Consolidated Financial Results for the Six Months Ended June 30, 2019 Unaudited [IFRS]

August 8, 2019

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Stock exchange listing: Tokyo Stock Exchange
Code number: 6464
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Scheduled date of filing quarterly securities report: August 9, 2019
Scheduled date of commencing dividend payments: September 2, 2019
Availability of supplementary briefing material on quarterly financial results: Available
Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and securities analysts)

(Amounts of less than one million yen are rounded.)

1. Consolidated Financial Results for the Six Months Ended June 30, 2019 (January 1, 2019 to June 30, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Sales		Operating profit		Profit before taxes		Net profit for the period	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2019	35,519	(8.7)	4,442	(17.7)	3,936	(18.7)	2,870	(18.4)
June 30, 2018	38,901	88.4	5,394	55.9	4,840	56.5	3,515	54.5

	Net profit for the period attributable to owners of the parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Six months ended	Million yen	%	Million yen	%	Yen	Yen
June 30, 2019	2,868	(18.4)	659	(33.7)	71.59	70.38
June 30, 2018	3,513	54.4	994	(56.8)	88.27	86.02

(Reference) EBITDA: Six months ended June 30, 2019: ¥6,148 million (down 13.8%)
Six months ended June 30, 2018: ¥7,131 million
EBITDA = Operating profit + depreciation and amortization. EBITDA is outside the scope of quarterly review pursuant to the Financial Instrument and Exchange Act.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
As of June 30, 2019	135,784	44,546	44,519	32.8
As of December 31, 2018	138,681	45,080	45,053	32.5

The English translation is only for reference purpose. When there are discrepancies between original Japanese version and English translation version, the original Japanese version always prevails.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2018	-	39.00	-	40.00	79.00
Fiscal year ending December 31, 2019	-	40.00			
Fiscal year ending December 31, 2019 (Forecast)			-	41.00	81.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2019 (January 1, 2019 to December 31, 2019)

(% indicates changes from the previous corresponding period.)

	Sales		Operating profit		Profit before taxes	
	Million yen	%	Million yen	%	Million yen	%
Full year	77,000	2.9	11,700	17.7	10,900	23.5

	Net profit for the period attributable to owners of the parent		Basic earnings per share
	Million yen	%	Yen
Full year	8,000	17.3	200.40

(Note) Revision to the financial results forecast announced most recently: No

*** Notes:**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies and changes in accounting estimates
1) Changes in accounting policies required by IFRS: Yes
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No

(3) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
June 30, 2019: 41,002,300 shares
December 31, 2018: 40,653,500 shares

2) Total number of treasury shares at the end of the period:
June 30, 2019: 733,668 shares
December 31, 2018: 733,610 shares

3) Average number of shares during the period:
Six months ended June 30, 2019: 40,060,867 shares
Six months ended June 30, 2018: 39,802,149 shares

* These quarterly financial results are outside the scope of quarterly review by a certified public accountant or an audit corporation.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed to be reasonable, and are not intended to be construed as assurance that they will be accomplished in the future. Actual results may differ significantly from these forecasts due to a wide range of factors.

1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Business Results

The world economy during the six months ended June 30, 2019 being weakly transitioned due to continuous uncertainties including US-China trade issue, Brexit from EU and geopolitical changes in middle east. Also, business sentiment has deteriorated in Japan, particularly in the manufacturing industry.

In this environment, we focused on sales efforts and cost improvement efforts. As a result, for the six months ended June 30, 2019, sales decreased 8.7% year on year to ¥35,519 million.

As for profits, operating profit decreased 17.7% year on year to ¥4,442 million. Net profit for the period attributable to owners of the parent decreased 18.4% year on year to ¥2,868 million.

Although the severe business environment continues, under the management principle of "We will become a stellar corporation that realizes sustainable profitable growth and continues to create improvements in corporate value," the Group will work together to improve the efficiency of corporate activities.

Performance by segment is as follows.

Precision Components Business

Sales of the Precision Components Business decreased 10.5% year on year to ¥32,264 million. Segment profit (operating profit) decreased 23.8% year on year to ¥3,736 million.

