarter of FY2019	Difference	Change
Revenue	16,801	17,749	948	5.6%
Operating income	1,479	1,680	200	13.6%

Main factors for year-on-year change

Revenue Revenue increased primarily due to higher order volume from major customers, higher component sales and the impact of exchange rates.

Operating income Operating income increased due to higher revenue.

Sales by business segment are as follows:

(Unit: Million yen)

	First quarter of FY2018		First quarter of FY2019		Year-on-year	Changes
		Sales ratio		Sales ratio		
Motorcycles	1,535	1.4%	1,813	1.7%	278	18.1%
Automobiles	105,213	97.3%	100,440	96.9%	-4,772	-4.5%
(Seats)	91,799	84.9%	88,996	85.8%	-2,803	-3.1%
(Interior products)	13,413	12.4%	11,444	11.0%	-1,968	-14.7%
Other businesses	1,434	1.3%	1,437	1.4%	3	0.2%
Total	108,182	100.0%	103,692	100.0%	-4,490	-4.2%

(2) Qualitative Information Concerning Consolidated Financial Positions

(Assets)

Assets at the end of the first quarter of FY2019 stood at 347,672 million yen, a decrease of 4,271 million yen from the end of FY2018. This change is due primarily to payment of cash dividends and a decrease in cash and cash equivalents resulting from capital investment, offsetting an increase in inventories stemming from continued recognition of components and raw materials supplied at cost to customers as a financial following the application of IFRS 15 “Revenue from Contracts with Customers.”

(Liabilities)

Liabilities at the end of the first quarter of FY2019 amounted to 91,669 million yen, down 349 million yen from the end of FY2018. The decline resulted mainly from a decrease in provisions due to partial payment of the cost the Group is anticipated to bear in relation to a recall by a major customer, offsetting an increase in trade and other payables resulting from the allocation of unpaid dividends.

(Equity)

Equity at the end of the first quarter of FY2019 was 256,002 million yen, down 3,921 million yen from the end of FY2018. The change is primarily the result of a decrease in non-controlling interests stemming from appropriation, offsetting an increase in retained earnings due to the allocation of net income.

(3) Qualitative Information Concerning Consolidated Forecasts

Taking into account consolidated operating results for the first quarter of FY2019 as well as the current trend in orders from major customers and foreign exchange rates, the Company is keeping the consolidated forecasts announced on April 27, 2018 unchanged.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit: Million yen)

	FY2018 (As of March 31, 2018)	First quarter of FY2019 (As of June 30, 2018)
Assets		
Current assets		
Cash and cash equivalents	118,758	111,986
Trade and other receivables	74,294	76,561
Other financial assets	11,541	13,199
Inventories	25,175	25,644
Income taxes receivable	1,227	1,186
Other current assets	4,959	5,731
Total assets	235,957	234,309
Non-current assets		
Property, plant and equipment	73,532	73,356
Intangible assets	10,753	10,376
Investments accounted for using the equity method	1,463	1,265
Other financial assets	24,290	22,433
Net defined benefit asset	2,804	2,750
Deferred tax assets	2,367	2,405
Other non-current assets	775	775
Total non-current assets	115,986	113,363
Total assets	351,944	347,672

(Unit: Million yen)

	FY2018 (As of March 31, 2018)	First quarter of FY2019 (As of June 30, 2018)
Liabilities and equity		
Current liabilities		
Trade and other payables	67,262	70,401
Current borrowings	1,059	463
Other financial liabilities	1,269	1,333
Income taxes payable	3,773	3,221
Provisions	4,641	2,134
Other current liabilities	2,720	3,688
Total current liabilities	80,727	81,244
Non-current liabilities		
Non-current borrowings	424	392
Other financial liabilities	1,430	1,397
Net defined benefit liability	1,267	1,247
Provisions	99	98
Deferred tax liabilities	5,159	4,422
Other non-current liabilities	2,911	2,868
Total non-current liabilities	11,292	10,425
Total liabilities	92,019	91,669
Equity		
Capital stock	4,700	4,700
Capital surplus	5,171	5,171
Treasury stock	-4	-5
Retained earnings	219,999	222,728
Other components of equity	5,723	5,104
Total equity attributable to owners of parent	235,589	237,698
Non-controlling interests	24,335	18,303
Total equity	259,924	256,002
Total liabilities and equity	351,944	347,672

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

Condensed Quarterly Consolidated Statement of Income

Consolidated First Quarter

(Unit: Million yen)

