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Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (IFRS Basis)

May 10, 2019

Listed company name : Keihin Corporation
 Securities code : 7251 URL: <https://www.keihin-corp.co.jp>
 Representative : Chitoshi Yokota, President & CEO
 Contact person : Mitsutoshi Sato, General Manager, Accounting Department Tel: +81-3-3345-3411
 Stock exchange listing: Tokyo
 Scheduled date of annual shareholder's meeting : June 21, 2019
 Scheduled date of filing securities report : June 21, 2019
 Scheduled date of dividend payment : June 24, 2019
 Supplementary materials prepared for financial results : Yes
 Financial results briefing session : Yes (For analysts and for institutional investors)

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Consolidated Operating Results (% represents change from the previous year)

	Revenue		Operating Profit		Profit before tax		Profit for the year		Profit attributable to owners of the parent		Total comprehensive income for the year	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2019	349,220	(0.6)	26,259	(7.3)	24,759	(8.8)	17,858	(12.2)	15,706	(11.9)	19,711	2.3
Fiscal year ended March 31, 2018	351,494	8.0	28,313	23.3	27,145	31.0	20,348	53.7	17,824	60.8	19,270	18.7

	Basic earnings per share	Diluted earnings per share	Ratio of equity attributable to owners of parent to profit	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2019	212.37	—	8.2	8.3	7.5
Fiscal year ended March 31, 2018	241.00	—	10.0	9.9	8.1

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity attributable to owners of parent per share
	Million yen	Million yen	Million yen	%	Yen
As of March 31, 2019	315,189	223,187	198,353	62.9	2,681.96
As of March 31, 2018	283,711	208,203	184,512	65.0	2,494.80

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2019	31,480	(32,375)	9,521	61,047
Fiscal year ended March 31, 2018	37,052	(18,959)	(7,056)	50,914

2. Dividends

	Annual dividends per share					Total amount of cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2018	—	21.00	—	22.00	43.00	3,180	17.8	1.8
Fiscal year ended March 31, 2019	—	22.00	—	23.00	45.00	3,328	21.2	1.7
Fiscal year ended March 31, 2020 (Forecast)	—	23.00	—	23.00	46.00		41.0	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% represents change from the previous year)

	Revenue		Operating profit		Profit before tax		Profit for the year		Profit attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	350,000	0.2	18,500	(29.5)	16,000	(35.4)	10,000	(44.0)	8,300	(47.2)	112.23

* Notes

(1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries accompanying changes in the scope of consolidation): None

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

- (i) Changes in accounting policies required by IFRS: Yes
(ii) Changes in accounting policies other than (i) above: None
(iii) Changes in accounting estimates: None

(3) Number of shares issued (Common stock)

(i) Number of shares issued (including treasury stock)

As of March 31, 2019	73,985,246	Shares
As of March 31, 2018	73,985,246	Shares

(ii) Number of treasury stock

As of March 31, 2019	27,205	Shares
As of March 31, 2018	26,851	Shares

(iii) Weighted average number of shares outstanding during the year

Fiscal year ended March 31, 2019	73,958,218	Shares
Fiscal year ended March 31, 2018	73,958,671	Shares

Reference: Summary of Individual (Keihin Corporation) Financial Results (J-GAAP)

Financial results for the Fiscal Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(1) Individual Results of Operations (% represents change from the previous year)

	Revenue		Operating Profit		Ordinary Profit		Profit for the year	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2019	139,685	2.3	827	(80.5)	7,778	(38.2)	6,280	(41.3)
Fiscal year ended March 31, 2018	136,485	18.2	4,235	—	12,587	27.2	10,700	108.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2019	84.92	—
Fiscal year ended March 31, 2018	144.68	—

(2) Individual Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended March 31, 2019	153,087	107,068	69.9	1,447.68
Fiscal year ended March 31, 2018	134,140	104,766	78.1	1,416.55

Reference : Equity as of March 31, 2019 : ¥107,068 million March 31, 2018 : ¥104,766 million

Note : Financial figures for individual business results are based on J-GAAP.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Explanation of the appropriate use of forecasts of the financial results and other important information.

The forecast statements shown in these materials in accordance with judgments of the management are based on information currently available. Actual financial and other results may significantly differ from the forecast statements due to various factors. For assumptions based on which forecast was made, please refer to page 2 of the attached file for "1. Overview of business results for the current fiscal year (2) Forecasts for the fiscal year ending March 31, 2020".

