

Consolidated Financial Results for the Nine Months Ended September 30, 2019 Unaudited [IFRS]



November 13, 2019

Company name: Tsubaki Nakashima Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6464
 URL: <http://www.tsubaki-nakashima.com/en/>
 Representative: Tsutomu Takamiya, Director and Representative Executive Officer, CEO
 Contact: Shakil Ohara, Director and Executive Officer, Senior EVP, CFO
 Phone: +81-6-6224-0193
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 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Not Scheduled

(Amounts of less than one million yen are rounded.)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2019 (January 1, 2019 to September 30, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Sales		Operating profit		Profit before taxes		Net profit for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended September 30, 2019	50,490	(11.7)	7,745	(0.9)	7,071	1.9	5,037	(7.5)
September 30, 2018	57,202	63.5	7,817	89.4	6,938	97.4	5,443	141.8

	Net profit for the period attributable to owners of the parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Yen	Yen
Nine months ended September 30, 2019	5,033	(7.5)	1,383	(69.3)	125.41	123.44
September 30, 2018	5,441	141.7	4,512	87.6	136.80	133.43

(Reference) EBITDA: Nine months ended September 30, 2019: ¥10,272 million (down 0.5%)

Nine months ended September 30, 2018: ¥10,323 million

EBITDA = Operating profit + Depreciation and amortization. EBITDA is outside the scope of quarterly review pursuant to the Financial Instrument and Exchange Act.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
As of September 30, 2019	134,072	43,699	43,670	32.6
As of December 31, 2018	138,681	45,080	45,053	32.5

The English translation is only for reference purpose. When there are discrepancies between original Japanese version and English translation version, the original Japanese version always prevails.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended December 31, 2018	Yen -	Yen 39.00	Yen -	Yen 40.00	Yen 79.00
Fiscal year ending December 31, 2019	-	40.00			
Fiscal year ending December 31, 2019 (Forecast)			-	41.00	81.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2019 (January 1, 2019 to December 31, 2019)

(% indicates changes from the previous corresponding period.)

	Sales		Operating profit		Profit before taxes	
	Million yen	%	Million yen	%	Million yen	%
Full year	64,800	(13.4)	8,600	(13.5)	7,600	(13.9)

	Net profit for the period attributable to owners of the parent		Basic earnings per share
	Million yen	%	Yen
Full year	5,200	(23.7)	129.56

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2019: 41,014,900 shares

December 31, 2018: 40,653,500 shares

2) Total number of treasury shares at the end of the period:

September 30, 2019: 733,668 shares

December 31, 2018: 733,610 shares

3) Average number of shares during the period:

Nine months ended September 30, 2019: 40,135,024 shares

Nine months ended September 30, 2018: 39,771,123 shares

* These quarterly financial results are outside the scope of quarterly review by a certified public accountant or an audit corporation.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed to be reasonable, and are not intended to be construed as assurance that they will be accomplished in the future. Actual results may differ significantly from these forecasts due to a wide range of factors.

1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Business Results

The world economy during the nine months ended September 30, 2019 being weakly transitioned mainly due to continuous uncertainties including US-China trade issue and Brexit from EU. Also, business sentiment has deteriorated in Japan, particularly in the manufacturing industry.

In this environment, for the nine months ended September 30, 2019, sales decreased 11.7% year on year to ¥50,490 million.

As for profits, operating profit decreased 0.9% year on year to ¥7,745 million. Net profit for the period attributable to owners of the parent decreased 7.5% year on year to ¥5,033 million.

Although the severe business environment continues, under the management principle of “We will become a stellar corporation that realizes sustainable profitable growth and continues to create improvements in corporate value,” the Group will work together to improve the efficiency of corporate activities.

Performance by segment is as follows.

Precision Components Business

Sales of the Precision Components Business decreased 13.2% year on year to ¥45,816 million. Segment profit (operating profit) decreased 43.0% year on year to ¥4,033 million.