Linear Business

Sales of the Linear Business increased 14.3% year on year to ¥3,067 million. Segment profit (operating profit) increased 48.4% year on year to ¥496 million.

Other Business

Sales of other businesses increased 0.7% year on year to ¥188 million. Segment profit (operating profit) increased 30.9% year on year to ¥210 million.

(2) Explanation of Financial Position

Current assets as of the end of the second quarter of the fiscal year decreased ¥1,178 million from the end of the previous fiscal year to ¥53,291 million. This is mainly attributable to a decrease in cash and cash equivalents by ¥2,047 million.

Non-current assets decreased ¥1,719 million from the end of the previous fiscal year to ¥82,493 million. This is mainly attributable to a decrease in intangible assets and goodwill by ¥1,415 million.

Current liabilities decreased ¥2,539 million from the end of the previous fiscal year to ¥16,856 million. This is mainly attributable to a decrease in loan borrowings by ¥2,481million.

Non-current liabilities increased ¥176 million from the end of the previous fiscal year to ¥74,382 million. This is mainly attributable to an increase in loan borrowings by ¥671 million, deferred income tax liability by ¥337 million and other non-current liabilities increased by ¥1,182 million.

Equity decreased ¥534 million from the end of the previous fiscal year to ¥44,546 million. This is mainly attributable to an increase in retained earnings by ¥1,271 million and accumulated other comprehensive loss by ¥2,209 million.

(Analysis of Status of Cash Flows)

Cash and cash equivalents as of the end of the second quarter of the fiscal year decreased ¥2,047 million year on year to ¥11,257 million. The status of cash flows of each activity during the six months ended June 30, 2019 and its cause are as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥2,925 million. This is attributable to cash increase factors including profit before taxes of ¥3,936 million, depreciation and amortization of ¥1,705 million, despite cash decrease factors including increase in trade and other receivables of ¥794 million, increase in inventories of ¥742 million and income taxes paid of ¥1,038 million.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥837 million. This is attributable to payments for acquisition of property, plant and equipment of ¥697 million and intangible assets by 141 million.

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to ¥3,929 million. This is attributable to repayments of loans and borrowings of ¥9,278 million, cash dividends paid of ¥1,597 million, repayments of lease liabilities of ¥130 million, proceeds from loans and borrowings of ¥6,719 million and exercise of subscription rights of ¥358 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Regarding the full year consolidated financial results forecast for the fiscal year ending December 31, 2019, there are no changes from the forecast released on February 14, 2019.

2. Changes in Accounting Policies and Changes in Accounting Estimates

Changes in accounting policies

The Group has adopted the following standards from the first quarter ended June 30, 2019:

Standard	Title of standard	Description of new standards and amendments
IFRS 16	Leases	Revised accounting process for lease transactions

IFRS 16 “Leases”

The Group has adopted IFRS 16 “Leases” effective January 1, 2019.

A modified retrospective approach has been applied in the application of IFRS 16, and the cumulative effect of the initial application will be recognized on the date of the initial application (January 1, 2019) in place of issuing a restatement of comparative information.

IFRS 16 introduces a single lessee accounting model for all leases which requires the recognition of a right-of-use asset representing the lessee’s right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. However, there are exemptions available for the recognition of short-term or low-value leases. The accounting process for the lessor remains fundamentally unchanged from the previous standard.

(1) Leases in which the Group is the lessee

The Group recognizes new right-of-use assets and lease liabilities for leases which were previously classified as operating leases under IAS 17. In addition, with the recognition of depreciation and amortization for new right-of-use assets and interest expenses for lease liabilities, the nature of the expenses involved in these leases will change. Furthermore, in determining which transactions are leases as of the date of initial application, the Group will apply a practical expedient to maintain their previous assessment or apply the practical expedient of IFRS 16 C10 (a) to (e).

The effect on the condensed interim consolidated statements of financial position as of the date of initial application and the end of the second quarter of the fiscal year under review are as follows. Lease liability is included in other current liabilities or other non-current liabilities in the condensed interim consolidated statements of financial position.