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1. Overview of business results

(1) Overview of business results for the current fiscal year

Revenue for the current fiscal year has decreased by ¥2,275 million year on year to ¥349,220 million. In motorcycle and power product business, revenue has increased by ¥4,230 million year on year to ¥100,334 million, and in automobile product business, revenue has decreased by ¥6,505 million year on year to ¥248,885 million. In profits, despite the rationalization effect, operating income has decreased by ¥ 2,054 million to ¥ 26,259 million due to increases in R&D expenses, etc. Profit attributable to owners of the parent has decreased by ¥ 2,117 million to ¥ 15,706 million.

Business results for each regions (including internal sales between regions) are as follows:

Japan

In motorcycle and power products, sales of products have increased mainly for the sales to India and Thailand. In automobile products, though sales to Japan have increased, overall sales have decreased mainly for the decrease not only of the sales to Americas and Asia but also of the air conditioning parts sales to Europe.

As a result of above, revenue has increased by ¥2,018 million year on year to ¥159,179 million, although sales decrease impact on currency conversion.

Americas

In motorcycle and power products, sales of products mainly to South America increased. In Automobile products, sales of products mainly to North America decreased. Overall sales decreased.

In addition, revenue has decreased by ¥6,573 million year on year to ¥92,570 million, due to sales decreased impact on currency conversion.

Asia

In motorcycle and power products, sales of products increased. In automobile products, sales of products mainly in India and Thailand increased.

As a result of above, revenue has increased by ¥3,793 million year on year to ¥113,203 million, although sales decrease impact on currency conversion.

China

Sales of motorcycle and power products and automobile products increased.

In addition, revenue has increased by ¥2,905 million year on year to ¥85,622 million, although sales decrease impact on currency conversion.

(2) Forecasts for the fiscal year ending March 31, 2020

Revenue in the fiscal year ending March 31, 2020 is expected to be ¥ 350,000 million for the full fiscal year, mainly due to increased sales from new models in Asia and China.

Operating profit, profit before tax, profit for the year, and profit attributable to owners of the parent are expected to stand at ¥18,500 million, ¥16,000 million, ¥10,000 million, and ¥8,300 million, respectively, although there is a rationalization effect, due to an increase in depreciation costs and new model start-up costs.

(3) Consolidated Financial Position for the current fiscal year

Total assets were ¥315,189 million, an increase of ¥31,477 million. The main factors for each item are as follows.

Current assets

Current assets were ¥174,687 million, an increase of ¥12,890 million. This is mainly due to the increase in cash and cash equivalents and inventories.

Non-current assets

Non-current assets were ¥140,502 million, an increase of ¥18,588 million. This is mainly due to the increase in Property, plant and equipment.

Current liabilities

Current liabilities were ¥67,580 million, an increase of ¥1,391 million. This is mainly due to an increase in trade and other current payables, despite a decrease in provisions and other current financial liabilities.

Non-current liabilities

Non-current liabilities were ¥24,421 million, an increase of ¥15,102 million. This is mainly due to an increase in Long-term loans.

Equity

Equity was ¥223,187 million, an increase of ¥14,984 million. This is mainly due to an increase in retained earnings.

(4) Overview of Cash Flows for the Fiscal Year ended March 31, 2019

Consolidated cash and cash equivalents (hereinafter referred to as "Net cash") on March 31, 2019 increased by ¥10,133 million from March 31, 2018 to ¥61,047 million.

The reasons for the increases or decreases for each cash flow activity, when compared with the previous fiscal year, are as follows:

Cash flows from operating activities

Net cash provided by operating activities in the current consolidated fiscal year were ¥ 31,480 million (down ¥ 5,572 million compared to the previous year) due to profit before tax, depreciation and amortization expenses, etc. despite increases in income taxes paid and inventories.

Cash flows from investing activities

Net cash used in investing activities in the current consolidated fiscal year were ¥ 32,375 million (up ¥ 13,416 million compared to the previous year) due to the acquisition of tangible fixed assets and intangible assets.

Cash flows from financing activities

Net cash provided by financing activities in the current consolidated fiscal year were ¥9,521 million (up ¥ 16,577 million compared to the previous year) due to proceeds from borrowing, etc. despite payments of cash dividends, etc.