Linear Business

Sales of the Linear Business increased 6.7% year on year to ¥4,430 million. Segment profit (operating profit) increased 22.4% year on year to ¥611 million.

Other Business

Sales of other businesses decreased 12.7% year on year to ¥244 million. Segment profit (operating profit) increased 1,164.7% year on year to ¥3,101 million.

(2) Explanation of Financial Position

Current assets as of the end of the third quarter of the fiscal year increased ¥1,673 million from the end of the previous fiscal year to ¥56,142 million. This is mainly attributable to an increase in cash and cash equivalents by ¥2,761 million and a decrease in trade and other receivables by ¥1,039 million.

Non-current assets decreased ¥6,282 million from the end of the previous fiscal year to ¥77,930 million. This is mainly attributable to a decrease in tangible assets by ¥956 million, intangible assets and goodwill by ¥1,709 million and sale of investment properties by ¥3,755 million.

Current liabilities decreased ¥1,871 million from the end of the previous fiscal year to ¥17,524 million. This is mainly attributable to an increase in income taxes payable by ¥1,410 million, a decrease in trade and other payable by ¥1,335 million and loan borrowings by ¥2,611 million.

Non-current liabilities decreased ¥1,357 million from the end of the previous fiscal year to ¥72,849 million. This is mainly attributable to an increase in other non-current liabilities by ¥698 million, a decrease in loan borrowings by ¥704 million and deferred income tax liability by ¥1,295 million.

Equity decreased ¥1,381 million from the end of the previous fiscal year to ¥43,699 million. This is mainly attributable to an increase in retained earnings by ¥1,826 million and accumulated other comprehensive loss by ¥3,652 million.

(Analysis of Status of Cash Flows)

Cash and cash equivalents as of the end of the third quarter of the fiscal year increased ¥2,761 million year on year to ¥16,065 million. The status of cash flows of each activity during the nine months ended September 30, 2019 and its cause are as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥3,825 million. This is attributable to cash increase factors including profit before taxes of ¥7,071 million, depreciation and amortization of ¥2,527 million, decrease in trade and other receivables of ¥467 million, despite cash decrease factors including gain on sale of investment properties of ¥2,839 million, decrease in trade and other payables of ¥984 million, increase in inventories of ¥692 million and income taxes paid of ¥1,774 million.

(Cash Flows from Investing Activities)

Net cash provided by investing activities amounted to ¥5,189 million. This is attributable to proceeds from sale of investment properties of ¥6,500 million, payments for acquisition of property, plant and equipment of ¥1,112 million and payments for intangible assets of ¥204 million.

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to ¥5,814 million. This is attributable to repayments of loans and borrowings of ¥11,354 million, cash dividends paid of ¥3,208 million, repayments of lease liabilities of ¥231 million, proceeds from loans and borrowings of ¥8,608 million and exercise of subscription rights of ¥371 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The full-year forecasts for the fiscal year ending December 2019 have been revised from the forecasts announced on February 14, 2019. For details, please refer to the “Notice of revised FY2019 earnings forecast” announced today (November 13, 2019).

2. Matters Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries During the Period under Review

Not applicable.

(2) Changes in Accounting Policies and Changes in Accounting Estimates

Changes in accounting policies

The Group has adopted the following standards from the first quarter ended March 31, 2019:

Standard	Title of standard	Description of new standards and amendments
IFRS 16	Leases	Revised accounting process for lease transactions

IFRS 16 “Leases”

The Group has adopted IFRS 16 “Leases” effective January 1, 2019.

A modified retrospective approach has been applied in the application of IFRS 16, and the cumulative effect of the initial application will be recognized on the date of the initial application (January 1, 2019) in place of issuing a restatement of comparative information.

IFRS 16 introduces a single lessee accounting model for all leases which requires the recognition of a right-of-use asset representing the lessee’s right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. However, there are exemptions available for the recognition of short-term or low-value leases. The accounting process for the lessor remains fundamentally unchanged from the previous standard.