	First quarter of FY2018 (April 1, 2017 – June 30, 2017)	First quarter of FY2019 (April 1, 2018 – June 30, 2018)
Revenue	108,182	103,692
Cost of sales	-90,299	-84,759
Gross profit	17,883	18,933
Selling, general and administrative expenses	-9,085	-9,310
Other income	4,345	393
Other expenses	-95	-45
Operating income	13,047	9,970
Finance income	575	519
Finance costs	-36	-33
Share of profit (loss) of investments accounted for using the equity method	103	86
Income before tax	13,689	10,543
Income tax expense	-3,792	-3,264
Net income	9,897	7,278
Income attributable to		
Income attributable to owners of parent	7,066	5,584
Income attributable to non-controlling interests	2,830	1,694
Net income	9,897	7,278
Earnings per share		
Basic earnings per share (yen)	103.93	82.13
Diluted earnings per share (yen)	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income
Consolidated First Quarter

(Unit: Million yen)

	First quarter of FY2018 (April 1, 2017 – June 30, 2017)	First quarter of FY2019 (April 1, 2018 – June 30, 2018)
Net income	9,897	7,278
Other comprehensive income		
Components that will not be reclassified subsequently to net profit or loss		
Remeasurements of net defined benefits plans	-0	3
Financial assets measured at fair value through other comprehensive income	—	-1,127
Total components that will not be reclassified subsequently to net profit or loss	-0	-1,123
Components that may be reclassified subsequently to net profit or loss		
Change in fair value of available-for-sale financial assets	-649	—
Differences on translation from foreign operations	287	170
Share of other comprehensive income of associates accounted for using the equity method	-30	-32
Total components that may be reclassified subsequently to net profit or loss	-393	138
Other comprehensive income, net of tax	-393	-985
Comprehensive income for the period	9,503	6,293
Comprehensive income for the period attributable to:		
Comprehensive income for the period attributable to owners of parent	6,523	4,965
Comprehensive income for the period attributable to non-controlling interests	2,980	1,327
Comprehensive income for the period	9,503	6,293

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

First Quarter of FY2018 (April 1, 2017 - June 30, 2017)

(Unit: Million yen)

	Equity attributable to owners of parent				
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity
Balance as at the end of the previous fiscal year	4,700	5,257	-4	194,847	7,617
Comprehensive income					
Net income				7,066	
Other comprehensive income					-543
Total comprehensive income	—	—	—	7,066	-543
Transactions with owners, etc.					
Dividends				-2,379	
Acquisition of treasury stock					
Changes in ownership interests in subsidiaries		-85			
Total transactions with owners, etc.	—	-85	—	-2,379	—
Balance as at the end of the fiscal year	4,700	5,171	-4	199,534	7,073

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as at the end of the previous fiscal year	212,417	18,572	230,989
Comprehensive income			
Net income	7,066	2,830	9,897
Other comprehensive income	-543	149	-393
Total comprehensive income	6,523	2,980	9,503
Transactions with owners, etc.			
Dividends	-2,379	-2,069	-4,449
Acquisition of treasury stock	—	—	—
Changes in ownership interests in subsidiaries	-85	-730	-815
Total transactions with owners, etc.	-2,465	-2,799	-5,264
Balance as at the end of the fiscal year	216,475	18,753	235,228

First Quarter of FY2019 (April 1, 2018 - June 30, 2018)

(Unit: Million yen)

	Equity attributable to owners of parent				
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity
Balance as at the end of the previous fiscal year	4,700	5,171	-4	219,999	5,723
Comprehensive income					
Net income				5,584	
Other comprehensive income					-619
Total comprehensive income	—	—	—	5,584	-619
Transactions with owners, etc.					
Dividends				-2,855	
Acquisition of treasury stock					
Changes in ownership interests in subsidiaries			-0		
Total transactions with owners, etc.	—	—	-0	-2,855	—
Balance as at the end of the fiscal year	4,700	5,171	-5	222,728	5,104

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as at the end of the previous fiscal year	235,589	24,335	259,924
Comprehensive income			
Profit	5,584	1,694	7,278
Other comprehensive income	-619	-366	-985
Total comprehensive income	4,965	1,327	6,293
Transactions with owners, etc.			
Dividends	-2,855	-7,358	-10,214
Acquisition of treasury stock	-0		-0
Changes in ownership interests in subsidiaries		—	—
Total transactions with owners, etc.	-2,856	-7,358	-10,215
Balance as at the end of the fiscal year	237,698	18,303	256,002

(4) Condensed Quarterly Statement of Cash Flows

(Unit: Million yen)