(Indicators)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Ratio of equity attributable to owners of parent to total assets (%)	65.0	62.9
Market value ratio of equity attributable to owners of parent to total assets (%)	56.5	42.5
Interest-bearing debt to cash flows ratio (%)	19.5	69.2
Interest coverage ratio (Times)	22.3	46.3

- Ratio of equity attributable to owners of parent to total assets: Equity attributable to owners of parent/Total assets
- Market value ratio of equity attributable to owners of parent to total assets: Total market capitalization/Total assets
- Interest-bearing debt to cash flows ratio: Interest-bearing debt/Cash flow
- Interest coverage ratio: Cash flow/Interest payment

- Notes:
1. Each index was calculated by financial index of consolidated basis.
 2. Cash flows from operating activities are used as "Cash flow" for calculation purposes.
 3. Interest-bearing debts include all of those debts reported on the consolidated statements of financial position on which interest is paid.

(5) Basic Strategy for Profit Sharing and Dividend for the Current Fiscal Year and Following Fiscal Year

We regard the return of profits to our shareholders as one of the most important management issues.

With regard to dividends, our policy is to pay dividends from a long-term perspective, taking into account consolidated business results, taking into consideration the future business development and other factors.

The interim dividend for the fiscal year ending March 31, 2019 was ¥ 22 per share, an increase of ¥ 1 per share, and the year-end dividend will be ¥ 23 per share, an increase of ¥ 1 per share. Annual dividend is projected to be ¥ 45 including the interim dividend, an increase of ¥ 2 per share from the previous year.

With regard to the annual dividend for the fiscal year ending March 2020, the interim dividend will be ¥ 23 per share, an increase of ¥ 1 per share, and the year-end dividend will be ¥ 23 per share. Annual dividend is projected to be ¥ 46 including the interim dividend, an increase of ¥ 1 per share from the previous year.

2. Basic Rationale for Selecting the Accounting Standards

The Keihin Group has applied the International Financial Reporting Standards (IFRS). The Keihin Group aims to enhance the convenience of domestic and foreign investors by improving the international comparability of financial information while developing its business on a global basis. In addition, by unifying standards, we will work to improve management efficiency.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Statement of Financial Position

Keihin Corporation and Consolidated Subsidiaries

As of March 31, 2018 and as of March 31, 2019

	Notes	Millions of yen	
		As of March 31, 2018	As of March 31, 2019
Assets			
Current assets			
Cash and cash equivalents		50,914	61,047
Trade and other current receivables		58,647	56,548
Other current financial assets		1,613	1,675
Inventories		48,703	53,558
Other current assets		1,920	1,858
Total current assets		161,797	174,687
Non-current assets			
Property, plant and equipment		97,998	113,288
Intangible assets		6,096	7,560
Trade and other non-current receivables		235	245
Other non-current financial assets		5,764	5,056
Retirement benefit assets		2,784	2,768
Deferred tax assets		4,465	4,607
Other non-current assets		4,572	6,978
Total non-current assets		121,914	140,502
Total assets		283,711	315,189

	Notes	Millions of yen	
		As of March 31, 2018	As of March 31, 2019
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other current payables		55,077	57,741
Short-term loans		6,786	6,883
Other current financial liabilities		372	114
Income tax payables		1,557	1,361
Provisions		1,422	766
Other current liabilities		974	716
Total current liabilities		66,189	67,580
Non-current liabilities			
Long-term loans		—	14,787
Other non-current financial liabilities		1,419	1,555
Retirement benefit liabilities		2,081	2,720
Provisions		203	218
Deferred tax liabilities		4,562	4,275
Other non-current liabilities		1,054	867
Total non-current liabilities		9,320	24,421
Total liabilities		75,509	92,002
Equity			
Common stock		6,932	6,932
Capital surplus		9,258	9,258
Retained earnings		159,623	172,185
Treasury stock		(40)	(40)
Other components of equity		8,738	10,017
Equity attributable to owners of the parent		184,512	198,353
Non-controlling interests		23,691	24,834
Total equity		208,203	223,187
Total liabilities and equity		283,711	315,189

(2) Consolidated Statement of Income

Keihin Corporation and Consolidated Subsidiaries

For the fiscal year ended March 31, 2018 and 2019

	Notes	Millions of yen	
		Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Revenue	5	351,494	349,220
Cost of sales		(291,345)	(292,339)
Gross profit		60,149	56,880
Selling, general and administrative expenses		(31,514)	(30,997)
Other income		883	734
Other expenses	6	(1,205)	(358)
Operating profit	5	28,313	26,259
Finance income		697	924
Finance costs		(1,865)	(2,425)
Profit before tax		27,145	24,759
Income tax expense		(6,796)	(6,901)
Profit for the year		20,348	17,858
Profit attributable to:			
Owners of the parent		17,824	15,706
Non-controlling interests		2,525	2,152
Profit for the year		20,348	17,858
Yen			
Earnings per share attributable to owners of the parent:			
Basic earnings per share	7	241.00	212.37