(1) Leases in which the Group is the lessee

The Group recognizes new right-of-use assets and lease liabilities for leases which were previously classified as operating leases under IAS 17. In addition, with the recognition of depreciation and amortization for new right-of-use assets and interest expenses for lease liabilities, the nature of the expenses involved in these leases will change. Furthermore, in determining which transactions are leases as of the date of initial application, the Group will apply a practical expedient to maintain their previous assessment or apply the practical expedient of IFRS 16 C10 (a) to (e).

The effect on the condensed interim consolidated statements of financial position as of the date of initial application and the end of the third quarter of the fiscal year under review are as follows. Lease liability is included in other current liabilities or other non-current liabilities in the condensed interim consolidated statements of financial position.

	Date of initial application (January 1, 2019)	End of the third quarter of the fiscal year under review (September 30, 2019)
Buildings and structures (Property, plant and equipment, net)	679	641
Machinery and vehicles (Property, plant and equipment, net)	97	60
Land (Property, plant and equipment, net)	59	78
Other (Property, plant and equipment, net)	96	71
Lease liabilities	929	853

Furthermore, in the condensed interim consolidated statements of profit or loss and other comprehensive income (loss) for the third quarter ended September 30, 2019, operating profit increased by ¥13 million and profit before taxes decreased by ¥3 million, whereas in the condensed interim consolidated statements of cash flows, cash flows from operating activities increased by ¥ 217 million and cash flows from financing activities decreased by the same amount.

There is no material effect on leases previously classified as finance leases under IAS 17.

(2) Leases in which the Group is the lessor

The Group holds land for lease for the purpose of earning rental revenue. These investment properties are classified as operating leases, and this change will not have a material effect on these transactions.

3. Unaudited Condensed Interim Consolidated Financial Statements

(1) Unaudited Condensed Interim Consolidated Statements of Financial Position

(Million yen)

	As of December 31, 2018	As of September 30, 2019
Assets		
Current assets		
Cash and cash equivalents	13,304	16,065
Trade and other receivables, net	15,024	13,985
Inventories	25,072	24,929
Other current assets	1,069	1,163
Total current assets	54,469	56,142
Non-current assets		
Property, plant and equipment, net	32,759	31,803
Intangible assets, net and goodwill	47,087	45,378
Investment property	3,755	—
Other investments	311	251
Deferred tax assets	177	386
Other non-current assets	123	112
Total non-current assets	84,212	77,930
Total assets	138,681	134,072
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	6,492	5,157
Current portion of loans and borrowings	8,655	6,044
Income taxes payable	812	2,222
Other current liabilities	3,436	4,101
Total current liabilities	19,395	17,524
Non-current liabilities		
Loans and borrowings, excluding current portion	63,416	62,712
Net defined benefit liability	2,799	2,743
Deferred tax liabilities	3,946	2,651
Other non-current liabilities	4,045	4,743
Total non-current liabilities	74,206	72,849
Total liabilities	93,601	90,373
Equity		
Share capital	16,621	16,806
Capital surplus	10,823	11,081
Treasury stock	(1,439)	(1,439)
Accumulated other comprehensive loss	(5,414)	(9,066)
Retained earnings	24,462	26,288
Equity attributable to owners of the parent	45,053	43,670
Non-controlling interests	27	29
Total equity	45,080	43,699
Total liabilities and equity	138,681	134,072

(2) Unaudited Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss)

(Million yen)

