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FLASH REPORT

November. 6, 2018

URL <https://www.kyb.co.jp/english/>

Company name (official) : KYB Corporation

Stock listing : Tokyo Stock Exchange (First Section)

Code number : 7242

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The following statements are an English-translation of the original Japanese-language document for your convenience.
In the case that there is any discrepancy between Japanese and English versions, Japanese version is assumed to be correct.

(All amounts are rounded to the nearest million yen, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

(1) Consolidated operating results

(Percentages indicate the change of the same period of the previous year)

	Net sales		Segment profit		Operating profit		Profit before taxes	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2018	202,789	7.0	9,468	(11.5)	(11,300)	—	(12,369)	—
September 30, 2017	189,448	9.3	10,698	29.1	11,048	60.8	10,902	60.3

	Profit for the period		Profit attributable to owners of the parent		Comprehensive income for the period		Basic earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Six months ended								
September 30, 2018	(11,789)	—	(11,972)	—	(10,911)	—	(468.67)	
September 30, 2017	7,548	29.4	7,239	28.9	13,415	—	283.39	

	Diluted earnings per share	
	Yen	
Six months ended		
September 30, 2018	—	
September 30, 2017	—	

*We carried out 1-for-10 reverse stock split on the effective date of October 1, 2017. Therefore basic earnings per share is calculated assuming that the reverse stock was carried out at the beginning of the previous consolidated fiscal year.

*We started to include 'Royalty income' and 'Income related to mold compensation' into the 'Net sales' in Consolidated Statements of Income from this first quarter of this fiscal year, which were previously included in 'Other income'. Financial information for the previous fiscal year has been revised to reflect this change.

*Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from sales.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of					
September 30, 2018	411,545	173,375	167,029	40.6	6,538.88
March 31, 2018	412,493	186,651	180,225	43.7	7,055.40

2. Cash dividends

	Annual cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Previous fiscal year	—	7.00	—	80.00	—
Current fiscal year	—	0.00			
Current fiscal year (forecast)			—	—	—

*Regarding dividends, we recognize the proper return of profits to shareholders as one of the most important management issues. From FY2017, our target is consolidated dividend payout ratio of 30%.

And we aim to achieve a dividend equal to or more than 2% (annualized) of the dividend on equity ratio (DOE) on a consolidated basis. Based on this policy, we had planned to pay second quarter dividends of 70 yen per share for the current term. However, the result in the second quarter of the fiscal year ending March 31, 2019 was significantly lower than the initial forecast, mainly due to the loss caused by nonconforming acts of seismic isolation/mitigation oil dampers for buildings. In addition, it is difficult to forecast the impact of future deterioration factors such as cost of exchange work for replacement products and incidental expenses such as compensation in connection with the implementation of exchange work. Therefore, we regret to say that we decided not to pay second quarter dividends.

*We carried out 1-for-10 reverse stock split on the effective date of October 1, 2017.

As for cash dividends per share of fiscal year 2017, we disclose the amount after we take the reverse stock split into consideration. And we disclose total annual cash dividends per share as "-". With taking reverse stock split into consideration, cash dividends per share for the previous fiscal year were 150.00 yen.

3. Forecasts for the current fiscal year (April 1, 2018 to March 31, 2019)

(Percentages indicate the change of the same period of the previous year)

	Net sales		Segment profit		Operating profit		Profit before taxes	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Current fiscal year	416,000	5.7	21,300	(7.2)	700	(96.6)	(500)	—

	Profit for the period		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Yen
Current fiscal year	(1,800)	—	(2,300)	—	(90.04)

*We started to include 'Royalty income' and 'Income related to mold compensation' into the 'Net sales' in Consolidated Statements of Income from this first quarter of this fiscal year, which were previously included in 'Other income'. Therefore, the fluctuation ratio is also calculated using the reclassified value with the change.

*Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from sales.

