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FLASH REPORT

February 13, 2020

Company name (official) : KYB Corporation

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

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 nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(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	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2019	289,543	(5.7)	15,371	(0.5)	(3,680)	—	(4,150)	—
December 31, 2018	306,909	6.1	15,443	(6.7)	(17,769)	—	(18,688)	—

	Profit for the period		Profit attributable to owners of the parent		Comprehensive income for the period		Basic earnings per share	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
December 31, 2019	(6,827)	—	(7,240)	—	(8,872)	—	(283.43)	
December 31, 2018	(15,451)	—	(15,756)	—	(20,180)	—	(616.83)	

	Diluted earnings per share
Nine months ended	Yen
December 31, 2019	—
December 31, 2018	—

*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
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2019	450,774	146,287	139,912	31.0	5,477.46
March 31, 2019	441,074	155,643	149,338	33.9	5,846.39

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	—	0.00	—	0.00	0.00
Current fiscal year	—	0.00	—		
Current fiscal year (forecast)				0.00	0.00

3. Forecasts for the current fiscal year (April 1, 2019 to March 31, 2020)

(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	380,000	(7.8)	18,000	(18.2)	(11,400)	—	(12,200)	—

	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	(13,300)	—	(14,000)	—	(548.09)

*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, 2019	As of December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	56,092	46,396
Trade and other receivables	107,426	102,765
Inventories	59,591	61,491
Other current financial assets	1,170	1,192
Other current assets	10,826	12,746
Total current assets	235,105	224,591
Non-current assets:		
Property, plant and equipment	161,368	183,731
Goodwill	264	253
Intangible assets	7,532	7,096
Investments accounted for using the equity method	5,570	5,265
Other non-current financial assets	22,983	20,067
Other non-current assets	650	1,152
Deferred tax assets	7,602	8,619
Total non-current assets	205,969	226,184
Total assets	441,074	450,774

(Unit: Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities and equity		
Current liabilities:		
Trade and other payables	87,189	83,505
Borrowings	54,255	60,948
Income tax payables	1,128	534
Other current financial liabilities	24,307	22,256
Provisions	37,876	34,662
Other current liabilities	2,224	1,172
Total current liabilities	206,979	203,077
Non-current liabilities:		
Borrowings	44,046	47,507
Liabilities for retirement benefits	10,807	10,975
Other non-current financial liabilities	8,521	27,418
Provisions	14,178	14,463
Other non-current liabilities	553	466
Deferred tax liabilities	346	581
Total non-current liabilities	78,451	101,411
Total liabilities	285,430	304,487
Equity		
Equity attributable to owners of the parent:		
Share capital	27,648	27,648
Capital surplus	29,414	29,414
Retained earnings	86,536	78,936
Treasury shares	(600)	(602)
Other components of equity	6,340	4,516
Total equity attributable to owners of the parent	149,338	139,912
Non-controlling interests	6,306	6,375
Total equity	155,643	146,287
Total liabilities and equity	441,074	450,774

Consolidated Statements of Income

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the nine months ended December 31, 2018 (Apr. 1 through Dec. 31, 2018)	For the nine months ended December 31, 2019 (Apr. 1 through Dec. 31, 2019)
Net sales	306,909	289,543
Cost of sales	246,001	233,922
Gross profit	60,908	55,621
Selling, general and administrative expenses	45,464	40,250
Equity in profit (loss) of affiliates	(6)	451
Other income	862	956
Other expenses	34,068	20,458
Operating loss	(17,769)	(3,680)
Finance income	623	672
Finance costs	1,541	1,143
Loss before taxes	(18,688)	(4,150)
Income tax expenses	(3,237)	2,677
Loss for the period	(15,451)	(6,827)
Loss attributable to:		
Owners of the parent	(15,756)	(7,240)
Non-controlling interests	305	413
Loss for the period	(15,451)	(6,827)
Earnings per share		
Basic Loss per share (in yen)	(616.83)	(283.43)

