

Consolidated Financial Results for the 1st Quarter of Fiscal Year Ending March 31, 2019 (J-GAAP)

August 3, 2018

Company name: T.RAD Co., Ltd.	Listing: Tokyo Stock Exchange, First Section
Code No.: 7236	URL: http://www.trad.co.jp
Representative: Tomio Miyazaki, President & COO	
Contact: Norio Kanai, Managing Executive Officer, Finance & Accounting Dept.	Tel: +81-3-3373-1101
Scheduled date of filing of 1st quarter securities report:	August 6, 2018
Scheduled date of start of dividend payments:	—
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 1st Quarter of Fiscal Year Ending March 31, 2019

(April 1, 2018 to June 30, 2018)

(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	%
Three months ended June30, 2018	33,498	14.6	1,819	8.0	1,899	-3.0	971	-18.7
Three months ended June30, 2017	29,236	15.1	1,685	152.0	1,957	225.5	1,194	504.1

Note: Comprehensive income

Three months ended June 30, 2018: ¥203 million -68.2%

Three months ended June 30, 2017: ¥638 million —%

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June30, 2018	122.11	—
Three months ended June30, 2017	150.09	—

Note: We consolidated each unit of 10 common shares into a unit of one share on October 1, 2017. Net income per share is calculated on the assumption that the consolidation of shares was conducted at beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Three months ended June30, 2018	92,653	46,313	48.1	5,598.05
Fiscal year ended March 31, 2018	93,320	46,639	48.1	5,635.91

Reference: Shareholders' equity

As of June 30, 2018: ¥44,559 million

As of March 31, 2018 : ¥44,861 million

2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	—	3.00	—	60.00	—
Fiscal year ending March 31, 2019	—				
Fiscal year ending March 31, 2019 (Forecast)		40.00	—	50.00	90.00

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

We consolidated each unit of 10 common shares into a unit of one share on October 1, 2017. The amount of the year-end dividends per share for the fiscal year ended March 31, 2018, is described taken consolidation of shares into consideration, and annual dividends per share is described as “—.” The annual dividends per share which is converted by the basis after consolidation of shares for the fiscal year ended March 31, 2018, are 90 yen.

3. Forecast of Consolidated Financial Performance for the Fiscal Year Ending March 31, 2019

(April 1, 2018 to March 31, 2019)

(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
2 nd Quarter ending September 30, 2018	67,400	14.4	3,000	11.7	3,000	-2.0	1,900	29.4	238.70
Fiscal year ending March 31, 2019	136,500	9.6	6,100	5.3	6,200	-3.8	2,700	-26.8	339.20

Note: Revisions to the forecast of consolidated financial performance since the latest official announcement: No

4. Other

(1) Changes in significant subsidiaries during the current quarter

(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: None

2) Changes other than 1): None

3) Changes accounting estimation procedures: None

4) Changes in presentation methods: None

(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 June 30, 2018: 8,344,405 shares

As of March 31, 2018 : 8,344,405 shares

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

As of June 30, 2018: 384,563 shares

As of March 31, 2018 : 384,514 shares

3) Average number of shares outstanding during the period

Three months ended June 30, 2018: 7,959,869 shares

Three months ended June 30, 2017: 7,961,811 shares

Note: We consolidated each unit of 10 common shares into a unit of one share on October 1, 2017. Number of shares issued and outstanding at end of year, Number of shares of treasury stock at end of period and Average number of shares outstanding during the period are calculated on the assumption that the consolidation of shares was conducted at beginning of the previous consolidated fiscal year.

* 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.