Consolidated Statements of Financial Position

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets:		
Cash and cash equivalents	42,702	35,092
Trade and other receivables	103,881	103,150
Inventories	54,001	58,083
Other current financial assets	1,066	1,456
Other current assets	9,904	8,788
Total current assets	211,554	206,569
Non-current assets:		
Property, plant and equipment	161,886	163,543
Goodwill	268	258
Intangible assets	6,692	7,184
Investments accounted for using the equity method	4,342	5,863
Other non-current financial assets	24,731	25,135
Other non-current assets	532	635
Deferred tax assets	2,487	2,358
Total non-current assets	200,938	204,976
Total assets	412,493	411,545

(Unit: Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities and equity		
Current liabilities:		
Trade and other payables	82,695	84,337
Borrowings	57,098	55,311
Income tax payables	1,944	820
Other current financial liabilities	22,760	22,660
Provisions	5,438	10,265
Other current liabilities	1,708	576
Total current liabilities	171,643	173,969
Non-current liabilities:		
Borrowings	34,986	36,827
Liabilities for retirement benefits	9,592	9,624
Other non-current financial liabilities	2,255	2,223
Provisions	2,189	11,827
Other non-current liabilities	21	21
Deferred tax liabilities	5,156	3,680
Total non-current liabilities	54,198	64,201
Total liabilities	225,841	238,170
Equity		
Equity attributable to owners of the parent:		
Share capital	27,648	27,648
Capital surplus	29,414	29,414
Retained earnings	114,363	100,349
Treasury shares	(598)	(599)
Other components of equity	9,398	10,218
Total equity attributable to owners of the parent	180,225	167,029
Non-controlling interests	6,426	6,345
Total equity	186,651	173,375
Total liabilities and equity	412,493	411,545

Consolidated Statements of Income

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the six months ended September 30, 2017 (Apr. 1 through Sep. 30, 2017)	For the six months ended September 30, 2018 (Apr. 1 through Sep. 30, 2018)
Net sales	189,448	202,789
Cost of sales	150,676	162,560
Gross profit	38,772	40,229
Selling, general and administrative expenses	28,074	30,761
Equity in earnings of affiliates	81	10
Other income	1,096	528
Other expenses	827	21,307
Operating profit (loss)	11,048	(11,300)
Finance income	377	376
Finance costs	523	1,445
Profit (loss) before taxes	10,902	(12,369)
Income tax expenses	3,354	(580)
Profit (loss) for the period	7,548	(11,789)
Profit attributable to:		
Owners of the parent	7,239	(11,972)
Non-controlling interests	308	183
Profit (loss) for the period	7,548	(11,789)
Earnings per share		
Basic earnings (loss) per share (in yen)	283.39	(468.67)

Consolidated Statements of Comprehensive Income

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the six months ended September 30, 2017 (Apr. 1 through Sep. 30, 2017)	For the six months ended September 30, 2018 (Apr. 1 through Sep. 30, 2018)
Profit (loss) for the period	7,548	(11,789)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Net changes in financial assets measured at fair value through other comprehensive income	2,725	266
Remeasurements of defined benefit plans	(1)	(5)
Share of other comprehensive income of investments accounted for using the equity method	1	3
Total	2,725	264
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	3,290	756
Effective portion of the net changes in the fair value of cash flow hedges	(52)	(7)
Share of other comprehensive income of investments accounted for using the equity method	(96)	(134)
Total	3,142	614
Total other comprehensive income	5,867	878
Comprehensive income for the period	13,415	(10,911)
Comprehensive income for the period attributable to:		
Owners of the parent	12,955	(11,151)
Non-controlling interests	460	240
Comprehensive income for the period	13,415	(10,911)

