



FY2018 Consolidated Financial Results [IFRS]

(English translation extracted from the original Japanese document)

April 25, 2019
Tokyo Stock Exchange

Company Name: **EXEDY Corporation**
 Code No.: 7278
 URL: <http://www.exedy.com>
 Representative: Hidehito Hisakawa, President
 Contact Person: Hiroshi Toyohara, Tel: +81-72-822-1152
 Director and Executive Managing Officer/Administrative Headquarters Executive General Manager

Scheduled Date for the General Shareholders Meeting: June 26, 2019

Scheduled Payment Date for Dividends: June 27, 2019

Scheduled Filing Date for Annual Securities Report on EDINET: June 26, 2019

Additional Materials for FY2018 Financial Results: None

Briefing Session for FY2018 Financial Results: Yes (For analysts and professional investors)

1. FY2018 Consolidated Performance (April 1, 2018 to March 31, 2019)

(1) Consolidated Operating Results

(Note: All amounts less than one million yen is rounded off)
(Changes from the previous year expressed as a percentage)

	Revenue		Operating Profit		Income before Income Taxes		Profit		Profit Attributable to Owners of Parent		Total Comprehensive Income	
	Millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2018	282,398	△0.3	19,626	△17.6	19,039	△15.4	13,334	△19.3	12,967	△17.9	13,688	△15.2
FY2017	283,319	5.6	23,808	3.6	22,499	3.5	16,513	7.3	15,791	10.9	16,135	15.2

	Basic Earnings per Share	Diluted Earnings per Share	Ratio of Profit to Equity Attributable to Owners of Parent	Ratio of Income before Income Taxes to Total Assets	Ratio of Operating Profit to Revenue
	yen	yen	%	%	%
FY2018	269.52	-	6.6	6.1	6.9
FY2017	328.66	-	8.5	7.5	8.4

(Reference) Equity in Earnings of Affiliates is ¥ 26.0 million for FY2018 and ¥ 12.0 million for FY2017.

(2) Consolidated Financial Position

	Total Assets	Total Equity	Equity Attributable to Owners of Parent	Ratio for Equity Attributable to Owners of Parent	Equity per Share Attributable to Owners of Parent
	millions of yen	millions of yen	millions of yen	%	yen
FY2018	311,975	212,026	200,153	64.2	4,157.72
FY2017	307,385	203,631	191,455	62.3	3,984.29

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Balance of Cash and Cash Equivalents at End of Period
	millions of yen	millions of yen	millions of yen	millions of yen
FY2018	31,760	△27,763	△3,260	45,413
FY2017	33,006	△22,921	△7,616	44,698

2. Dividends

	Annual Dividends per Share					Total Dividends millions of yen	Payout Ratio %	Ratio of Dividend to Equity Attributable to Owners of Parent %
	1st Quarter	2nd Quarter	3rd Quarter	Fiscal Year-end	Total			
	yen	yen	yen	yen	yen			
FY2017	-	40.00	-	50.00	90.00	4,335	27.4	2.3
FY2018	-	45.00	-	45.00	90.00	4,336	33.4	2.2
FY2019 (Expected)	-	45.00	-	45.00	90.00		33.4	

3. FY2019 Consolidated Performance Forecast (April 1, 2019 to March 31, 2020)

(Changes from previous financial period expressed as a percentage)

	Revenue		Operating Profit		Income before Income Taxes		Profit Attributable to Owners of Parent		Basic Earnings per Share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
1st Half of FY2019	140,000	△2.8	9,500	△22.0	9,000	△25.4	6,000	△22.0	124.39
FY2019	290,000	2.7	20,000	1.9	19,050	0.1	13,000	0.3	269.52

※ General Notes

(1) Significant Changes in Scope of Consolidation: None

(2) Changes in Accounting Policies, Accounting Estimations and Restatements

- ① Changes in accounting policies required by IFRS : Yes
 ② Changes in accounting policies except ① : None
 ③ Changes in accounting estimates : None

(3) Number of Outstanding Shares (Ordinary shares)

① Number of shares outstanding at the end of period (including treasury shares)

FY2018	48,593,736 shares	FY2017	48,593,736 shares
--------	-------------------	--------	-------------------