Table of Contents

1. Qualitative Information for the First Quarter of Fiscal Year Ending March 31, 2019	4
(1) Consolidated financial performance	4
(2) Consolidated financial position	5
(3) Future projections including forecasts of consolidated financial performance	5
2. Quarterly Consolidated Financial Statements and main notes	6
(1) Quarterly consolidated balance sheets	6
(2) Quarterly consolidated statements of income and quarterly consolidated statement of comprehensive income	8
(Quarterly consolidated statements of income)	8
(Quarterly consolidated statement of comprehensive income)	10
(3) Quarterly consolidated statements of cash flows	11
(4) Notes to quarterly consolidated financial statements	13
(Going concern assumptions)	13
(Notes in the event of significant changes in shareholders' equity)	13
(Additional information)	13
(Segment information)	13
3. Supplementary information	
Sales states (consolidated)	15

1. Qualitative Information for the First Quarter of Fiscal Year Ending March 31, 2019

(1) Consolidated financial performance

There was a gradual recovery trend in the economic environment during the current first quarter consolidated accumulative period, with improvements in the corporate earnings environment behind the increase of exports etc. However, uncertainties remain in overseas political trends, including the protectionist policy management of the U.S. administration and Geopolitical risk etc.

Under the circumstances, the net sales of the TRAD Group (on a foreign currency basis) in domestic and overseas increased from the same period of the previous year. Although the operating income decreased in Japan and Europe, it increased in the United States, Asia and China. The profit attributable to owner of parent decreased from the same period of the previous year due to the increase of foreign exchange losses and income taxes.

As a result, net sales during the consolidated cumulative first quarter increased by 4,261 million yen from the previous fiscal year, amounting to 33,498 million yen (up 14.6% year on year), operating income increased by 133 million yen, amounting to 1,819 million yen (up 8.0% year on year), ordinary income decreased by 57 million yen, amounting to 1,899 million yen (down 3.0% year on year) and profit attributable to owners of parent decreased by 223 million yen, amounting to 971 million yen (down 18.7% year on year).

The segment results are as follows.

The book-closing date for the consolidated subsidiaries for the first three months of the fiscal year under review is March 31. In preparing the consolidated financial statements, the financial statements as of, and for the three-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 are 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.

From the previous third quarterly consolidated accounting period, Qingdao Toyo Heat Exchanger Co., Ltd. is included in China segment.

	Net Sales				Operating Income (Loss)			
	Three months ended June 30, 2017	Three months ended June 30, 2018	Increase/ Decrease	Percentage change (on a foreign currency basis)*	Three months ended June 30, 2017	Three months ended June 30, 2018	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	13,533	14,896	1,363	10.1	421	389	-31	-7.5
United States	7,706	7,629	-77	4.5	243	271	27	17.7
Europe	871	1,114	242	13.5	(58)	(272)	-213	-320.2
Asia	4,034	4,452	418	8.9	474	609	134	27.0
China	2,809	5,161	2,351	77.9	497	709	212	37.5
Other (including eliminations)	280	244	-36	-12.9	106	110	3	3.6
Total	29,236	33,498	4,261	15.2	1,685	1,819	133	7.6

*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 increased from the same period of the previous year due to the increase of demand for China and favorable Mining market. As a result, the net sales in the Japan segment increased by 1,363 million yen, resulting in 14,896 million yen.

Operating income decreased by 31 million yen from the same period of the previous year due to rising raw material price and increase of R&D expenses and etc., resulting in 389 million yen.

(ii) United States

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

As a result, the net sales in the United States segment increased by 4.5% on a foreign currency basis from the same period of the previous year. But on a yen basis, it decreased 77 million yen by exchange rate fluctuations, resulting in 7,629 million yen.

Operating income increased by 27 million yen from the same period of the previous year, resulting in 271 million yen. On a foreign currency basis, it increased by 17.7%.

(iii) Europe

The net sales of products for the automobile industry and products for air conditioners increased from the same period of the previous year, contributed by the increase of orders received from major customers in Czech Republic. As a result, the net sales in the Europe segment increased by 242 million yen from the same period of the previous year, resulting in 1,114 million yen. On a foreign currency basis, it increased by 13.5%.

Operating loss of 272 million yen was posted, worsening by 213 million yen from the same period of the previous year by increased cost associated with launch of a new order model in Czech Republic. On a foreign currency basis, it decreased by 320.2%.

(iv) Asia

The net sales of products for the automobile industry increased from the same period of the previous year by the favorable sales of the orders received for our models in ASEAN subsidiaries. As a result, the net sales in the Asia segment increased by 418 million yen from the same period of the previous year, resulting in 4,452 million yen. On a foreign currency basis, it increased by 8.9%.