	Date of initial application (January 1, 2019)	End of the second quarter of the fiscal year under review (June 30, 2019)
Buildings and structures (Property, plant and equipment, net)	679	612
Machinery and vehicles (Property, plant and equipment, net)	97	73
Land (Property, plant and equipment, net)	59	56
Other (Property, plant and equipment, net)	96	78
Lease liabilities	929	817

Furthermore, in the condensed interim consolidated statements of profit or loss and other comprehensive income (loss) for the second quarter ended June 30, 2019, operating profit increased by ¥8 million and profit before taxes decreased by ¥0 million , whereas in the condensed interim consolidated statements of cash flows, cash flows from operating activities increased by ¥120 million and cash flows from financing activities decreased by the same amount.

There are no material effect on leases previously classified as finance leases under IAS 17.

(2) Leases in which the Group is the lessor

The Group holds land for lease for the purpose of earning rental revenue. These investment properties are classified as operating leases, and this change will not have a material effect on these transactions.

3. Unaudited Condensed Interim Consolidated Financial Statements

(1) Unaudited Condensed Interim Consolidated Statements of Financial Position

(Millions of yen)

	As of December 31, 2018	As of June 30, 2019
Assets		
Current assets		
Cash and cash equivalents	13,304	11,257
Trade and other receivables, net	15,024	15,502
Inventories	25,072	25,335
Other current assets	1,069	1,197
Total current assets	54,469	53,291
Non-current assets		
Property, plant and equipment, net	32,759	32,565
Intangible assets, net and goodwill	47,087	45,672
Investment property	3,755	3,755
Other investments	311	246
Deferred tax assets	177	139
Other non-current assets	123	116
Total non-current assets	84,212	82,493
Total assets	138,681	135,784
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	6,492	6,267
Current portion of loans and borrowings	8,655	6,174
Income taxes payable	812	782
Other current liabilities	3,436	3,633
Total current liabilities	19,395	16,856
Non-current liabilities		
Loans and borrowings, excluding current portion	63,416	62,745
Net defined benefit liability	2,799	2,801
Deferred tax liabilities	3,946	3,609
Other non-current liabilities	4,045	5,227
Total non-current liabilities	74,206	74,382
Total liabilities	93,601	91,238
Equity		
Share capital	16,621	16,800
Capital surplus	10,823	11,049
Treasury stock	(1,439)	(1,440)
Accumulated other comprehensive loss	(5,414)	(7,623)
Retained earnings	24,462	25,733
Equity attributable to owners of the parent	45,053	44,519
Non-controlling interests	27	27
Total equity	45,080	44,546
Total liabilities and equity	138,681	135,784

(2) Unaudited Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss)

(Millions of yen)

	For the six months ended June 30, 2018	For the six months ended June 30, 2019
Sales	38,901	35,519
Cost of sales	29,754	27,410
Gross profit	9,147	8,109
Selling, general and administrative expenses	3,731	3,719
Other income	53	118
Other expenses	75	66
Operating profit	5,394	4,442
Financial income	18	19
Financial expenses	572	525
Profit before taxes	4,840	3,936
Income tax expense	1,325	1,066
Net profit for the period	3,515	2,870
Net profit for the period attributable to.		
Owners of the parent	3,513	2,868
Non-controlling interests	2	2
Net profit for the period	3,515	2,870
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Financial assets measured at FVOCI	56	(47)
Total items that will not be reclassified to profit or loss	56	(47)
Items that may subsequently be reclassified to profit or loss		
Foreign currency translation differences	(2,713)	(2,140)
Cash flow hedges	(15)	(56)
Hedges costs	151	32
Total items that may subsequently be reclassified to profit or loss	(2,577)	(2,164)
Other comprehensive loss, net of tax	(2,521)	(2,211)
Total comprehensive income (loss)	994	659
Total comprehensive income attributable to.		
Owners of the parent	993	659
Non-controlling interests	1	—
Total comprehensive income (loss)	994	659
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	88.27	71.59
Diluted earnings per share (yen)	86.02	70.38