(3) Consolidated Statement of Comprehensive Income

Keihin Corporation and Consolidated Subsidiaries

For the fiscal year ended March 31, 2018 and 2019

	Notes	Millions of yen	
		Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit for the year		20,348	17,858
Other comprehensive income			
Items that will not be reclassified to profit or loss, net of tax:			
Gains (losses) on financial assets measured at fair value through other comprehensive income		291	(568)
Remeasurement of net defined benefit liability (asset)		137	108
Total of items that will not be reclassified to profit or loss, net of tax		427	(460)
Items that may be reclassified to profit or loss, net of tax:			
Foreign currency translation adjustments		(1,505)	2,312
Total of items that may be reclassified to profit or loss, net of tax		(1,505)	2,312
Other comprehensive income for the year		(1,078)	1,852
Total comprehensive income for the year		19,270	19,711
Comprehensive income attributable to:			
Owners of the parent		17,125	17,096
Non-controlling interests		2,146	2,615
Comprehensive income for the year		19,270	19,711

(4) Consolidated Statement of Changes in Equity

Keihin Corporation and Consolidated Subsidiaries

For the fiscal year ended March 31, 2018

	Millions of yen						
	Notes	Equity attributable to owners of the parent				Other components of equity	
		Common stock	Capital surplus	Retained earnings	Treasury stock	Gains (losses) on financial assets measured at fair value through other comprehensive income	Remeasurement of net defined benefit liability (asset)
As of April 1, 2017		6,932	9,258	144,708	(39)	3,124	—
Comprehensive income							
Profit for the year		—	—	17,824	—	—	—
Other comprehensive income		—	—	—	—	291	121
Total comprehensive income		—	—	17,824	—	291	121
Transactions with owners							
Dividends paid		—	—	(3,032)	—	—	—
Purchase of treasury stock		—	—	—	(1)	—	—
Transfer from other components of equity to retained earnings		—	—	124	—	(3)	(121)
Total transactions with owners		—	—	(2,909)	(1)	(3)	(121)
As of March 31, 2018		6,932	9,258	159,623	(40)	3,412	—

	Millions of yen					
	Notes	Equity attributable to owners of the parent			Non-controlling interests	Total equity
		Other components of equity		Total equity attributable to owners of the parent		
	Foreign currency translation adjustments	Total				
As of April 1, 2017		6,436	9,560	170,420	23,462	193,883
Comprehensive income						
Profit for the year		—	—	17,824	2,525	20,348
Other comprehensive income		(1,111)	(699)	(699)	(379)	(1,078)
Total comprehensive income		(1,111)	(699)	17,125	2,146	19,270
Transactions with owners						
Dividends paid		—	—	(3,032)	(1,917)	(4,949)
Purchase of treasury stock		—	—	(1)	—	(1)
Transfer from other components of equity to retained earnings		—	(124)	—	—	—
Total transactions with owners		—	(124)	(3,033)	(1,917)	(4,950)
As of March 31, 2018		5,326	8,738	184,512	23,691	208,203

Keihin Corporation and Consolidated Subsidiaries
For the fiscal year ended March 31, 2019

Millions of yen

	Equity attributable to owners of the parent						Other components of equity	
	Notes	Common stock	Capital surplus	Retained earnings	Treasury stock	Gains (losses) on financial assets measured at fair value through other comprehensive income		Remeasurement of net defined benefit liability (asset)
As of April 1, 2018		6,932	9,258	159,623	(40)	3,412		—
Comprehensive income								
Profit for the year		—	—	15,706	—	—		—
Other comprehensive income		—	—	—	—	(568)		109
Total comprehensive income		—	—	15,706	—	(568)		109
Transactions with owners								
Dividends paid		—	—	(3,254)	—	—		—
Purchase of treasury stock		—	—	—	(1)	—		—
Transfer from other components of equity to retained earnings		—	—	110	—	(2)		(109)
Total transactions with owners		—	—	(3,144)	(1)	(2)		(109)
As of March 31, 2019		6,932	9,258	172,185	(40)	2,843		—