Consolidated Statements of Changes in Equity

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance at April 1, 2017	27,648	29,414	100,995	(587)
Comprehensive income for the period:				
Profit for the period	–	–	7,239	–
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	7,239	–
Transactions with owners:				
Contributions by and distributions to owners in their capacity as owners:				
Acquisition of treasury shares	–	–	–	(2)
Dividends of surplus	–	–	(1,788)	–
Changes due to business combination	–	–	69	–
Transfer to retained earnings	–	–	(0)	–
Total contributions by and distributions to owners in their capacity as owners	–	–	(1,720)	(2)
Changes in equity interest of subsidiaries:				
Dividends of surplus	–	–	–	–
Total changes in equity interest of subsidiaries	–	–	–	–
Total transactions with owners	–	–	(1,720)	(2)
Balance at September 30, 2017	27,648	29,414	106,514	(589)
Balance at April 1, 2018	27,648	29,414	114,363	(598)
Comprehensive income for the period:				
Loss for the period	–	–	(11,972)	–
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	(11,972)	–
Transactions with owners:				
Contributions by and distributions to owners in their capacity as owners:				
Acquisition of treasury shares	–	–	–	(1)
Dividends of surplus	–	–	(2,044)	–
Changes due to business combination	–	–	–	–
Transfer to retained earnings	–	–	2	–
Total contributions by and distributions to owners in their capacity as owners	–	–	(2,042)	(1)
Changes in equity interest of subsidiaries:				
Dividends of surplus	–	–	–	–
Total changes in equity interest of subsidiaries	–	–	–	–
Total transactions with owners	–	–	(2,042)	(1)
Balance at September 30, 2018	27,648	29,414	100,349	(599)

(Unit: Millions of yen)

	Other components of equity					Comprehensive income for the year attributable to owners of the parent	Non-controlling interests	Total equity
	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Effective portion of the net changes in the fair value of cash flow hedges	Total other components of equity			
Balance at April 1, 2017	8,274	—	(1,521)	77	6,829	164,299	5,472	169,771
Comprehensive income for the period:								
Profit for the period	—	—	—	—	—	7,239	308	7,548
Other comprehensive income	2,725	0	3,039	(49)	5,715	5,715	152	5,867
Total comprehensive income for the period	2,725	0	3,039	(49)	5,715	12,955	460	13,415
Transactions with owners:								
Contributions by and distributions to owners in their capacity as owners:								
Acquisition of treasury shares	—	—	—	—	—	(2)	—	(2)
Dividends of surplus	—	—	—	—	—	(1,788)	—	(1,788)
Changes due to business combination	—	—	—	—	—	69	—	69
Transfer to retained earnings	0	(0)	—	—	0	—	—	—
Total contributions by and distributions to owners in their capacity as owners	0	(0)	—	—	0	(1,722)	—	(1,722)
Changes in equity interest of subsidiaries:								
Dividends of surplus	—	—	—	—	—	—	(257)	(257)
Total changes in equity interest of subsidiaries	—	—	—	—	—	—	(257)	(257)
Total transactions with owners	0	(0)	—	—	0	(1,722)	(257)	(1,978)
Balance at September 30, 2017	10,999	—	1,518	28	12,545	175,532	5,676	181,208
Balance at April 1, 2018	9,480	—	(88)	6	9,398	180,225	6,426	186,651
Comprehensive income for the period:								
Loss for the period	—	—	—	—	—	(11,972)	183	(11,789)
Other comprehensive income	266	0	561	(6)	821	821	57	878
Total comprehensive income for the period	266	0	561	(6)	821	(11,151)	240	(10,911)
Transactions with owners:								
Contributions by and distributions to owners in their capacity as owners:								
Acquisition of treasury shares	—	—	—	—	—	(1)	—	(1)
Dividends of surplus	—	—	—	—	—	(2,044)	—	(2,044)
Changes due to business combination	—	—	—	—	—	—	—	—
Transfer to retained earnings	(1)	(0)	—	—	(2)	—	—	—
Total contributions by and distributions to owners in their capacity as owners	(1)	(0)	—	—	(2)	(2,045)	—	(2,045)
Changes in equity interest of subsidiaries:								
Dividends of surplus	—	—	—	—	—	—	(321)	(321)
Total changes in equity interest of subsidiaries	—	—	—	—	—	—	(321)	(321)
Total transactions with owners	(1)	(0)	—	—	(2)	(2,045)	(321)	(2,366)
Balance at September 30, 2018	9,745	—	473	—	10,218	167,029	6,345	173,375