Consolidated Statements of Comprehensive Income

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the nine months ended December 31, 2018 (Apr. 1 through Dec. 31, 2018)	For the nine months ended December 31, 2019 (Apr. 1 through Dec. 31, 2019)
Loss for the period	(15,451)	(6,827)
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	(2,819)	(852)
Remeasurements of defined benefit plans	2	(1)
Share of other comprehensive income of investments accounted for using the equity method	4	0
Total	(2,813)	(853)
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(1,647)	(901)
Effective portion of the net changes in the fair value of cash flow hedges	(7)	—
Share of other comprehensive income of investments accounted for using the equity method	(261)	(290)
Total	(1,915)	(1,191)
Total other comprehensive income	(4,728)	(2,044)
Comprehensive income for the period	(20,180)	(8,872)
Comprehensive income for the period attributable to:		
Owners of the parent	(20,419)	(9,274)
Non-controlling interests	239	403
Comprehensive income for the period	(20,180)	(8,872)

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, 2018	27,648	29,414	114,363	(598)
Impact of changes in accounting policies	—	—	—	—
Balance at April 1, 2018 (revised)	27,648	29,414	114,363	(598)
Comprehensive income for the period:				
Loss for the period	—	—	(15,756)	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	(15,756)	—
Transactions with owners:				
Contributions by and distributions to owners in their capacity as owners:				
Acquisition of treasury shares	—	—	—	(2)
Dividends of surplus	—	—	(2,044)	—
Transfer to retained earnings	—	—	6	—
Total contributions by and distributions to owners in their capacity as owners	—	—	(2,038)	(2)
Changes in equity interest of subsidiaries:				
Dividends of surplus	—	—	—	—
Total changes in equity interest of subsidiaries	—	—	—	—
Total transactions with owners	—	—	(2,038)	(2)
Balance at December 31, 2018	27,648	29,414	96,569	(600)
Balance at April 1, 2019	27,648	29,414	86,536	(600)
Impact of changes in accounting policies	—	—	(150)	—
Balance at April 1, 2019 (revised)	27,648	29,414	86,386	(600)
Comprehensive income for the period:				
Loss for the period	—	—	(7,240)	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	(7,240)	—
Transactions with owners:				
Contributions by and distributions to owners in their capacity as owners:				
Acquisition of treasury shares	—	—	—	(1)
Dividends of surplus	—	—	—	—
Transfer to retained earnings	—	—	(210)	—
Total contributions by and distributions to owners in their capacity as owners	—	—	(210)	(1)
Changes in equity interest of subsidiaries:				
Dividends of surplus	—	—	—	—
Total changes in equity interest of subsidiaries	—	—	—	—
Total transactions with owners	—	—	(210)	(1)
Balance at December 31, 2019	27,648	29,414	78,936	(602)

(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, 2018	9,480	—	(88)	6	9,398	180,225	6,426	186,651
Impact of changes in accounting policies	—	—	—	—	—	—	—	—
Balance at April 1, 2018 (revised)	9,480	—	(88)	6	9,398	180,225	6,426	186,651
Comprehensive income for the period:								
Loss for the period	—	—	—	—	—	(15,756)	305	(15,451)
Other comprehensive income	(2,819)	5	(1,843)	(6)	(4,663)	(4,663)	(66)	(4,728)
Total comprehensive income for the period	(2,819)	5	(1,843)	(6)	(4,663)	(20,419)	239	(20,180)
Transactions with owners:								
Contributions by and distributions to owners in their capacity as owners:								
Acquisition of treasury shares	—	—	—	—	—	(2)	—	(2)
Dividends of surplus	—	—	—	—	—	(2,044)	—	(2,044)
Transfer to retained earnings	(1)	(5)	—	—	(6)	—	—	—
Total contributions by and distributions to owners in their capacity as owners	(1)	(5)	—	—	(6)	(2,046)	—	(2,046)
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)	(5)	—	—	(6)	(2,046)	(321)	(2,367)
Balance at December 31, 2018	6,660	—	(1,931)	—	4,730	157,760	6,345	164,105
Balance at April 1, 2019	6,866	—	(526)	—	6,340	149,338	6,306	155,643
Impact of changes in accounting policies	—	—	—	—	—	(150)	—	(150)
Balance at April 1, 2019 (revised)	6,866	—	(526)	—	6,340	149,187	6,306	155,493
Comprehensive income for the period:								
Loss for the period	—	—	—	—	—	(7,240)	413	(6,827)
Other comprehensive income	(852)	(0)	(1,182)	—	(2,035)	(2,035)	(10)	(2,044)
Total comprehensive income for the period	(852)	(0)	(1,182)	—	(2,035)	(9,274)	403	(8,872)
Transactions with owners:								
Contributions by and distributions to owners in their capacity as owners:								
Acquisition of treasury shares	—	—	—	—	—	(1)	—	(1)
Dividends of surplus	—	—	—	—	—	—	—	—
Transfer to retained earnings	210	0	—	—	210	—	—	—
Total contributions by and distributions to owners in their capacity as owners	210	0	—	—	210	(1)	—	(1)
Changes in equity interest of subsidiaries:								
Dividends of surplus	—	—	—	—	—	—	(333)	(333)
Total changes in equity interest of subsidiaries	—	—	—	—	—	—	(333)	(333)
Total transactions with owners	210	0	—	—	210	(1)	(333)	(335)
Balance at December 31, 2019	6,223	—	(1,708)	—	4,516	139,912	6,375	146,287