② Number of treasury shares at the end of period

FY2018	453,621 shares	FY2017	541,311 shares
--------	----------------	--------	----------------

③ Average number of ordinary shares outstanding during the period

FY2018	48,113,914 shares	FY2017	48,047,949 shares
--------	-------------------	--------	-------------------

(Note) The shares held within the ESOP trust accounts (FY2018 37,000 shares, FY2017 48,200 shares) and BIP trust accounts (FY2018 0 shares, FY2017 63,987 shares) are included in the number of Treasury Shares at end of period. Furthermore, the shares held within the ESOP and BIP trust accounts are included in Treasury Shares that are deducted in the calculation of the average number of shares for the period. (FY2018 67,843 shares, FY2017 116,708 shares)

※ This Financial Report is not subject to audit procedure.

※ Regarding the appropriate use of performance forecasts and other information

The above forecast is based on the information available, or the assumptions which the company thinks reasonable as of the release of this report. Actual results might be different from the above estimates due to subsequent changes in circumstances.

Regarding to notes of usage and performance forecast assumptions, please refer to Page 6, 1. Overview of business results etc. (4) Future outlook.

Table of Contents of Attachments

1. Overview of Operating Results etc.	4
(1) Overview of Operating Results for Current Period.....	4
(2) Overview of Financial Position for Current Period.....	5
(3) Overview of Cash Flow for the Current Period	5
(4) Future Outlook.....	6
2. Basic Way of Thinking Regarding to Selection of Accounting Standard	6
3. Consolidated Financial Statements and Main Notes	6
(1) Consolidated Statement of Financial Position.....	6
(2) Consolidated Statement of Income/Consolidated Statement of Comprehensive Income.....	8
(3) Consolidated Statement of Changes in Equity.....	10
(4) Consolidated Statement of Cash Flows.....	12
(5) Notes on Consolidated Financial Statements	13
(Notes for Going Concern)	13
(Change of Accounting Policy)	13
(Segment Information)	13
(Per Share Information)	15
(Significant Subsequent Events)	15

1. Overview of Operating Results etc.

(1) Overview of operating results for current period

In current consolidated fiscal year, revenue decreased mainly due to decrease in orders in the Chinese market. In terms of profits, in addition to a decline in sales revenue and an increase in manufacturing costs mainly on labor costs, we recognized impairment loss on production facilities of a subsidiary in US because of declining orders for AT products due to the change in US market which is expected not to recover in short term. All these resulted in decreased in operating profit. Performance of current consolidated fiscal year are, Revenue: ¥ 282.4 billion (0.3% decreased from previous year), Operating profit: ¥ 19.6 billion (17.6% decreased from previous year), Income before income taxes: ¥ 19.0 billion (15.4% decreased from previous year), profit attributable to owners of parent ¥ 13.0 billion (17.9% decreased from previous year).

(Segment Information)

The summary by type of reportable segment is as follows

[MT (Manual Automotive Drivetrain related business)]

Revenue decreased by 3.3% from previous year, to ¥ 68.5 billion, due to declining orders from Chinese and domestic automobile manufacturers. Segment profit decreased by 7.7% to ¥ 9.3 billion due to the decline in revenue.

[AT (Automatic Automotive Drivetrain related business)]

Revenue increased by 1.9% from previous year to ¥ 181.1 billion due to increased orders in Japan and Mexico. Regarding segment profits, despite the increase in sales revenue, manufacturing costs has increased, mainly on labor costs. Furthermore, we recognized impairment loss on production facilities of subsidiary in US because of declining orders for AT products due to the change in US market which is expected not to recover in short term. Thus, operating profit decreased by 27.8% to ¥ 8.6 billion.

[Others]

Revenue decreased by 5.5% from previous year to ¥ 32.8 billion due to declining orders for motorcycle clutch products in Asia. Segment profit decreased by 13.8% from previous year to ¥ 2.8 billion due to decrease in revenue.

The summary by location is as follows

[Japan]

Revenue decreased by 0.1% from previous year to ¥ 130.6 billion due to declining orders for MT products. Operating profit decreased by 19.3% from previous year to ¥ 11.8 billion due to increases in labor costs and material costs.