Operating income increased by 134 million yen from the same period of the previous year, resulting in 609 million yen. On a foreign currency basis, it increased by 27.0%.

(v) China

The net sales of products for the automobile industry largely increased from the same period of the previous year due to a new addition of net sales of Qingdao Toyo Heat Exchanger Co., Ltd. We acquired its shares additionally and making it a subsidiary from the previous third quarterly consolidated accounting period. Net sales of products for construction and industrial machines increased from the same period of the previous year due to increase in orders influenced by the favorable Chinese market. As a result, the net sale in the China segment increased by 2,351 million yen from the same period of the previous year, resulting in 5,161 million yen. On a foreign currency basis, it increased by 77.9%.

The operating income increased by 212 million yen from the same period of the previous year, resulting in 709 million yen. On a foreign currency basis, it increased by 37.5%.

(2) Consolidated financial position

1) Assets, liabilities and net assets

Total assets at the end of current first quarter of the fiscal year under review resulted in 92,653 million yen (down 667 million yen from the end of the previous fiscal year) due to the decrease of tangible fixed assets etc.

Although accounts payable-trade increased, Total liabilities resulted in 46,339 million yen (down 341 million yen) due to the decrease of long-term loans payable.

Although retained earnings increased, Net assets resulted in 46,313 million yen (down 325 million yen) due to foreign currency translation adjustment decreased.

2) Cash flows

Cash and cash equivalents at the end of the current first quarter of the fiscal year under review totaled 10,836 million yen, decrease of 1,129 million yen from the end of the previous fiscal year.

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

Net cash provided by operating activities was 1,586 million yen, decrease of 844 million yen year on year due to the increase of working capital accompanying with the increase of net sales and the payment of settlement etc. Net cash used in investing activities was 1,614 million yen, an increase of 259 million yen year on year. Net cash used in financing activities was 900 million yen, a decrease of 1,717 million yen year on year due to decrease loans payable etc.

(3) Future projections including forecasts of consolidated financial performance

We did not revise the forecast of consolidated financial performance released on May 14, 2018, as the financial results for the first three months of the fiscal year under review were within the expected range.

2. Quarterly Consolidated Financial Statements and main notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	FY2017	FY2018_1Q
	As of March 31, 2018	As of June 30, 2018
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	12,128	10,902
Notes and accounts receivable-trade	24,928	26,008
Electronically recorded monetary claims-operating	2,659	2,682
Short-term investment securities	399	399
Merchandise and finished goods	2,728	2,874
Work in process	594	544
Raw materials and supplies	5,097	5,094
Others	2,253	2,444
Allowance for doubtful accounts	(85)	(83)
Total current assets	50,704	50,868
Noncurrent assets		
Tangible fixed assets		
Building and structures, net	6,528	6,334
Machinery, equipment and vehicles, net	16,287	15,876
Land	2,602	2,577
Lease assets, net	122	111
Construction in progress	3,476	3,213
Other tangible fixed assets, net	2,236	2,196
Total tangible fixed assets	31,254	30,310
Intangible assets		
Goodwill	583	523
Others	1,068	1,145
Total intangible assets	1,651	1,668
Investments and other assets		
Investment securities	8,470	8,584
Net defined benefit asset	467	454
Deferred tax assets	59	45
Others	741	749
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	9,710	9,805
Total noncurrent assets	42,616	41,784
Total assets	93,320	92,653

(Millions of yen)

	FY2017	FY2018_1Q
	As of March 31, 2018	As of June 30, 2018
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	14,086	14,947
Electronically recorded obligations – operating	4,703	5,043
Short-term loans payable	7,646	8,323
Lease obligations	378	314
Income taxes payable	563	521
Accrued expenses	3,289	3,381
Provision for bonuses	1,468	794
Provision for directors' bonuses	96	23
Provision for product warranties	206	208
Provision for shareholders benefit program	62	56
Electronically recorded obligations - non-operating	757	844
Others	2,384	1,734
Total current liabilities	35,642	36,194
Noncurrent liabilities		
Long-term loans payable	8,582	7,298
Lease obligations	735	667
Deferred tax liabilities	1,480	1,945
Provision for directors' retirement benefits	4	4
Net defined benefit liability	95	93
Asset retirement obligations	89	89
Others	51	45
Total noncurrent liabilities	11,039	10,145
Total liabilities	46,681	46,339
(Net assets)		
Shareholders' equity		
Capital stock	8,545	8,545
Capital surplus	7,434	7,434
Retained earnings	27,376	27,870
Treasury stock	(899)	(900)
Total shareholders' equity	42,457	42,951
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,047	1,154
Foreign currency translation adjustment	679	(206)
Remeasurements of defined benefit plans	677	659
Total accumulated other comprehensive income	2,404	1,608
Non-controlling interests	1,777	1,753
Total net assets	46,639	46,313
Total liabilities and net assets	93,320	92,653