Consolidated Statements of Cash Flows

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the nine months ended December 31, 2018 (Apr. 1 through Dec. 31, 2018)	For the nine months ended December 31, 2019 (Apr. 1 through Dec. 31, 2019)
Cash flows from operating activities:		
Loss before taxes	(18,688)	(4,150)
Depreciation and amortization	12,985	15,632
Impairment losses	2,301	740
Reversal gain of impairment losses	(27)	(22)
Gain on sales of fixed asset	(20)	(29)
Increase (decrease) in assets and liabilities for retirement benefits	90	148
Increase (decrease) in provisions for product warranties	25,881	(1,114)
Increase (decrease) in provisions for loss related defense equipment	—	(7,618)
Finance income	(623)	(672)
Finance costs	1,541	1,143
Equity in (profit) loss of affiliates	6	(451)
(Increase) decrease in trade and other receivables	1,899	4,944
(Increase) decrease in inventories	(6,907)	(2,345)
Increase (decrease) in trade and other payables	346	(1,961)
Increase (decrease) in provision for loss on cancellation of joint venture agreement	(1,189)	—
Loss associated with the Anti-Trust law	4,424	5
Other	(3,288)	1,200
Subtotal	18,731	5,448
Interest received	146	122
Dividends received	867	894
Interest paid	(768)	(999)
Income taxes paid	(3,816)	(3,827)
Payments of loss associated with the Anti-Trust law	—	(1,029)
Net cash from operating activities	15,160	609
Cash flows from investing activities:		
Payment into time deposits	(446)	(264)
Proceeds from withdrawal of time deposits	180	299
Payment for purchases of property, plant and equipment	(14,670)	(15,768)
Proceeds from sales of property, plant and equipment	184	225
Payment for purchases of other financial assets	(20)	(513)
Proceeds from sale of other financial assets	2	530
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	(1,846)	(1,201)
Net cash flows from investing activities	(17,528)	(16,692)

(Unit: Millions of yen)

	For the nine months ended December 31, 2018 (Apr. 1 through Dec. 31, 2018)	For the nine months ended December 31, 2019 (Apr. 1 through Dec. 31, 2019)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(3,207)	7,980
Repayments of lease liabilities	(375)	(3,392)
Proceeds from long-term borrowings	17,629	13,019
Repayment of long-term borrowings	(13,762)	(9,545)
Proceeds from sale and lease back	—	173
Payment for borrowing fee	—	(1,233)
Payments for purchase of treasury shares	(2)	(1)
Dividends paid	(2,044)	—
Dividends paid to non-controlling interests	(321)	(333)
Net cash flows from financing activities	(2,082)	6,668
Effect of changes in foreign exchange rates	(714)	(281)
Net increase (decrease) in cash and cash equivalents	(5,164)	(9,696)
Cash and cash equivalents at beginning of period	42,702	56,092
Cash and cash equivalents at end of period	37,538	46,396

Segment Information

KYB Corporation and its Consolidated Subsidiaries

For the nine months ended December 31, 2018

(Unit: Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Automotive components	Hydraulic components	System Products	Aircraft Components	Subtotal				
Net sales:									
Outside customers	185,926	103,721	4,687	4,262	298,596	8,313	306,909	—	306,909
Intersegment sales and transfers	604	1,042	120	—	1,767	92	1,858	(1,858)	—
Total	186,530	104,763	4,807	4,262	300,363	8,404	308,767	(1,858)	306,909
Segment profit (loss)	6,798	8,780	(98)	(673)	14,806	474	15,280	163	15,443
Equity in earnings (loss) of affiliates	(178)	172	—	—	(6)	—	(6)	—	(6)
Other income and expenses (net)	(4,207)	(104)	(28,881)	(66)	(33,258)	52	(33,206)	—	(33,206)
Operating profit (loss)	2,412	8,848	(28,979)	(739)	(18,458)	526	(17,932)	163	(17,769)
Finance income and costs (net)									(919)
Loss before taxes									(18,688)