	For the nine months ended September 30, 2018	For the nine months ended September 30, 2019
Sales	57,202	50,490
Cost of sales	43,814	39,658
Gross profit	13,388	10,832
Selling, general and administrative expenses	5,535	5,985
Other income	101	2,997
Other expenses	137	99
Operating profit	7,817	7,745
Financial income	76	29
Financial expenses	955	703
Profit before taxes	6,938	7,071
Income tax expense	1,495	2,034
Net profit for the period	5,443	5,037
Net profit for the period attributable to:		
Owners of the parent	5,441	5,033
Non-controlling interests	2	4
Net profit for the period	5,443	5,037
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Financial assets measured at FVOCI	40	(44)
Total items that will not be reclassified to profit or loss	40	(44)
Items that may subsequently be reclassified to profit or loss		
Foreign currency translation differences	(1,185)	(3,617)
Cash flow hedges	139	(58)
Hedges costs	75	65
Total items that may subsequently be reclassified to profit or loss	(971)	(3,610)
Other comprehensive loss, net of tax	(931)	(3,654)
Total comprehensive income (loss)	4,512	1,383
Total comprehensive income attributable to:		
Owners of the parent	4,510	1,381
Non-controlling interests	2	2
Total comprehensive income (loss)	4,512	1,383
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	136.80	125.41
Diluted earnings per share (yen)	133.43	123.43

Unaudited Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income
(Loss)

(Million yen)

	For the three months ended September 30, 2018	For the three months ended September 30, 2019
Sales	18,301	14,971
Cost of sales	14,060	12,248
Gross profit	4,241	2,723
Selling, general and administrative expenses	1,804	2,266
Other income	48	2,879
Other expenses	62	33
Operating profit	2,423	3,303
Financial income	58	46
Financial expenses	383	214
Profit before taxes	2,098	3,135
Income tax expense	170	968
Net profit for the period	1,928	2,167
Net profit for the period attributable to:		
Owners of the parent	1,928	2,165
Non-controlling interests	—	2
Net profit for the period	1,928	2,167
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Financial assets measured at FVOCI	(16)	3
Total items that will not be reclassified to profit or loss	(16)	3
Items that may subsequently be reclassified to profit or loss		
Foreign currency translation differences	1,528	(1,477)
Cash flow hedges	154	(2)
Hedges costs	(76)	33
Total items that may subsequently be reclassified to profit or loss	1,606	(1,446)
Other comprehensive loss, net of tax	1,590	(1,443)
Total comprehensive income (loss)	3,518	724
Total comprehensive income attributable to:		
Owners of the parent	3,517	722
Non-controlling interests	1	2
Total comprehensive income (loss)	3,518	724
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	48.53	53.76
Diluted earnings per share (yen)	47.45	53.06

(3) Unaudited Condensed Interim Consolidated Statements of Changes in Equity

For the six months ended September 30, 2018

(Million yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury stock	Accumulated Other Comprehensive Income (Loss)		
				Changes in fair value of available-for-sale financial assets	Foreign currency translation differences	Cash flow hedges
Balance as of January 1, 2018	16,459	10,630	(971)	135	(1,110)	(1,240)
Net profit for the period	—	—	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	40	(1,185)	139
Total comprehensive income (loss)	—	—	—	40	(1,185)	139
Issuance of new shares	56	55	—	—	—	—
Dividends	—	—	—	—	—	—
Purchase of treasury stock	—	—	(468)	—	—	—
Share based payment	—	48	—	—	—	—
Total transactions with owners and other	56	103	(468)	—	—	—
Balance as of June 30, 2018	16,515	10,733	(1,439)	175	(2,295)	(1,101)

(Million yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Accumulated Other Comprehensive Income (Loss)		Retained earnings	Total		
	Hedges costs	Total				
Balance as of January 1, 2018	130	(2,085)	20,549	44,582	24	44,606
Net profit for the period	—	—	5,441	5,441	2	5,443
Other comprehensive income (loss), net of tax	75	(931)	—	(931)	—	(931)
Total comprehensive income (loss)	75	(931)	5,441	4,510	2	4,512
Issuance of new shares	—	—	—	111	—	111
Dividends	—	—	(2,861)	(2,861)	—	(2,861)
Purchase of treasury stock	—	—	—	(468)	—	(468)
Share based payment	—	—	—	48	—	48
Total transactions with owners and other	—	—	(2,861)	(3,170)	—	(3,170)
Balance as of June 30, 2018	205	(3,016)	23,129	45,922	26	45,948