[North and Central America]

Revenue increased by 4.8% from previous year to ¥ 51.8 billion due to increase in orders on AT products for automobile manufacturers. Despite the increase in revenue, operating loss was ¥ 1.5 billion (¥ 0.5 billion operating loss in previous year) due to the above-mentioned impairment loss.

[Asia, Oceania]

Revenue decreased by 3.8% from previous year to ¥ 91.8 billion due to decrease in orders in Chinese market. Operating profit increased by 4.5% from previous year to ¥ 9.2 billion by cost reduction activities.

[Others]

Revenue increased by 6.3% from previous year to ¥ 8.3 billion due to increase in orders on AT products for automobile manufacturers in Europe. Operating profit increased by 6.0% from previous year to ¥ 0.4 billion due to increase in revenue.

(2) Overview of Financial Position for Current Period

Total assets at the end of current consolidated fiscal year were ¥ 312.0 billion, increased ¥ 4.6 billion from the end of the previous year. The main details were increase of ¥ 10.7 billion in property, plant and equipment due to capital investment and ¥ 5.8 billion decrease in trade and other receivables. Total liabilities were ¥ 99.9 billion, decreased ¥ 3.8 billion from the end of the previous year.

Total equity amounted to ¥ 212.0 billion, increased ¥ 8.4 billion from the end of the previous year. The main details were increase of ¥ 8.4 billion in retained earnings (¥ 13.0 billion increase by profit attributable to owners of the parent company, ¥ 4.6 billion decrease by disposal of surplus (dividend)). The ratio for equity attributable to owners of the parent company was 64.2% (62.3% at the end of the previous year).

(3) Overview of Cash Flow for the Current Period

Balance of cash and cash equivalents (hereinafter referred to as “funds”) for the current consolidated fiscal year increased ¥ 0.7 billion from the end of the previous consolidated fiscal year, to ¥ 45.4 billion at the end of the current consolidated fiscal year.

The status of each cash flow in the current consolidated fiscal year and their factors are as follows.

(Cash flow from operating activities)

The funds acquired by cash flow from operating activities were ¥31.8 billion. The main breakdown of the increase is income before income taxes ¥19 billion, depreciation and amortization expenses ¥ 17.9 billion, the main breakdown of the decrease is amount of corporate income taxes payment ¥ 8.4 billion.

(Cash flow from investing activities)

The funds used by cash flow from investing activities was ¥ 27.8 billion. The main breakdown is expenditure for acquisition of tangible fixed assets ¥ 27 billion and expenditures on acquisition of intangible assets ¥ 1.2 billion.

(Cash flow from financing activities)

The funds used by cash flow from financing activities was ¥ 3.3 billion. The main breakdown are the net amount of borrowings and repayments of ¥ 2.2 billion and dividend payment of ¥ 4.6 billion.

(Reference) Trends of cash flow associated indicators

	FY 2017	FY 2018
Ratio for Equity Attributable to Owners of Parent (%)	62.3	64.2
Ratio for Equity Attributable to Owners of Parent at fair value (%)	52.4	37.0
Ratio of Cash flow to Interest-bearing debt (year)	1.3	1.4
Interest coverage ratio (times)	33.6	31.7

Ratio for equity attributable to owners of parent: $\text{Equity attributable to owner of parent company} / \text{Total Assets}$

Ratio for equity attributable to owners of parent at fair value: $\text{Market capitalization} / \text{Total Assets}$

Ratio of Cash flow to Interest-bearing debt: $\text{Interest-bearing debt} / \text{Operating cash flow}$

Interest coverage ratio: $\text{Operating cash flow} / \text{Interest payment}$

(Note 1) All figures are calculated based on consolidated financial figures.

(Note 2) Market capitalization is calculated based on the number of issued shares excluding treasury stock.

(Note 3) Interest-bearing debt refers to all debts for which interest is paid among debts recorded on the Consolidated Statement of Financial Position.

(Note 4) The figures of operating cash flow and Interest payments are “Cash flow from operating activities” and “Payment amount of interest” recorded on the Consolidated Statement of Cash Flow.

(4) Future Outlook

As for the future outlook, revenue is expected to increase as volume-based orders are steady mainly in overseas markets. In terms of profit, the tough condition is expected to continue by the runup of labor costs, changes in sales compositions and exchange rates fluctuations. Yet, in all business activities (especially on factory sector), we promote rationalization and efficiency activities that raise the group's entire strength and strive to secure profits.