Notes: 1. "Others" includes "Special-purpose Vehicles" and "Electronic Equipment" that are not included in the four of reportable segment.
2. ¥163 million of adjustment of segment profit is the elimination of intersegment transactions.

For the nine months ended December 31, 2019

(Unit: Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Automotive components	Hydraulic components	System Products	Aircraft Components	Subtotal				
Net sales:									
Outside customers	175,950	95,641	5,667	4,441	281,698	7,845	289,543	—	289,543
Intersegment sales and transfers	589	1,097	190	—	1,876	90	1,966	(1,966)	—
Total	176,539	96,737	5,858	4,441	283,575	7,935	291,509	(1,966)	289,543
Segment profit (loss)	9,196	5,006	1,307	(850)	14,659	711	15,370	1	15,371
Equity in earnings of affiliates	245	206	—	—	451	—	451	—	451
Other income and expenses (net)	(2,503)	(429)	(15,959)	(560)	(19,451)	(51)	(19,502)	—	(19,502)
Operating profit (loss)	6,938	4,782	(14,652)	(1,410)	(4,342)	661	(3,681)	1	(3,680)
Finance income and costs (net)									(470)
Loss before taxes									(4,150)

Notes: 1. "Others" includes "Special-purpose Vehicles" and "Electronic Equipment" that are not included in the four of reportable segment.
2. ¥1 million of adjustment of segment loss is the elimination of intersegment transactions.

*With regard to the changes of reportable segment

Conventionally, as for "Special-purpose Vehicles", "Aircraft Components and Electronic Equipment", as a result of taking into account the quantitative criteria etc. in the reporting segment, they were included in "Others". However, as for the contract with the Ministry of Defense relating to defense equipment, it has come to light that we made inappropriate claim to Ministry of Defense.

As a result of recording the estimated cost of this case, the "Aircraft Components" included in "Others" increased its qualitative importance, so "Aircraft Components" is separated from "Others" from FY2018. Therefore, we have four reporting segments, "Automotive Components", "Hydraulic Components", "System Products" and "Aircraft Components". Financial information for the previous fiscal year has been revised to reflect this change.

Third Quarter of FY2019 Financial Results Supplementary Information

1. Breakdown of sales

	FY2018 3Q		FY2019 3Q		Differences	
	Sales (¥ million)	composition ratio	Sales (¥ million)	composition ratio	Sales (¥ million)	composition ratio
Automotive Components	185,926	60.6%	175,950	60.8%	△ 9,976	-5.4%
Shock absorber for automobiles	127,305	41.5%	126,571	43.7%	△ 734	-0.6%
Shock absorber for motorcycles	21,987	7.2%	20,451	7.1%	△ 1,536	-7.0%
Hydraulic equipment for automobiles	32,696	10.7%	25,358	8.8%	△ 7,338	-22.4%
Others	3,938	1.3%	3,569	1.2%	△ 369	-9.4%
Hydraulic Components	103,721	33.8%	95,641	33.0%	△ 8,080	-7.8%
Hydraulic equipment for industrial use	97,468	31.8%	89,588	30.9%	△ 7,880	-8.1%
Others	6,253	2.0%	6,053	2.1%	△ 200	-3.2%
Special-purpose vehicles, hydraulic equipment for aircraft, and system product and electronic components	17,262	5.6%	17,953	6.2%	691	4.0%
Special-purpose vehicles	6,386	2.1%	6,429	2.2%	43	0.7%
Hydraulic equipment for aircraft	4,262	1.4%	4,441	1.5%	179	4.2%
System products and electronic components, etc.	6,613	2.2%	7,083	2.4%	470	7.1%
Total	306,909	100.0%	289,543	100.0%	△ 17,366	-5.7%