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

(Millions of yen)

	Three months ended June 30, 2017 (Apr. 1, 2017–June 30, 2017)	Three months ended June 30, 2018 (Apr. 1, 2018–June 30, 2018)
	Amount	Amount
Net sales	29,236	33,498
Cost of sales	25,518	29,129
Gross profit	3,717	4,368
Selling, general and administrative expenses		
Packing and delivery expenses	323	430
Salaries and allowances	389	453
Provision for bonuses	121	139
Provision for directors' bonuses	16	23
Retirement benefit expenses	16	14
Welfare expenses	242	265
Provision for product warranties	8	41
Research and development expenses	264	354
Others	648	825
Total selling, general and administrative expenses	2,032	2,549
Operating income (loss)	1,685	1,819
Non-operating income		
Interest income	14	28
Dividends income	113	107
Equity in earnings of affiliates	101	45
Foreign exchange gains	19	—
Others	77	60
Total non-operating income	327	242
Non-operating expenses		
Interest expenses	51	61
Foreign exchange losses	—	100
Loss on investments in partnership	0	—
Others	3	1
Total non-operating expenses	55	162
Ordinary income (loss)	1,957	1,899

(Millions of yen)

	Three months ended June 30, 2017 (Apr. 1, 2017–June 30, 2017)	Three months ended June 30, 2018 (Apr. 1, 2018–June 30, 2018)
	Amount	Amount
Extraordinary income		
Gain on sales of noncurrent assets	12	12
Total extraordinary income	12	12
Extraordinary loss		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	13	11
Surcharges	59	12
Total extraordinary loss	74	24
Income (loss) before income taxes	1,895	1,887
Income taxes-current	294	397
Income taxes-deferred	362	451
Total income taxes	657	848
Profit (loss)	1,238	1,038
Profit (loss) attributable to non-controlling interests	43	66
Profit (loss) attributable to owners of parent	1,194	971

(Quarterly consolidated statement of comprehensive income)

(Millions of yen)

	Three months ended June 30, 2017 (Apr. 1, 2017–June 30, 2017)	Three months ended June 30, 2018 (Apr. 1, 2018–June 30, 2018)
	Amount	Amount
Profit (loss)	1,238	1,038
Other comprehensive income		
Valuation difference on available-for-sale securities	26	107
Foreign currency translation adjustment	(586)	(891)
Remeasurements of defined benefit plans, net of tax	(7)	(17)
Share of other comprehensive income of associates accounted for using equity method	(33)	(33)
Total other comprehensive income	(600)	(835)
Comprehensive income	638	203
(Breakdown)		
Comprehensive income attributable to owners of the parent	625	176
Comprehensive income attributable to non-controlling interests	13	27