As a result of the above, revenue in FY 2019 is expected to be ¥ 290.0 billion (Increased by 2.7% from the current fiscal year), operating profit ¥ 20.0 billion (Increased by 1.9%), income before income taxes ¥ 19.0 billion (Increased by 0.1%), profit attributable to owners of parent company is ¥ 13.0 billion (Increased by 0.3%).

2. Basic way of thinking regarding to Selection of accounting standard

The Group company applies IFRS to improve the international comparability of financial information in the capital markets.

3. Consolidated financial statements and Main Notes

(1) Consolidated Statement of Financial Position

	FY2017 (March 31, 2018)	FY2018 (March 31, 2019)
	Millions of yen	Millions of yen
Assets		
Current Assets		
Cash and Cash Equivalents	44,698	45,413
Trade and Other Receivables	55,063	49,246
Other Financial Assets	1,642	1,465
Inventories	32,892	33,611
Other Current Assets	3,907	2,817
Total Current Assets	<u>138,202</u>	<u>132,552</u>
Non-Current Assets		
Property, Plant and Equipment	156,867	167,572
Goodwill and Intangible Assets	3,564	3,640
Investments Accounted for Using Equity Method	137	153
Investments in Equity Instruments	3,610	2,944
Other Financial Assets	153	138
Deferred Tax Assets	2,523	2,688
Retirement Benefit Asset	1,071	1,063
Other Non-Current Assets	1,258	1,225
Total Non-Current Assets	<u>169,183</u>	<u>179,422</u>
Total Assets	<u><u>307,385</u></u>	<u><u>311,975</u></u>

	FY2017 (March 31, 2018)	FY2018 (March 31, 2019)
	Millions of yen	Millions of yen
Liabilities and Equities		
Liabilities		
Current Liabilities		
Bonds and Borrowings	8,676	7,745
Trade and Other Payables	39,573	37,722
Other Financial Liabilities	150	124
Income Taxes Payable	4,093	1,965
Employee Benefits Accruals	1,330	1,448
Provisions	3,267	2,805
Other Current Liabilities	2,714	1,667
Total Current Liabilities	<u>59,803</u>	<u>53,476</u>
Non-Current Liabilities		
Bonds and Borrowings	35,052	38,124
Other Financial Liabilities	155	182
Retirement Benefit Liabilities	5,849	6,081
Deferred Tax Liabilities	2,204	1,368
Other Non-Current Liabilities	691	718
Total Non-Current Liabilities	<u>43,950</u>	<u>46,473</u>
Total Liabilities	<u>103,754</u>	<u>99,949</u>
Equity		
Share Capital	8,284	8,284
Capital Surplus	7,656	7,590
Treasury Shares	△1,367	△1,144
Other Components of Equity	△926	△783
Retained Earnings	177,808	186,206
Total Equity Attributable to Owners of Parent	<u>191,455</u>	<u>200,153</u>
Non-Controlling Interests	<u>12,177</u>	<u>11,873</u>
Total Equity	<u>203,631</u>	<u>212,026</u>
Total Liabilities and Equity	<u><u>307,385</u></u>	<u><u>311,975</u></u>

(2) Consolidated Statement of Income/Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

	FY2017 (From: April 1, 2017 To: March 31, 2018)	FY2018 (From: April 1, 2018 To: March 31, 2019)
	Millions of yen	Millions of yen
Revenue	283,319	282,398
Cost of Sales	225,619	229,799
Gross Profit	57,700	52,598
Selling, General and Administrative Expenses	33,275	31,395
Other Operating Income	1,195	1,602
Other Operating Expenses	1,812	3,179
Operating Profit	23,808	19,626
Financial Income	175	407
Financial Expenses	1,497	1,020
Equity in Earnings of Affiliates	12	26
Income Before Income Taxes	22,499	19,039
Income Taxes	5,986	5,704
Profit	16,513	13,334
Attribution of Profit		
Owners of Parent	15,791	12,967
Non-controlling Interests	722	367
Profit	16,513	13,334
Basic and Diluted Earnings per Share (yen)	328.66	269.52