2. FOREX RATE

Average FOREX Rate	FY2018				FY2019		
	Apr-Jun 2018	Apr-Sep 2018	Apr-Dec 2018	Full year	Apr-Jun 2019	Apr-Sep 2019	Apr-Dec 2019
JPY/USD	109.07	110.26	111.14	110.91	109.90	108.62	108.67
JPY/EUR	130.06	129.84	129.48	128.40	123.48	121.41	121.04
JPY/CNY	17.12	16.74	16.60	16.53	16.07	15.68	15.60
JPY/THB	3.42	3.40	3.41	3.43	3.48	3.48	3.52
JPY/RUB	1.76	1.73	1.72	1.71	1.70	1.68	1.69

FOREX Rate prevailing at the end of quarter	FY2018				FY2019		
	30 Jun 2018	30 Sep 2018	31 Dec 2018	31 Mar 2019	30 Jun 2019	30 Sep 2019	30 Sep 2019
JPY/USD	110.54	113.58	110.91	111.01	107.75	107.96	109.55
JPY/EUR	127.88	132.15	126.88	124.56	122.46	118.04	122.51
JPY/CNY	16.67	16.50	16.14	16.48	15.68	15.14	15.68
JPY/THB	3.33	3.50	3.41	3.49	3.51	3.53	3.63
JPY/RUB	1.76	1.73	1.59	1.71	1.71	1.67	1.76

3. Segment sales

	FY2018				FY2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Automotive Components	62,816	60,906	62,204	59,882	61,395	57,497	57,057
Hydraulic Components	33,741	33,483	36,496	36,904	34,811	31,696	29,134
Other (*1)	5,580	6,262	5,420	8,520	5,438	6,801	5,714
Total	102,137	100,651	104,120	105,305	101,643	95,995	91,905

	FY2018			FY2019
	1st Half	2nd Half	Full year	1st Half
Automotive Components	123,722	122,085	245,807	118,892
Hydraulic Components	67,224	73,400	140,625	66,507
Other (*1)	11,842	13,940	25,782	12,239
Total	202,789	209,425	412,214	197,638

4. Segment operating income (*2)

	FY2018				FY2019		
	1Q	2Q	3Q	4Q	1Q	2Q	2Q
Automotive Components	3,138	1,213	2,549	2,907	4,204	2,722	2,273
Hydraulic Components	3,019	2,575	3,243	3,071	2,663	1,408	937
Other (*1)	△ 555	79	182	590	△ 17	941	241
Total	5,601	3,867	5,975	6,567	6,849	5,071	3,452

	FY2018			FY2019
	1st Half	2nd Half	Full year	1st Half
Automotive Components	4,351	5,456	9,807	6,925
Hydraulic Components	5,594	6,314	11,908	4,070
Other (*1)	△ 477	772	295	924
Total	9,468	12,542	22,010	11,919

5. Capital Expenditure, Depreciation

	FY2018				FY2019		
	1Q	2Q	3Q	4Q	1Q	2Q	2Q
Capital Expenditure	4,470	5,454	4,700	8,048	4,707	7,206	5,238
Depreciation Expenses	4,256	4,321	4,408	4,596	5,087	5,291	5,254

	FY2018			FY2019
	1st Half	2nd Half	Full year	1st Half
Capital Expenditure	9,924	12,747	22,672	11,912
Depreciation Expenses	8,577	9,004	17,581	10,377

6. R&D Expenses

R&D Expenses	FY2018				FY2019		
	1Q	2Q	3Q	4Q	1Q	2Q	2Q
	1,737	1,810	1,673	1,530	1,563	1,587	1,584

R&D Expenses	FY2018			FY2019
	1st Half	2nd Half	Full year	1st Half
	3,547	3,203	6,750	3,150

7. Foreign Exchange gain or loss (*3)

	FY2018				FY2019		
	1Q	2Q	3Q	4Q	1Q	2Q	2Q
Other Income / Other Expenses	89	△ 85	△ 61	△ 314	△ 565	△ 577	786
Finance Income / Finance Costs	△ 812	△ 117	163	△ 46	129	△ 121	76
Total	△ 723	△ 202	102	△ 361	△ 436	△ 698	862

	FY2018			FY2019
	1st Half	2nd Half	Full year	1st Half
Other Income / Other Expenses	3	△ 376	△ 372	△ 1,142
Finance Income / Finance Costs	△ 929	117	△ 812	8
Total	△ 926	△ 259	△ 1,184	△ 1,134

(*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.