For the six months ended September 30, 2019

(Million yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury stock	Accumulated Other Comprehensive Income (Loss)		
				Changes in fair value of available-for-sale financial assets	Foreign currency translation differences	Cash flow hedges
Balance as of January 1, 2019	16,621	10,823	(1,439)	85	(4,414)	(1,259)
Net profit for the period	—	—	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	(44)	(3,615)	(58)
Total comprehensive income (loss)	—	—	—	(44)	(3,615)	(58)
Issuance of new shares	185	183	—	—	—	—
Dividends	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	—	—	—
Share based payment	—	75	—	—	—	—
Total transactions with owners and other	185	258	—	—	—	—
Balance as of June 30, 2019	16,806	11,081	(1,439)	41	(8,029)	(1,317)

(Million yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Accumulated Other Comprehensive Income (Loss)		Retained earnings	Total		
	Hedges costs	Total				
Balance as of January 1, 2019	174	(5,414)	24,462	45,053	27	45,080
Net profit for the period	—	—	5,033	5,033	4	5,037
Other comprehensive income (loss), net of tax	65	(3,652)	—	(3,652)	(2)	(3,654)
Total comprehensive income (loss)	65	(3,652)	5,033	1,381	2	1,383
Issuance of new shares	—	—	—	368	—	368
Dividends	—	—	(3,207)	(3,207)	—	(3,207)
Purchase of treasury stock	—	—	—	—	—	—
Share based payment	—	—	—	75	—	75
Total transactions with owners and other	—	—	(3,207)	(2,764)	—	(2,764)
Balance as of June 30, 2019	239	(9,066)	26,288	43,670	29	43,699

(4) Unaudited Condensed Interim Consolidated Statements of Cash Flows

(Million yen)

	For the nine months ended September 30, 2018	For the nine months ended September 30, 2019
Cash flows from operating activities		
Profit before taxes	6,938	7,071
Depreciation and amortization	2,506	2,527
Increase (decrease) in net defined benefit liability	(120)	(12)
Interest and dividend income	(68)	(21)
Interest expense	658	611
Foreign exchange losses (gain)	236	25
(Gains) losses sale of fixed assets	8	(4)
(Gains) losses sale of investment properties	—	(2,839)
Decrease (increase) in trade and other receivables	(441)	467
Decrease (increase) in inventories	(1,909)	(692)
(Decrease) increase in trade and other payables	430	(984)
Other, net	(15)	(34)
Sub total	8,223	6,115
Interest received	68	17
Dividends received	4	4
Interest paid	(578)	(537)
Income taxes paid	(2,619)	(1,774)
Net cash provided by operating activities	5,098	3,825
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	(2,068)	(1,112)
Proceeds from sale of property, plant and equipment	13	2
Proceeds from sale of investment properties	—	6,500
Payments for acquisition of intangible properties	(10)	(204)
Payments for acquisition of subsidiary stock	(90)	—
Other, net	17	3
Net cash used in investing activities	(2,138)	5,189
Cash flows from financing activities		
Proceeds from short-term loans and borrowings	1,000	8,608
Repayments of short-term loans and borrowings	(1,000)	(2,719)
Repayments of long-term loans and borrowings	(135)	(8,635)
Payments of lease liabilities (※)	(15)	(231)
Proceeds from exercise of subscription rights	114	371
Cash dividends paid	(2,861)	(3,208)
Payments for purchase of treasury stock	(468)	—
Net cash used in financing activities	(3,365)	(5,814)
Effect of exchange rate changes on cash and cash equivalents	(54)	(439)
Net increase (decrease) in cash and cash equivalents	(459)	2,761
Cash and cash equivalents at the beginning of the period	12,001	13,304
Cash and cash equivalents at the end of the period	11,542	16,065

(※) For the year ended September 30, 2018 the payment was for repayment of finance lease liabilities.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

(5) Summary Notes on the quarterly consolidated financial statements

Notes concerning going concern assumption

Not applicable

Operating Segments

1. General information

(1) Basis of segmentation

The Group is composed of segments by product and service and there are "Precision components Business, "Linear Business" and "Other Business" as reporting segments.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, for which discrete financial information is available and is subject to regular review by the Chief Executive Officer of the Group for assessing performance and making resource allocation decisions. The Company's operating segments consist of "Precision components business", "Linear business" and "Other business". These businesses offer different products and are managed separately because they require different technologies and marketing strategies.