(Consolidated Statement of Comprehensive Income)

	FY2017 (From: April 1, 2017 To: March 31, 2018)	FY2018 (From: April 1, 2018 To: March 31, 2019)
	Millions of yen	Millions of yen
Profit	16,513	13,334
Other Comprehensive Income		
Items that will Not Be Reclassified to Profit or Loss		
Equity Instruments Measured at Fair Value through Other Comprehensive Income	166	△459
Re-measurement of Defined Benefit Plans.	61	△6
Total of Items that will Not Be Reclassified to Profit or Loss	226	△465
Items that May Be Reclassified to Profit or Loss		
Exchange Differences on Translation of Foreign Operations.	△612	819
Share of Other Comprehensive Income of Investments Accounted for Using Equity Method.	7	△0
Total of Items that May Be Reclassified to Profit or Loss.	△605	819
Other Comprehensive Income	△378	354
Comprehensive Income	16,135	13,688
Attribution of Comprehensive Income		
Owners of Parent	15,335	13,113
Non-controlling Interests	801	575
Comprehensive Income	16,135	13,688

(3) Consolidated Statement of Changes in Equity

Previous fiscal year

(April 1, 2017 to March 31, 2018)

	Equity Attributable to Owners of Parent						Total
	Capital	Capital Surplus	Treasury Shares	Exchange Differences on Translation of Foreign Operations	Other Components of Equity		
					Equity Instruments Measured at Fair Value through Other Comprehensive Income	Re-measurements of Defined Benefit Plans	
millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	
Balances as of April 1, 2017	8,284	7,606	△1,400	△1,573	1,165	-	△409
Profit	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	△683	166	61	△457
Total Comprehensive Income for the Period	-	-	-	△683	166	61	△457
Acquisition of Treasury Shares	-	-	△0	-	-	-	-
Disposal of Treasury Shares	-	6	33	-	-	-	-
Dividends of Surplus	-	-	-	-	-	-	-
Share-based Payment Transactions	-	44	-	-	-	-	-
Transfer to Retained Earnings	-	-	-	-	-	△61	△61
Total Transaction Amount with Owners	-	49	33	-	-	△61	△61
Total Changes for the Period	-	49	33	△683	166	-	△517
Balances as of March 31, 2018	8,284	7,656	△1,367	△2,256	1,330	-	△926

	Equity Attributable to Owners of Parent		Non-controlling Interests	Total Equity
	Retained Earnings	Total		
	Millions of yen	Millions of yen		
Balance as of April 1, 2017	166,046	180,127	12,265	192,392
Profit	15,791	15,791	722	16,513
Other Comprehensive Income	-	△457	78	△378
Total Amount of Comprehensive Income for the Period	15,791	15,335	801	16,135
Acquisition of Treasury Shares	-	△0	-	△0
Disposal of Treasury Shares	-	39	-	39
Dividends of Surplus	△4,089	△4,089	△888	△4,978
Share-based Payment Transactions	-	44	-	44
Transfer to Retained Earnings	61	-	-	-
Total Transactions Amount with Owners	△4,029	△4,007	△888	△4,895
Changes for the Period	11,763	11,328	△88	11,240
Balance as of March 31, 2018	177,808	191,455	12,177	203,631

Current fiscal year (April 1, 2018 to March 31, 2019)

Equity Attributable to Owners of Parent

	Equity Attributable to Owners of Parent						Total
	Capital	Capital Surplus	Treasury Shares	Exchange Differences on Translation of Foreign Operations	Other Components of Equity		
	Equity Instruments Measured at Fair Value through Other Comprehensive Income	Re-measurements of Defined Benefit Plans					
	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen
Balances as of April 1, 2018	8,284	7,656	△1,367	△2,256	1,330	-	△926
Profit	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	610	△459	△6	146
Total Comprehensive Income for the Period	-	-	-	610	△459	△6	146
Acquisition of Treasury Shares	-	-	△1	-	-	-	-
Disposal of Treasury Shares	-	-	224	-	-	-	-
Dividends of Surplus	-	-	-	-	-	-	-
Share-based Payment Transactions	-	△66	-	-	-	-	-
Transfer to Retained Earnings	-	-	-	-	△8	6	△2
Total Transaction Amount with Owners	-	△66	223	-	△8	6	△2
Total Changes for the Period	-	△66	223	610	△467	-	143
Balances as of March 31, 2019	8,284	7,590	△1,144	△1,646	863	-	△783