	First quarter of FY2018 (April 1, 2017 – June 30, 2017)	First quarter of FY2019 (April 1, 2018 – June 30, 2018)
Cash flows from operating activities		
Income before tax	13,689	10,543
Depreciation and amortization	2,829	2,942
Loss (gain) on disposal of non-current assets	-277	-139
Finance income and finance costs	-429	-499
Equity in (earnings) losses of affiliates	-103	-86
Decrease (increase) in operating and other receivables	2,555	-2,247
Net decrease (increase) in leased receivables and investment assets	-1,118	736
Decrease (increase) in inventories	1,619	-281
Increase (decrease) in operating and other debts	-6,576	2,908
Increase in net defined benefit asset or liability	-91	52
Increase (decrease) in provisions	-4	-2,630
Other	3,080	-2,209
Subtotal	15,174	9,090
Interest income received	242	311
Dividend income received	231	260
Interest expenses paid	-35	-31
Income taxes paid	-3,083	-4,337
Cash flows from operating activities	12,529	5,294
Cash flows from investing activities		
Payments into time deposits	-1,201	-2,128
Proceeds from withdrawal of time deposits	496	63
Purchase of property, plant and equipment	-2,763	-2,266
Proceeds from sales of property, plant and equipment	44	34
Purchase of intangible assets	-306	-295
Purchase of equity instruments	-12	-13
Payments of loans receivable	-55	-34
Collection of loans receivable	60	58
Other	-12	-1
Cash flows from investing activities	-3,749	-4,584

	(Unit: Million yen)	
	First quarter of FY2018 (April 1, 2017 – June 30, 2017)	First quarter of FY2019 (April 1, 2018 – June 30, 2018)
Cash flows from financial activities		
Net increase (decrease) in short-term loans payable	60	-620
Repayment of long-term loans payable	-1	-9
Repayments of finance lease obligations	-264	-422
Purchase of treasury stock	—	-0
Cash dividends paid	-2,379	-2,855
Dividends paid to non-controlling interests	-2,252	-3,832
Payment to acquire interests in subsidiaries from non-controlling interests	-815	—
Net cash provided by (used in) financing activities	-5,653	-7,740
Effect of exchange rate change on cash and cash equivalents	155	259
Net increase (decrease) in cash and cash equivalents	3,281	-6,772
Cash and cash equivalents at beginning of period	96,008	118,758
Cash and cash equivalents at end of period	99,290	111,986

(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements

(Changes in Accounting Policies)

The Group has adopted the following accounting standards effective the first quarter of FY2019.

Standard	Standard Name	Standard Summary
IFRS 9	Financial Instruments	Revision of the classification, measurement and impairment of financial instruments; and hedge accounting
IFRS 15	Revenue from Contracts with Customers	Revision of accounting procedures related to recognition of revenue

(Application of IFRS 9 “Financial Instruments”)

The Group has adopted IFRS 9 “Financial Instruments” (issued July 2014, hereinafter “IFRS 9”) effective the first quarter of FY2019. As per the transition guidance for IFRS 9, the standard is not reflected in the consolidated financial statements of the previous fiscal year.

The Group has made the following changes to the classification of financial assets in conjunction with the application of IFRS 9.

The Group’s financial assets will be measured either at fair value or at amortized cost.

A financial asset will be measured at amortized cost if both of the following conditions are met:

--The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows

--The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets not measured at amortized cost will be measured at fair value.

Equity instruments measured at fair value, excluding those that are held for trading and therefore measured at fair value through profit or loss, will be assessed on an individual basis, and they will not be reclassified following an initial recognition of measurement at fair value either through profit or loss or through other comprehensive income.

In line with the classification changes, financial assets originally classified as “available-for-sale financial assets” will be reclassified as “financial assets measured at fair value through other comprehensive income.”

Impairment loss and gain or loss on sales related to available-for-sale financial assets, originally recognized as profit or loss in the consolidated statement of income, will be recognized as other comprehensive income.

With respect to the impairment of financial assets measured at amortized cost, under IFRS 9, the Group will also implement an “expected credit losses” model that recognizes loss allowance on the basis of expected credit losses. Under this model, the credit risk of each financial asset will be checked on the last day of each accounting period for significant increases since initial recognition. If the credit risk of a financial asset has not increased significantly since initial recognition, expected credit losses will be measured through a loss allowance equal to the 12-month expected credit losses. Conversely, if the credit risk of a financial asset has significantly increased since initial recognition, expected credit losses will be measured through a loss allowance equal to full lifetime expected credit losses.

However, a loss allowance equal to full lifetime expected credit losses is required for trade receivables that do not contain significant financing components, irrespective of significant credit risk increases since initial recognition.

The impact of IFRS 9 on the condensed quarterly consolidated financial statements is minimal.

(Application of IFRS 15 “Revenue from Contracts with Customers”)

The Group has adopted IFRS 15 “Revenue from Contracts with Customers” (issued May 2014) and “Clarifications to IFRS 15” (issued April 2016) (hereinafter collectively “IFRS 15”) effective the first quarter of FY2019.

As per transitional guidance for IFRS 15, the cumulative effect of applying the standard will be recognized as an adjustment to the retained earnings balance at the beginning of the current reporting period.