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2017 (Apr. 1, 2017–June 30, 2017)	Three months ended June 30, 2018 (Apr. 1, 2018–June 30, 2018)
	Amount	Amount
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	1,895	1,887
Depreciation and amortization	1,275	1,366
Retirement benefit expenses	(11)	(25)
Increase(decrease) in net defined benefit liability	13	15
Increase (decrease) in provision for directors' retirement benefits	0	0
Increase (decrease) in allowance for doubtful accounts	(35)	0
Increase (decrease) in provision for bonuses	(599)	(673)
Increase (decrease) in provision for directors' bonuses	(36)	(72)
Increase (decrease) in provision for product warranties	(9)	7
Loss on retirement of noncurrent assets	13	11
Loss(gain) on sales of tangible fixed assets	(11)	(12)
Surcharges	59	12
Interest and dividends income	(128)	(136)
Interest expenses	51	61
Equity in (earnings) losses of affiliates	(101)	(45)
Decrease(increase) in notes and accounts receivable-trade	(1,539)	(1,528)
Decrease(increase) in inventories	(139)	(349)
Increase(decrease) in notes and accounts payable-trade	1,843	1,509
Decrease(increase) in other current assets	(118)	(209)
Increase (decrease) in other current liabilities	355	518
Other, net	(32)	80
Subtotal	2,745	2,417
Interest and dividends income received	130	189
Interest expenses paid	(50)	(60)
Income taxes paid	(344)	(397)
Surcharges paid	(50)	(561)
Net cash provided by (used in) operating activities	2,430	1,586

(Millions of yen)

	Three months ended June 30, 2017 (Apr. 1, 2017–June 30, 2017)	Three months ended June 30, 2018 (Apr. 1, 2018–June 30, 2018)
	Amount	Amount
Net cash provided by (used in) investing activities		
Purchase of tangible fixed assets	(1,310)	(1,569)
Proceeds from sales of tangible fixed assets	37	29
Others	(82)	(74)
Net cash provided by (used in) investing activities	(1,355)	(1,614)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	367	(144)
Proceeds from long-term loans payable	1,300	—
Repayment of long-term loans payable	(369)	(99)
Proceeds from share insurance to non-controlling shareholders	1	—
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(238)	(477)
Cash dividends paid to non-controlling shareholders	(52)	(51)
Others	(191)	(127)
Net cash provided by (used in) financing activities	816	(900)
Effect of exchange rate change on cash and cash equivalents	(84)	(201)
Net increase (decrease) in cash and cash equivalents	1,807	(1,129)
Cash and cash equivalents at beginning of period	6,216	11,965
Cash and cash equivalents at end of period	8,023	10,836

(4) Notes to quarterly consolidated financial statements

(Going concern assumptions)

Not applicable

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

Not applicable

(Additional information)

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

We have been applying the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No.28, February 16, 2018) from beginning of the first quarterly consolidated accounting period.

This has led to Deferred tax assets has been presented to Investments and other assets and Deferred tax liabilities has been presented to Noncurrent liabilities.

(Segment information)

I Three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

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	13,533	7,706	871	4,034	2,809	28,955	280	29,236
Intersegment sales or Transfers	1,361	43	154	21	352	1,934	772	2,707
Total	14,895	7,750	1,026	4,055	3,161	30,890	1,053	31,943
Segment income (loss)	421	243	(58)	474	497	1,578	69	1,648

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

Asia Thailand, 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	1,578
Income for "Other"	69
Intersegment eliminations	36
Operating income on consolidated statements of income	1,685

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

II Three months ended June 30, 2018 (from April 1, 2018 to June 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	14,896	7,629	1,114	4,452	5,161	33,253	244	33,498
Intersegment sales or transfers	1,354	44	155	16	449	2,019	831	2,851
Total	16,251	7,673	1,269	4,468	5,610	35,273	1,076	36,349
Segment income (loss)	389	271	(272)	609	709	1,708	46	1,755

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

Asia Thailand, 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	1,708
Income for “Other”	46
Intersegment eliminations	63
Operating income on consolidated statements of income	1,819

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)

	Three months ended June 30, 2017 (Apr. 1, 2017–June. 30, 2017)		Three months ended June 30, 2018 (Apr. 1, 2018–June.30, 2018)		Increase/Decrease		FY2017 (Apr 1,2017-Mar 31,2018)	
	Amount	%	Amount	%	Amount	%	Amount	%
For Automobile	20,742	70.9	23,741	70.9	2,998	14.5	88,185	70.8
For Construction & Industrial machine	6,315	21.6	7,491	22.3	1,176	18.6	26,957	21.7
For Air conditioner	1,302	4.5	1,476	4.4	173	13.4	5,721	4.6
Other	876	3.0	789	2.4	-87	-10.0	3,625	2.9
Total	29,236	100.0	33,498	100.0	4,261	14.6	124,490	100.0

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