	Equity Attributable to Owners of Parent		Non-controlling Interests	Total Equity
	Retained earnings	Total		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2018	177,808	191,455	12,177	203,631
Profit	12,967	12,967	367	13,334
Other Comprehensive Income	-	146	208	354
Total Comprehensive Income for the Period	12,967	13,113	575	13,688
Acquisition of Treasury Shares	-	△1	-	△1
Disposal of Treasury Shares	-	224	-	224
Dividends of Surplus	△4,572	△4,572	△879	△5,451
Share-based Payment Transactions	-	△66	-	△66
Transfer to Retained Earnings	2	-	-	-
Total Transactions Amount with Owners	△4,570	△4,415	△879	△5,294
Changes for the Period	8,397	8,698	△304	8,394
Balance as of March 31, 2019	186,206	200,153	11,873	212,026

(4) Consolidated Statement of Cash Flows

	FY2017 (From: April 1, 2017 To: March 31, 2018)	FY2018 (From: April 1, 2018 To: March 31, 2019)
	Millions of yen	Millions of yen
Cash Flows from Operating Activities		
Income before Income Taxes	22,499	19,039
Depreciation and Amortization Expenses	17,104	17,881
Impairment Loss	-	2,224
Interest and Dividend Income	△175	△377
Interest Expenses	995	839
Equity in earnings of Affiliates (△is Profit)	△12	△26
Profit or Loss from Foreign Exchange (△is profit)	△108	45
Changes of Inventories (△is Increase)	△1,932	△957
Changes of Trade and Other Receivables (△is Increase)	△1,731	5,982
Changes of trade and Other Payables (△is Decrease)	2,200	△4,779
Other	2,420	905
Subtotal	41,259	40,777
Interest and Dividends Received	258	363
Interest Paid	△981	△1,001
Income Taxes Paid	△7,531	△8,380
Cash Flows from Operating Activities	33,006	31,760
Cash Flows from Investing Activities		
Payments into Time Deposits	△428	△50
Payments for Acquisition of Tangible Fixed Assets	△20,924	△26,991
Proceeds from Sales of Tangible Fixed Assets	369	489
Payments for Acquisition of Intangible Assets	△969	△1,221
Other	△970	10
Cash Flow from Investing Activities	△22,921	△27,763
Cash Flows from Financing Activities		
Increase by Short-term Borrowings	12,921	2,210
Repayments of Short-term Borrowings	△12,843	△2,827
Proceeds from Non-current Borrowings	4,632	9,152
Repayments of Non-current Borrowings	△7,340	△6,323
Dividends Paid	△4,089	△4,572
Other	△897	△900
Cash Flows from Financing Activities	△7,616	△3,260
Effect of Exchange Rate Changes on Cash and Cash Equivalents	△162	△21
Changes of Cash and Cash Equivalents (△is Decrease)	2,306	715
Balances of Cash and Cash Equivalents at the Beginning of Period	42,392	44,698
Cash and Cash Equivalents at the End of Period	44,698	45,413

(5) Notes on Consolidated Financial Statements

(Notes for Going Concern)

Not Applicable

(Change of Accounting Policy)

Starting from the current consolidated fiscal year, Company has adopted IFRS 15: (Revenue from contracts with customers, Announced in May 2014) and Clarify IFRS 15 (Announced in April 2016) (hereinafter mentioned as "IFRS 15").

According to the application of IFRS 15, the following five-step is used to recognize revenue from customer contract.

Step 1: Identify a contract with customer

Step 2: Identify performance obligations in the contract

Step 3: Calculate the transaction price

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

Step 5: Recognize revenue as (or as it fulfills) fulfillment of performance obligations.

The application of this standard has no significant impact on the consolidated financial statements of the group company.

In addition, application of IFRS 15 retrospectively according to transitional measures, and adopted the method of recognizing the cumulative effect of the start of application as a correction of retained earnings at the start of application. This has no impact on retained earnings at application start date.