The "Precision components business" segment engages in manufacturing and sales of various types of steel balls, rollers, cages and sheet metal parts. The "Linear business" segment engages in manufacturing and sales of ball screws and air blowers. The "Other business" segment engages primarily in the leasing of real estate.

Segment information is determined in conformity with the accounting policies used in preparing the condensed interim consolidated financial statements. Operating profit (loss) of each reportable segment is measured in a consistent manner with consolidated operating profit, which is profit before income taxes before finance income and finance costs. Pricing for the inter-segment transactions are determined on an arm's length basis.

(2) Segment Information

Segment information for the nine months ended September 30, 2018 and 2019 is as follows.

For the nine months ended September 30, 2018

(Million yen)

	Precision components business	Linear business	Other business	Total	Reconciling items	Condensed interim consolidated financial statements
Sales						
External sales	52,771	4,152	279	57,202	—	57,202
Inter-segment sales	6	—	32	38	(38)	—
Total consolidated sales	52,777	4,152	311	57,240	(38)	57,202
Segment profit	7,073	499	245	7,817	—	7,817
				Financial income		76
				Financial expense		(955)
				Profit before taxes		6,938

Reconciling items to segment profit include elimination of inter-segment transactions.

For the nine months ended September 30, 2019

(Million yen)

	Precision components business	Linear business	Other business	Total	Reconciling items	Condensed interim consolidated financial statements
Sales						
External sales	45,816	4,430	244	50,490	—	50,490
Inter-segment sales	7	—	22	29	(29)	—
Total consolidated sales	45,823	4,430	266	50,519	(29)	50,490
Segment profit	4,033	611	3,101	7,745	—	7,745
				Financial income		29
				Financial expense		(703)
				Profit before taxes		7,071

1 Reconciling items to segment profit include elimination of inter-segment transactions.

2 As a result of the sale of lease landed (investment properties) in Amagasaki Hyogo, the amount of reportable segment assets in “Other business” was 39 million yen. Furthermore, 2,839 million yen of gain as sale of investment property resulting from the sale of leased land is included in other income in the condensed consolidated comprehensive income calculation.

For the three months ended September 30, 2018

(Million yen)

	Precision components business	Linear business	Other business	Total	Reconciling items	Condensed interim consolidated financial statements
Sales						
External sales	16,741	1,468	92	18,301	—	18,301
Inter-segment sales	1	—	11	12	(12)	—
Total consolidated sales	16,742	1,468	103	18,313	(12)	18,301
Segment profit	2,173	165	85	2,423	—	2,423
					Financial income	58
					Financial expense	(383)
					Profit before taxes	2,098

Reconciling items to segment profit include elimination of inter-segment transactions.

For the three months ended September 30, 2019

(Million yen)

	Precision components business	Linear business	Other business	Total	Reconciling items	Condensed interim consolidated financial statements
Sales						
External sales	13,552	1,363	56	14,971	—	14,971
Inter-segment sales	1	—	7	8	(8)	—
Total consolidated sales	13,553	1,363	63	14,979	(8)	14,971
Segment profit	297	115	2,891	3,303	—	3,303
					Financial income	46
					Financial expense	(214)
					Profit before taxes	3,135

1 Reconciling items to segment profit include elimination of inter-segment transactions.

2 As a result of the sale of leased land (investment properties) in Amagasaki Hyogo, the amount of reportable segment assets in “Other business” was 39 million yen. Furthermore, 2,839 million yen of gain as sale of investment property resulting from the sale of leased land is included in other income in the condensed consolidated comprehensive income calculation.