Millions of yen

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Notes	Other components of equity		Total equity attributable to owners of the parent			
		Foreign currency translation adjustments	Total				
As of April 1, 2018		5,326	8,738	184,512	23,691	208,203	
Comprehensive income							
Profit for the year		—	—	15,706	2,152	17,858	
Other comprehensive income		1,849	1,390	1,390	463	1,852	
Total comprehensive income		1,849	1,390	17,096	2,615	19,711	
Transactions with owners							
Dividends paid		—	—	(3,254)	(1,472)	(4,726)	
Purchase of treasury stock		—	—	(1)	—	(1)	
Transfer from other components of equity to retained earnings		—	(110)	—	—	—	
Total transactions with owners		—	(110)	(3,255)	(1,472)	(4,726)	
As of March 31, 2019		7,175	10,017	198,353	24,834	223,187	

(5) Consolidated Statement of Cash Flows

Keihin Corporation and Consolidated Subsidiaries

For the fiscal year ended March 31, 2018 and 2019

	Notes	Millions of yen	
		Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities:			
Profit before tax		27,145	24,759
Depreciation and amortization		17,801	17,139
Impairment loss		677	90
Interest and dividends income		(697)	(924)
Interest expense		1,667	717
(Gain) loss on sale of property, plant and equipment		(10)	(32)
Decrease (increase) in trade and other receivables		(2,108)	1,751
(Increase) decrease in inventories		(3,525)	(4,579)
(Decrease) increase in trade and payables		2,341	(841)
(Decrease) increase in provisions		1,016	(666)
Increase (decrease) in retirement and severance benefits		397	806
Other, net		(124)	35
Subtotal		44,580	38,254
Interest received		551	714
Dividends received		149	169
Interest paid		(1,661)	(679)
Income taxes paid		(6,566)	(6,977)
Net cash provided by operating activities		37,052	31,480
Cash flows from investing activities:			
(Increase) decrease in time-deposits, net		1,130	(90)
Purchase of property, plant and equipment and intangible assets		(20,042)	(29,261)
Proceeds from sale of property, plant and equipment and intangible assets		101	178
Proceeds from sale of investment securities		18	1
Increase in loan receivable		(327)	(334)
Collection of loans		321	330
Other, net		(159)	(3,199)
Net cash used in investing activities		(18,959)	(32,375)
Cash flows from financing activities:			
(Decrease) increase in short-term loans, net		(889)	(177)
Proceeds from long-term loans		—	14,787
Repayment of long-term loans		(554)	—
Dividends paid to owners of the parent		(3,032)	(3,254)
Dividends paid to non-controlling interests		(1,917)	(1,472)
Purchase of treasury stock		(1)	(1)
Other, net		(663)	(363)
Net cash provided by/used in financing activities		(7,056)	9,521
Foreign currency translation adjustments on cash and cash equivalents		327	1,506
Net increase (decrease) in cash and cash equivalents		11,365	10,133
Cash and cash equivalents at beginning of year		39,549	50,914
Cash and cash equivalents at end of year		50,914	61,047

(6) Notes on premise of going concern

Not applicable.

(7) Notes to Consolidated Financial Statements

1. Reporting entity

Keihin Corporation (hereinafter the “Company”) is a company incorporated in Japan. The consolidated financial statements for the fiscal year ended March 31, 2019 consist of the financial statements of the Company and its consolidated subsidiaries (hereinafter the “Group”). The Group is primarily engaged in the manufacturing and sales of motorcycle and power products and automobile products.

2. Basis of preparation

(1) Compliance with IFRS

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) promulgated by the International Accounting Standards Board. Since the Company meets all requirements of a “specified company applying designated international Financial Reporting Standards” stipulated in Article 1-2 of the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976), the Company prepares the consolidated financial statements in accordance with IFRS under the provisions of Article 93 of said Ordinance.

(2) Basis of measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis except for certain assets and liabilities, such as financial instruments measured at fair value.

(3) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the Company’s functional currency, with amounts rounded to the nearest million yen.

3. Significant Accounting Policies

The significant accounting policies applied in the consolidated financial statements are the same as the accounting policies applied in the consolidated financial statements for the previous fiscal year except for the following.

The Group has adopted IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments” (revised in July 2014) with April 1, 2018 as the application date.

This change has no significant impact on the consolidated financial statements of the Group.

With the adoption of IFRS 15, from the current fiscal year, revenue is recognized by applying the following five steps, excluding revenue based on IFRS 9 (interest income etc.).

- Step 1 Identify the contract with the customer
- Step 2 Identify the performance obligations in the contract
- Step 3 Determine the transaction price
- Step 4 Allocate the transaction price to the performance obligations in the contract
- Step 5 Recognize revenue when or as the entity satisfies a performance obligation

The Group is engaged in the sales of motorcycle and power products and automobile products.

With regard to sales of such products, revenue is recognized at the time of delivery, since it is considered that the customer gains control and the performance obligations are satisfied at the time.