Consolidated Statements of Cash Flows

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the six months ended September 30, 2017 (Apr. 1 through Sep. 30, 2017)	For the six months ended September 30, 2018 (Apr. 1 through Sep. 30, 2018)
Cash flows from operating activities:		
Profit (loss) before taxes	10,902	(12,369)
Depreciation and amortization	8,183	8,577
Impairment losses	425	2,050
Increase (decrease) in assets and liabilities for retirement benefits	327	15
Increase (decrease) in provisions for product warranties	422	14,483
Increase (decrease) in provision for loss on cancellation of joint venture agreement	—	(1,189)
Finance income	(377)	(376)
Finance costs	523	1,445
Equity in profit of affiliates	(81)	(10)
(Increase) decrease in trade and other receivables	(6,557)	2,327
(Increase) decrease in inventories	(1,014)	(2,378)
Increase (decrease) in trade and other payables	2,836	(3,885)
Loss associated with the Anti-Trust law	—	4,424
Other	183	(1,666)
Subtotal	15,773	11,447
Interest received	32	91
Dividends received	555	572
Interest paid	(560)	(524)
Income taxes paid	(2,318)	(2,274)
Net cash from operating activities	13,483	9,313
Cash flows from investing activities:		
Payment into time deposits	(3)	(446)
Proceeds from withdrawal of time deposits	112	94
Payment for purchases of property, plant and equipment	(5,549)	(10,260)
Proceeds from sales of property, plant and equipment	35	160
Payment for purchases of other financial assets	(9)	(19)
Proceeds from sale of other financial assets	8	2
Proceeds from changes in ownership interests in subsidiaries that result in changes in scope of consolidation	—	841
Payment for purchases of Investments accounted for using the equity method	—	(1,755)
Other	(851)	(1,169)
Net cash flows from investing activities	(6,256)	(12,554)

(Unit: Millions of yen)

	For the six months ended September 30, 2017 (Apr. 1 through Sep. 30, 2017)	For the six months ended September 30, 2018 (Apr. 1 through Sep. 30, 2018)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	1,621	(204)
Repayments of lease obligations	(308)	(275)
Proceeds from long-term borrowings	3,636	7,057
Repayment of long-term borrowings	(7,307)	(8,524)
Payments for purchase of treasury shares	(2)	(1)
Dividends paid	(1,788)	(2,044)
Dividends paid to non-controlling interests	(257)	(321)
Net cash flows from financing activities	(4,405)	(4,312)
Effect of changes in foreign exchange rates	760	(58)
Net increase (decrease) in cash and cash equivalents	3,582	(7,610)
Cash and cash equivalents at beginning of period	33,988	42,702
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	42	—
Cash and cash equivalents at end of period	37,612	35,092

Segment Information

KYB Corporation and its Consolidated Subsidiaries

For the six months ended September 30, 2017

(Unit: Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Automotive components	Hydraulic components	System Products	Subtotal				
Net sales:								
Outside customers	119,593	57,445	3,691	180,730	8,718	189,448	—	189,448
Intersegment sales and transfers	385	742	184	1,312	27	1,339	(1,339)	—
Total	119,979	58,187	3,876	182,042	8,745	190,787	(1,339)	189,448
Segment profit	5,131	5,204	35	10,371	145	10,516	183	10,698
Equity in earnings (loss) of affiliates	(41)	121	—	81	—	81	—	81
Other income and expenses (net)	440	(79)	(1)	359	(90)	269	—	269
Operating profit	5,530	5,246	34	10,810	55	10,866	183	11,048
Finance income and costs (net)								(146)
Profit before taxes								10,902

Notes: 1. "Others" includes "Special-purpose Vehicles", "Aircraft Components" and "Electronic Equipment" that are not included in the three of reportable segment.