In conjunction with the application of IFRS 15, the group will recognize revenue, excluding dividends and interest accounted for in accordance with IFRS 9 “Financial Instruments,” by applying the following five steps.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligation in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligation in the contract

Step 5: Recognize revenue when a performance obligation is satisfied

The Group’s primary line of business involves the manufacture and sale of seats for automobiles. Revenue pertaining to the sale of these products will be recognized when a product and control of said product are transferred to the customer and the performance obligation is deemed satisfied.

Revenue will be measured as amounts that deduct discounts, rebates and refunds from compensation agreed upon in the contract with the customer.

The impact of the application of IFRS 15 on the condensed quarterly consolidated financial statements for the consolidated first quarter is as follows.

1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit: Million yen)

	Amount related to IAS 18 and relevant interpretations (June 30, 2018)	Impact of the application of IFRS 15	First quarter of FY2019 (June 30, 2018)	Notes
Assets				
Current assets				
Trade and other receivables	74,228	2,333	76,561	1
Inventories	25,238	406	25,644	1,2
(omitted)				
Liabilities and equity				
Current liabilities				
Trade and other payables	67,661	2,740	70,401	2
(remainder of statement omitted)				

1. The ending inventory for components and raw materials provided at cost by customers has been reclassified from “inventories” to “trade and other receivables.”
As a result, “trade and other receivables” increased by 2,333 million yen and “inventories” decreased by 2,333 million yen.
2. Components and raw materials supplied at cost to customers were originally removed from inventories at the time of supply, but inventories will continue to be recognized as a financial transaction and the ending inventory of components and raw materials retained by the customer will be recognized as a financial liability.
As a result, “inventories” and “trade and other payables” each increased by 2,740 million yen.

2) Condensed Quarterly Consolidated Statement of Income

(Unit: Million yen)

	Amount related to IAS 18 and relevant interpretations (April 1, 2018 – June 30, 2018)	Impact of the application of IFRS 15	First quarter of FY2019 (April 1, 2018 – June 30, 2018)	Notes
Revenue	116,049	-12,357	103,692	3
Cost of sales	97,116	-12,357	84,759	3
(remainder of statement omitted)				

3. Components and raw materials provided at cost by customers were originally reflected in both “revenue” and “cost of sales” but will now be shown only as a decrease in “revenue.”
As a result, both “revenue” and “cost of sales” decreased by 12,357 million yen.

(Notes Concerning Going Concern Assumption)

Not applicable

(Segment Information, etc.)

Information about revenue, profits or losses for reportable segments

First quarter of FY2018 (April 1, 2017 – June 30, 2017)

(Unit: Million yen)

	Reportable Segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	14,390	55,599	21,631	16,560	108,182	—	108,182
Inter-segment transfer	5,652	382	1,717	240	7,992	-7,992	—
Total	20,042	55,982	23,348	16,801	116,174	-7,992	108,182
Segment profits	1,402	3,305	8,169	1,479	14,357	-1,309	13,047
Finance income and finance costs	—	—	—	—	—	—	539
Return on investment using the equity method	—	—	—	—	—	—	103
Income before tax	—	—	—	—	—	—	13,689

- (Notes) 1. Adjustments of -1,309 million yen for segment profits include a deduction of -96 million yen for transactions among segments, and operating expenses of -1,213 million yen associated with the administration division of the headquarters of the parent company, which could not be allocated.
2. Segment profits are adjusted to operating income in the condensed quarterly consolidated statements of income.

First quarter of FY2019 (April 1, 2018 – June 30, 2018)

(Unit: Million yen)

	Reportable Segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	14,105	50,130	22,287	17,167	103,692	—	103,692
Inter-segment transfer	6,384	275	1,078	581	8,320	-8,320	—
Total	20,490	50,406	23,366	17,749	112,012	-8,320	103,692
Segment profits	1,886	2,816	4,868	1,680	11,251	-1,280	9,970
Finance income and finance costs	—	—	—	—	—	—	486
Return on investment using the equity method	—	—	—	—	—	—	86
Income before tax	—	—	—	—	—	—	10,543

- (Notes)
1. Adjustments of -1,280 million yen for segment profits include a deduction of -4 million yen for transactions among segments, and operating expenses of -1,275 million yen associated with the administration division of the headquarters of the parent company, which could not be allocated.
 2. Segment profits are adjusted to operating income in the condensed quarterly consolidated statements of income.
 3. As outlined in “Changes in Accounting Policies,” accounting methods to recognize revenue have changed in conjunction with the application of IFRS 15 “Revenue from Contracts with Customers” effective the first quarter of FY2019, and methods for measuring profits and losses for reportable segments have changed accordingly.
As a result, in the first quarter of FY2019, revenue in the Japan segment decreased by 2,157 million yen; revenue in the Americas segment decreased by 6,420 million yen; and revenue in the China segment decreased by 3,946 million yen versus the previous accounting method. There is no impact on segment profits.