In addition, revenue is measured at the amount of promised consideration in contracts with customers less discounts, rebates and returns.

4. Significant accounting estimates and associated judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. However, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are recognized in the accounting period in which the estimates are changed and in future accounting periods affected by the changes.

Estimates and judgments that significantly affect the amounts in the consolidated financial statements made by management are the same as in the previous fiscal year.

5. Segment information

(1) Overview of reporting segments

The Company defines its reporting segments as units of the Company for which independent financial information is accessible and which are subject to periodic review by the Board of Directors to determine the allocation of management resources and to evaluate performance.

The Company is primarily engaged in the manufacture and sale of motorcycle and power products and automobile products and divides its activities into four region-specific reporting segments—Japan, Americas, Asia, and China—each with management systems and production and sales systems tailored to local characteristics.

The business in Europe is under control of the Japan headquarters without a regional headquarters. It is included in the Japan segment.

(2) Revenue, operating profit and other items by reporting segments

Revenue, operating profit and other items of the Group's reportable segments are as follows:

For the fiscal year ended March 31, 2018

	Millions of yen						Eliminations	Total
	Reporting Segments							
	Japan	Americas	Asia	China	Total			
Revenue:								
Outside customers	88,138	91,757	97,787	73,812	351,494	—	351,494	
Intersegment	69,022	7,387	11,622	8,905	96,936	(96,936)	—	
Total	157,160	99,143	109,409	82,717	448,430	(96,936)	351,494	
Depreciation and amortization	(7,695)	(5,096)	(3,746)	(1,790)	(18,327)	526	(17,801)	
Impairment loss	(66)	(564)	(6)	(41)	(677)	—	(677)	
Operating profit	5,940	1,616	13,735	6,531	27,822	491	28,313	
Finance income	—	—	—	—	—	—	697	
Finance costs	—	—	—	—	—	—	(1,865)	
Profit before tax	—	—	—	—	—	—	27,145	

- Notes:
1. Intersegment revenue is based on arm's length pricing.
 2. Revenue in the "Eliminations" column is intersegment revenue. Operating profit in the "Eliminations" column is associated with inventories and property, plant and equipment.
 3. Depreciation and amortization in the "Eliminations" column are the result of intersegment consolidation adjustments.

For the fiscal year ended March 31, 2019

Millions of yen

	Reporting Segments					Eliminations	Total
	Japan	Americas	Asia	China	Total		
Revenue:							
Outside customers	87,482	85,464	100,406	75,867	349,220	—	349,220
Intersegment	71,696	7,106	12,797	9,755	101,354	(101,354)	—
Total	159,179	92,570	113,203	85,622	450,573	(101,354)	349,220
Depreciation and amortization	(7,669)	(4,867)	(3,474)	(1,746)	(17,755)	616	(17,139)
Impairment loss	(43)	—	(47)	—	(90)	—	(90)
Operating profit	2,506	1,721	14,165	6,652	25,043	1,216	26,259
Finance income	—	—	—	—	—	—	924
Finance costs	—	—	—	—	—	—	(2,425)
Profit before tax	—	—	—	—	—	—	24,759

- Notes:
1. Intersegment revenue is based on arm's length pricing.
 2. Revenue in the "Eliminations" column is intersegment revenue. Operating profit in the "Eliminations" column is associated with inventories and property, plant and equipment.
 3. Depreciation and amortization in the "Eliminations" column are the result of intersegment consolidation adjustments.

6. Impairment losses

For the fiscal year ended March 31, 2018

The Group recognizes the smallest unit with identifiable independent cash flows as a cash-generating unit. Individual assets classified as idle assets are each subjected to impairment testing.

The Group recognized an impairment loss of ¥677 million during the fiscal year ended March 31, 2018.

During the fiscal year ended March 31, 2018, progress in achieving cost improvement and productivity enhancement was behind schedule at some locations in the Americas' segment engaged in the manufacture and sale of air-conditioning products, which led the Company to believe that recovery in business performance will take an extended period of time. In consideration of such a prospect, the carrying amount was reduced to the recoverable amount, whereby ¥564 million was included in "other expenses" in the consolidated statement of income. This amount comprises ¥50 million for land, ¥384 million for machinery, equipment and vehicles, and ¥129 million for tools, furniture and fixtures. Such recoverable amount represents fair value less disposal cost, as measured by the market-approach valuation method. The fair value used for calculating such recoverable amount is classified into Level 3 on the fair value hierarchy. In addition, a ¥113 million impairment loss on idle assets is included in "other expenses" in the consolidated statement of income. The carrying amount of such idle assets was reduced to the recoverable amount as they were not expected to be used for business purposes. The recoverable amount is the value in use, which was the memorandum amount assuming a value of zero.