Unaudited Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss)

(Millions of yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Sales	19,411	17,336
Cost of sales	14,789	13,404
Gross profit	4,622	3,932
Selling, general and administrative expenses	1,974	1,869
Other income	20	41
Other expenses	46	55
Operating profit	2,622	2,049
Financial income	106	14
Financial expenses	269	351
Profit before taxes	2,459	1,712
Income tax expense	681	488
Net profit for the period	1,778	1,224
Net profit for the period attributable to.		
Owners of the parent	1,776	1,223
Non-controlling interests	2	1
Net profit for the period	1,778	1,224
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Financial assets measured at FVOCI	73	(56)
Total items that will not be reclassified to profit or loss	73	(56)
Items that may subsequently be reclassified to profit or loss		
Foreign currency translation differences	496	(2,110)
Cash flow hedges	58	(17)
Hedges costs	12	(47)
Total items that may subsequently be reclassified to profit or loss	566	(2,174)
Other comprehensive loss, net of tax	639	(2,230)
Total comprehensive income (loss)	2,417	(1,006)
Total comprehensive income attributable to.		
Owners of the parent	2,415	(1,006)
Non-controlling interests	2	—
Total comprehensive income (loss)	2,417	(1,006)
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	44.63	30.43
Diluted earnings per share (yen)	43.54	29.91

(3) Unaudited Condensed Interim Consolidated Statements of Changes in Equity

For the six months ended June 30, 2018

(Millions of yen)

	Equity attributable to owners of the parent					
				Accumulated Other Comprehensive Income (Loss)		
	Share capital	Capital surplus	Treasury stock	Changes in fair value of available-for-sale financial assets	Foreign currency translation differences	Cash flow hedges
Balance as of January 1, 2018	16,459	10,630	(971)	135	(1,110)	(1,240)
Net profit for the period	—	—	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	56	(2,712)	(15)
Total comprehensive Income (loss)	—	—	—	56	(2,712)	(15)
Issuance of new shares	48	47	—	—	—	—
Dividends	—	—	—	—	—	—
Purchase of treasury stock	—	—	(468)	—	—	—
Share based payment	—	24	—	—	—	—
Total transactions with owners and other	48	71	(468)	—	—	—
Balance as of June 30, 2018	16,507	10,701	(1,439)	191	(3,822)	(1,255)

(Millions of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Accumulated Other Comprehensive Income (Loss)		Retained earnings	Total		
	Hedges costs	Total				
Balance as of January 1, 2018	130	(2,085)	20,549	44,582	24	44,606
Net profit for the period	—	—	3,513	3,513	2	3,515
Other comprehensive income (loss), net of tax	151	(2,520)	—	(2,520)	(1)	(2,521)
Total comprehensive income (loss)	151	(2,520)	3,513	993	1	994
Issuance of new shares	—	—	—	95	—	95
Dividends	—	—	(1,312)	(1,312)	—	(1,312)
Purchase of treasury stock	—	—	—	(468)	—	(468)
Share based payment	—	—	—	24	—	24
Total transactions with owners and other	—	—	(1,312)	(1,661)	—	(1,661)
Balance as of June 30, 2018	281	(4,605)	22,750	43,914	25	43,939

For the six months ended June 30, 2019

(Millions of yen)

	Equity attributable to owners of the parent					
				Accumulated Other Comprehensive Income (Loss)		
	Share capital	Capital surplus	Treasury stock	Changes in fair value of available-for-sale financial assets	Foreign currency translation differences	Cash flow hedges
Balance as of January 1, 2019	16,621	10,823	(1,439)	85	(4,414)	(1,259)
Net profit for the period	—	—	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	(47)	(2,138)	(56)
Total comprehensive Income (loss)	—	—	—	(47)	(2,138)	(56)
Issuance of new shares	179	177	—	—	—	—
Dividends	—	—	—	—	—	—
Purchase of treasury stock	—	—	(1)	—	—	—
Share based payment	—	49	—	—	—	—
Total transactions with owners and other	179	226	(1)	—	—	—
Balance as of June 30, 2019	16,800	11,049	(1,440)	38	(6,552)	(1,315)