2. ¥183 million of adjustment of segment profit is the elimination of intersegment transactions.

For the six months ended September 30, 2018

(Unit: Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Automotive components	Hydraulic components	System Products	Subtotal				
Net sales:								
Outside customers	123,722	67,224	3,243	194,189	8,599	202,789	—	202,789
Intersegment sales and transfers	359	650	75	1,084	50	1,134	(1,134)	—
Total	124,081	67,874	3,318	195,274	8,649	203,922	(1,134)	202,789
Segment profit (loss)	4,264	5,547	(134)	9,677	(348)	9,329	139	9,468
Equity in earnings (loss) of affiliates	(99)	109	—	10	—	10	—	10
Other income and expenses (net)	(4,334)	29	(16,468)	(20,774)	(5)	(20,778)	—	(20,778)
Operating profit (loss)	(169)	5,684	(16,602)	(11,087)	(353)	(11,440)	139	(11,300)
Finance income and costs (net)								(1,069)
Loss before taxes								(12,369)

Notes: 1. "Others" includes "Special-purpose Vehicles", "Aircraft Components" and "Electronic Equipment" that are not included in the three of reportable segment.

2. ¥139 million of adjustment of segment profit is the elimination of intersegment transactions.

*With regard to the changes of reportable segment

*Conventionally, as for "Special-purpose Vehicles", "Aircraft Components" and "System Products and Electronic Equipment", as a result of taking into account the quantitative criteria etc. in the reporting segment, they were included in "Others".

We and our subsidiary, Kayaba System Machinery manufacture and sell oil dampers as seismic isolation/mitigation materials for buildings. Recently, it has come to light that some already shipped seismic isolation/mitigation oil dampers products that do not conform to performance evaluation standards approved by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), or the standards of our customers where installed in buildings through falsification of performance inspection record data.

As a result of recording the estimated cost of this case, the "System Products" included in "Others" increased its qualitative importance, so "System Products" is separated from "Others" from the second quarter in FY2018.

Therefore, we have three reporting segments, "Automotive Components", "Hydraulic Components" and "System Products".

*We started to include 'Royalty income' and 'Income related to mold compensation' into the 'Net sales' in Consolidated Statements of Income from this first quarter of this fiscal year, which were previously included in 'Other income'. Financial information for the previous fiscal year has been revised to reflect this change.

As a result, "Net sales" and "Segment profit" increased by 517 million yen in the Automotive components and 39 million yen in the Hydraulic components, respectively.

Second Quarter of FY2018 Financial Results Supplementary Information

1. Breakdown of sales

	FY2018 2Q	
	Sales (¥ million)	composition ratio
Automotive Components	123,722	61.0%
Shock absorber for automobiles	85,092	42.0%
Shock absorber for motorcycles	14,052	6.9%
Hydraulic equipment for automobiles	21,890	10.8%
Others	2,688	1.3%
Hydraulic Components	67,224	33.1%
Hydraulic equipment for industrial use	63,198	31.2%
Others	4,026	2.0%
Special-purpose vehicles, hydraulic equipment for aircraft, and system product and electronic components	11,842	5.8%
Special-purpose vehicles	4,363	2.2%
Hydraulic equipment for aircraft	2,896	1.4%
System products and electronic components, etc.	4,583	2.3%
Total	202,789	100.0%

2. FOREX Rate

Average FOREX Rate	FY2017				FY2018	
	Apr-Jun 2017	Apr-Sep 2017	Apr-Dec 2017	Full year	Apr-Jun 2018	Apr-Sep 2018
JPY/USD	111.10	111.07	111.70	110.85	109.07	110.26
JPY/EUR	122.18	126.28	128.52	129.70	130.06	129.84
JPY/CNY	16.21	16.42	16.64	16.74	17.12	16.74
JPY/THB	3.24	3.28	3.33	3.35	3.42	3.40
JPY/RUB	1.94	1.91	1.92	1.91	1.76	1.73