The relevant reporting segments are "Japan", "Americas", "Asia", and "China." The amount recognized in each reporting segment is stated in Note "5. Segment Information."

For the fiscal year ended March 31, 2019

The Group recognized an impairment loss of ¥90 million during the fiscal year ended March 31, 2019.

Impairment losses were mainly recognized on machinery and equipment etc. classified as idle assets, which are grouped as individual cash-generating units. The carrying amount of such idle assets was reduced to the recoverable amount as they were not expected to be used for business purposes. The recoverable amount is the value in use, which was the memorandum amount assuming a value of zero.

Impairment losses are included in "other expenses" in the consolidated statement of income. The relevant reporting segment is "Asia." The amount recognized in each reporting segment is stated in Note "5. Segment Information."

7. Earnings per share

Basic earnings per share and the basis for calculation are as follows.

There are no potential common shares that have a dilutive effect.

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Earnings per share attributable to owners of the parent (Millions of yen)	17,824	15,706
Weighted average number of ordinary shares outstanding during the year(Shares)	73,958,671	73,958,218
Basic earnings per share(Yen)	241.00	212.37

8. Subsequent Event

Not applicable.

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Consolidated Financial Results for the Year Ended March 31, 2019
(Reference Materials 1)

		Year ended March 31, 2018	Year ended March 31, 2019	Change	Percentage change	Year ended March 31, 2020 (Forecast)	Change	Percentage change
Revenue	(Unit: 100 million yen)	3,514.9	3,492.2	△ 22.7	△0.6%	3,500.0	7.8	0.2%
Motorcycle and power products		961.0	1,003.3	42.3	4.4%	1,085.0	81.7	8.1%
Automobile products		2,553.9	2,488.9	△ 65.0	△2.5%	2,415.0	△ 73.9	△3.0%
Operating Profit	(Unit: 100 million yen)	283.1	262.6	△ 20.5	△7.3%	185.0	△ 77.6	△29.5%
<Ratio to Revenue>		8.1%	7.5%			5.3%		
Profit before tax	(Unit: 100 million yen)	271.4	247.6	△ 23.9	△8.8%	160.0	△ 87.6	△35.4%
<Ratio to Revenue>		7.7%	7.1%			4.6%		
Factors for Change in Operating Profit	(Unit: 100 million yen)			△ 20.5			△ 77.6	
Revenue change, model mix, etc.,				△ 18.9			△ 61.5	
Cost reduction				62.7			60.3	
Raw material cost				△ 6.6			△ 3.9	
R&D expenses				△ 23.5			△ 2.6	
Depreciation, amortization and labor cost				△ 18.0			△ 51.2	
New model launching costs, expenses and others				7.6			△ 11.4	
Foreign exchange				△ 23.8			△ 7.3	
Factors for Change in Finance Income and Costs	(Unit: 100 million yen)			△ 3.3			△ 10.0	
Foreign exchange				△ 14.1			16.1	
Others				10.8			△ 26.1	
Exchange rate	(Unit: 1 yen)							
1 U.S. Dollar		110.62		111.01			110.00	
1 Thai Baht		3.37		3.43			3.40	
1 Chinese Yuan		16.78		16.49			16.30	
1 Indian Rupee		1.73		1.60			1.55	
1 Indonesian Rupiah		0.82		0.77			0.77	
1 Brazilian Real		34.26		29.17			27.80	
* Indonesian Rupiah is (100-unit rate)								
Results by reporting segments								
Revenue	(Unit: 100 million yen)	3,514.9	3,492.2	△ 22.7	△0.6%	3,500.0	7.8	0.2%
Japan		1,571.6	1,591.8	20.2	1.3%	1,583.0	△ 8.8	△0.6%
Americas		991.4	925.7	△ 65.7	△6.6%	872.0	△ 53.7	△5.8%
Asia		1,094.1	1,132.0	37.9	3.5%	1,184.0	52.0	4.6%
China		827.2	856.2	29.0	3.5%	885.0	28.8	3.4%
Eliminations		△ 969.4	△ 1,013.5	△ 44.2	—	△ 1,024.0	△ 10.5	—
Operating Profit	(Unit: 100 million yen)	283.1	262.6	△ 20.5	△7.3%	185.0	△ 77.6	△29.5%
Japan		59.4	25.1	△ 34.3	△57.8%	56.0	30.9	123.5%
Americas		16.2	17.2	1.1	6.5%	27.0	9.8	56.9%
Asia		137.4	141.6	4.3	3.1%	105.0	△ 36.6	△25.9%
China		65.3	66.5	1.2	1.9%	50.0	△ 16.5	△24.8%
Eliminations		4.9	12.2	7.2	147.6%	△ 53.0	△ 65.2	—