The Company Group main business is to manufacture and sell automotive parts, and for sales of these products, it has been identified as a performance obligation to deliver finished products to customers.

As general rule, when the product is delivered to the customer or the carrier ordered by the customer, control over the product is transferred to the customer, and it is determined that the performance obligation is satisfied, so revenue is recognized at that time.

Revenues are measured at the amount obtained by subtracting discounts, rebates, returns, etc. from the value promised in the contract with the customer.

The value of the promised consideration does not include any significant financial factors, as payment has been received within one year after delivery to the customer.

(Segment Information)

1. General Information

The reportable segments are components of business activities for which discrete, and such information is regularly reviewed by the Company's Board of Directors in order to make decisions about the allocation of resources and assess its performance.

The Company and its consolidated subsidiaries are mainly engaged in the manufacture and sale of automotive parts. From the aspects of function, technological specification and productive structure, the product lines of the Company are classified roughly into 2 group, "Manual Transmission Parts" and "Automatic Transmission Parts". The Company, in corporation with its consolidated subsidiaries, design business strategy and conduct business for these 2 product lines inside Japan and overseas. And concerning these 2 product lines, separate financial information is accessible among the constituent units of the Company and that are subject to periodical examination, in order to the Board of Directors of the Company to determine the allocation of management resources. Accordingly, the reportable segments of the Company are composed of 2 segments, "MT (Manual automotive drivetrain related business)" which manufactures and sells Manual Transmission Parts and "AT (Automatic automotive drivetrain related business)" which manufactures and sells Automatic Transmission Parts.

2. Information about Revenue and Profit/Loss for each Reportable Segment
FY2017 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable Segment			Other (Note 1)	Adjustments (Note 4)	Consolidated
	MT	AT	Total			
Revenue						
External Customers	70,840	177,776	248,616	34,703	-	283,319
Intersegments (Note 2)	183	2,591	2,774	7,517	△10,291	-
Total	71,023	180,367	251,390	42,220	△10,291	283,319
Segment Profit (Note 3)	10,050	11,974	22,024	3,223	△1,439	23,808
Financial Income						175
Finance Expenses						1,497
Equity in Earnings of Affiliates						12
Income before Income Taxes						22,499

- (Note) 1. Other includes businesses which is not part of any of the 2 reportable segments, and contain industrial machine drive train operation, clutches for motorcycle operation, transport operation, etc.
 2. Amount of intersegments transactions is based on market price.
 3. Segment profit is based on operating profit on consolidated statement of income.
 4. Elimination of intersegment transactions and corporate expenses are included in adjustments.

FY2018 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable Segment			Other (Note 1)	Adjustments (Note 4)	Consolidated
	MT	AT	Total			
Revenue						
External Customers	68,481	181,116	249,597	32,801	-	282,398
Intersegments (Note 2)	201	2,228	2,429	6,619	△9,048	-
Total	68,682	183,344	252,026	39,419	△9,048	282,398
Segment Profit (Note 3)	9,282	8,650	17,931	2,776	△1,081	19,626
Financial Income						407
Finance Expenses						1,020
Equity in Earnings of Affiliates						26
Income before Income Taxes						19,039

- (Note) 1. Other includes businesses which is not part of any of the 2 reportable segments, and contain industrial machine drive train operation, clutches for motorcycle operation, transport operation, etc.
 2. Amount of intersegments transactions is based on market price.
 3. Segment profit is based on operating profit on consolidated statement of income.
 4. Elimination of intersegment transactions and corporate expenses are included in adjustments.

(Per Share Information)

Basis for calculating profit per share is as follows. There are no potentially dilutive ordinary shares during previous consolidated fiscal year and current consolidated fiscal year.

1. Profit Attributable to Owners of Parent

(Millions of yen)

	FY2017 (From: April 1, 2017 To: March 31, 2018)	FY2018 (From: April 1, 2018 To: March 31, 2019)
Profit Attributable to Owners of Parent	15,791	12,967

2. Average Number of Shares Outstanding during the Period

(Unit: shares)

	FY2017 (From: April 1, 2017 To: March 31, 2018)	FY2018 (From: April 1, 2018 To: March 31, 2019)
Average Number of Shares Outstanding during the Period	48,047,949	48,113,914

(Significant Subsequent Events)

Not applicable.