FOREX Rate prevailing at the end of quarter	FY2017				FY2018	
	30 Jun 2017	30 Sep 2017	31 Dec 2017	31 Mar 2018	30 Jun 2018	30 Sep 2017
JPY/USD	112.00	112.74	113.05	106.27	110.54	113.58
JPY/EUR	127.95	132.81	134.95	130.58	127.88	132.15
JPY/CNY	16.49	16.96	17.30	16.92	16.67	16.50
JPY/THB	3.30	3.38	3.46	3.40	3.33	3.50
JPY/RUB	1.89	1.94	1.96	1.86	1.76	1.73

3. Segment sales

	FY2017				FY2018	
	1Q	2Q	3Q	4Q	1Q	2Q
Automotive Components	59,662				62,816	60,906
Hydraulic Components	28,210				33,741	33,483
Other (*1)	5,879				5,580	6,262
Total	93,752				102,137	100,651

	FY2017			FY2018
	1st Half	2nd Half	Full year	1st Half
Automotive Components	119,593	124,132	243,725	123,722
Hydraulic Components	57,445	65,341	122,787	67,224
Other (*1)	12,410	14,821	27,231	11,842
Total	189,448	204,294	393,743	202,789

4. Segment operating income (*2)

	FY2017				FY2018	
	1Q	2Q	3Q	4Q	1Q	2Q
Automotive Components	3,239				3,138	1,213
Hydraulic Components	2,865				3,019	2,576
Other (*1)	156				△ 555	79
Total	6,260				5,601	3,867

	FY2017			FY2018
	1st Half	2nd Half	Full year	1st Half
Automotive Components	5,246	5,372	10,619	4,351
Hydraulic Components	5,259	6,045	11,304	5,594
Other (*1)	193	834	1,026	△ 477
Total	10,698	12,251	22,949	9,468

5. Capital Expenditure, Depreciation

	FY2017				FY2018	
	1Q	2Q	3Q	4Q	1Q	2Q
Capital Expenditure	3,445	5,274	4,182	5,587	4,470	5,454
Depreciation Expenses	4,035	4,148	4,413	4,392	4,256	4,321

	FY2017			FY2018
	1st Half	2nd Half	Full year	1st Half
Capital Expenditure	8,719	9,769	18,488	9,924
Depreciation Expenses	8,183	8,804	16,988	8,577

6. R&D Expenses

	FY2017				FY2018	
	1Q	2Q	3Q	4Q	1Q	2Q
R&D Expenses	1,699	1,703	2,367	2,334	1,737	1,810

	FY2017			FY2018
	1st Half	2nd Half	Full year	1st Half
R&D Expenses	3,401	4,700	8,102	3,547

7. Foreign Exchange gain or loss (*3)

	FY2017				FY2018	
	1Q	2Q	3Q	4Q	1Q	1Q
Other Income / Other Expenses	244	317	143	△ 441	89	△ 85
Finance Income / Finance Costs	83	20	35	311	△ 812	△ 117
Total	307	336	178	△ 129	△ 723	△ 202

	FY2017			FY2018
	1st Half	2nd Half	Full year	1st Half
Other Income / Other Expenses	561	△ 298	262	3
Finance Income / Finance Costs	82	347	429	△ 929
Total	643	49	692	△ 926

(*1) "Other" includes "special-purpose vehicles", "Hydraulic equipment for aircraft" and "System Products and Electronic Equipment" that are not included in the two reportable segments.

(*2) "Segment operating income", which is described above, is different from "Segment profits (losses)" which is described in "Segment Information" section in the Flash Report. "Segment operating income" amount includes "Adjustment" amount, which is described in the Flash Report.

(*3) "Foreign Exchange Gain or Loss", which is described above, comes from the amount of foreign exchange gain or loss in "Other income", "Other expense", "Finance income" and "Finance costs" in the Consolidated Statements of Income. Foreign exchange gain is written as plus and foreign exchange loss is written as minus.