(Amounts are rounded to the nearest million yen)

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Consolidated Financial Results for the Year Ended March 31, 2019 (Reference Materials 2)

Consolidated companies (30)

Japan (10→9)	Ratio of share holding at end of March 31, 2018	Ratio of share holding at end of March 31, 2019
Keihin Sakura Corporation	100.00%	- ※1
Keihin Nasu Corporation	100.00%	100.00%
Keihin Watari Corporation	100.00%	- ※1
Keihin Manufacturing Corporation	-	100.00% ※1
Keihin Electronics Technology, Inc.	100.00%	100.00%
Keihin Valve Corporation	51.00%	51.00%
Keihin Thermal Technology Corporation	100.00%	100.00%
Keihin-Grand Ocean Thermal Technology (Dalian) Co., Ltd.	55.00% ※2	55.00% ※2
Keihin Thermal Technology Czech s.r.o.	100.00% ※3	100.00% ※3
Keihin Europe Ltd.	100.00%	100.00%
Keihin Sales and Development Europe GmbH	100.00%	100.00%

Americas (7)	Ratio of share holding at end of March 31, 2018	Ratio of share holding at end of March 31, 2019
Keihin North America, Inc.	75.10%	75.10%
Keihin Carolina System Technology, LLC.	75.10% ※4	75.10% ※4
Keihin IPT Mfg., LLC.	75.10% ※4	75.10% ※4
Keihin Michigan Manufacturing, LLC.	75.10% ※4	75.10% ※4
Keihin Thermal Technology of America, Inc.	100.00% ※3	100.00% ※3
Keihin de Mexico S.A. de C.V.	100.00%	100.00%
Keihin Tecnologia do Brasil Ltda.	75.28%	75.28%

Asia (10)	Ratio of share holding at end of March 31, 2018	Ratio of share holding at end of March 31, 2019
Keihin Asia Bangkok Co., Ltd.	100.00%	100.00%
Keihin (Thailand) Co., Ltd.	57.02%	57.02%
Keihin Auto Parts (Thailand) Co., Ltd.	85.00% ※5	85.00% ※5
Keihin Thermal Technology (Thailand) Co., Ltd.	97.50% ※6	97.50% ※6
PT Keihin Indonesia	100.00%	100.00%
Keihin India Manufacturing Pvt. Ltd.	100.00% ※7	100.00% ※7
Keihin FIE Pvt. Ltd.	74.00%	74.00%
Keihin Vietnam Co., Ltd.	100.00% ※8	100.00% ※8
Taiwan Keihin Carburetor Co., Ltd.	51.00%	51.00%
Keihin Malaysia Manufacturing SDN. BHD	100.00% ※8	100.00% ※8

China (4)	Ratio of share holding at end of March 31, 2018	Ratio of share holding at end of March 31, 2019
Nanjing Keihin Carburetor Co., Ltd.	100.00%	100.00%
Dongguan Keihin Engine Management System Co., Ltd.	100.00%	100.00%
Keihin (Wuhan) Automotive Components Co., Ltd.	100.00% ※9	100.00% ※9
Keihin R&D China Co., Ltd.	100.00%	100.00%

- ※1 Keihin Watari Corporation was merged with Keihin Sakura Corporation in January.
The surviving company is Keihin Watari Corporation.
Keihin Watari Corporation changed its corporate name to Keihin Manufacturing Corporation.
- ※2 Keihin Thermal Technology Corporation holds 55% share.
- ※3 Keihin Thermal Technology Corporation holds 100% share.
- ※4 Keihin North America, Inc. holds 100% share.
- ※5 Keihin corporation holds 25% share, Keihin Asia Bangkok Co., Ltd. holds 60% share.
- ※6 Keihin Thermal Technology Corporation holds 97.5% share.
- ※7 Keihin corporation holds 5.6% share, Keihin Asia Bangkok Co., Ltd. holds 94.4% share.
- ※8 Keihin Asia Bangkok Co., Ltd. holds 100% share.
- ※9 Dongguan Keihin Engine Management System Co., Ltd. holds 100% share.