(Millions of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Accumulated Other Comprehensive Income (Loss)		Retained earnings	Total		
	Hedges costs	Total				
Balance as of January 1, 2019	174	(5,414)	24,462	45,053	27	45,080
Net profit for the period	—	—	2,868	2,868	2	2,870
Other comprehensive income (loss), net of tax	32	(2,209)	—	(2,209)	(2)	(2,211)
Total comprehensive income (loss)	32	(2,209)	2,868	659	—	659
Issuance of new shares	—	—	—	356	—	356
Dividends	—	—	(1,597)	(1,597)	—	(1,597)
Purchase of treasury stock	—	—	—	(1)	—	(1)
Share based payment	—	—	—	49	—	49
Total transactions with owners and other	—	—	(1,597)	(1,193)	—	(1,193)
Balance as of June 30, 2019	206	(7,623)	25,733	44,519	27	44,546

(4) Unaudited Condensed Interim Consolidated Statements of Cash Flows

(Millions of yen)

		For the six months ended June 30, 2018	For the six months ended June 30, 2019
Cash flows from operating activities			
Profit before taxes		4,840	3,936
Depreciation and amortization		1,737	1,705
Increase (decrease) in net defined benefit liability		(11)	25
Interest and dividend income		(14)	(14)
Interest expense		401	406
Foreign exchange losses (gain)		74	228
(Gains) losses sale of fixed assets		(1)	(1)
Decrease (increase) in trade and other receivables		(800)	(794)
Decrease (increase) in inventories		(1,160)	(742)
(Decrease) increase in trade and other payables		749	(15)
Other, net		(55)	(381)
Sub total		5,760	4,353
Interest received		7	11
Dividends received		4	4
Interest paid		(396)	(405)
Income taxes paid		(1,387)	(1,038)
Net cash provided by operating activities		3,988	2,925
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment		(1,320)	(697)
Proceeds from sales of property, plant and equipment		10	1
Payments for acquisition of intangible properties		(7)	(141)
Payments for acquisition of subsidiary stock		(90)	―
Other, net		15	―
Net cash used in investing activities		(1,392)	(837)
Cash flows from financing activities			
Proceeds from short-term loans and borrowings		―	6,719
Repayments of short-term loans and borrowings		―	(700)
Repayments of long-term loans and borrowings		(78)	(8,578)
Payments of lease liabilities	(※)	(10)	(130)
Proceeds from exercise of subscription rights		96	358
Cash dividends paid		(1,312)	(1,597)
Payments for purchase of treasury stock		(468)	(1)
Net cash used in financing activities		(1,772)	(3,929)
Effect of exchange rate changes on cash and cash equivalents		(66)	(206)
Net increase in cash and cash equivalents		758	(2,047)
Cash and cash equivalents at the beginning of the period		12,001	13,304
Cash and cash equivalents at the end of the period		12,759	11,257

(※) For the year ended June 30, 2018 the payment was for repayment of finance lease liabilities.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

(5) Summary Notes on the quarterly consolidated financial statements

Notes concerning going concern assumption

Not applicable

Operating Segments

1. General information

(1) Basis of segmentation

The Group is composed of segments by product and service and there are "Precision components Business, "Linear Business" and "Other Business" as reporting segments.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, for which discrete financial information is available and is subject to regular review by the Chief Executive Officer of the Group for assessing performance and making resource allocation decisions. The Company's operating segments consist of "Precision components business", "Linear business" and "Other business". These businesses offer different products and are managed separately because they require different technologies and marketing strategies.

The "Precision components business" segment engages in manufacturing and sales of various types of steel balls, rollers, cages and sheet metal parts. The "Linear business" segment engages in manufacturing and sales of ball screws and air blowers. The "Other business" segment engages primarily in the leasing of real estate.

Segment information is determined in conformity with the accounting policies used in preparing the condensed interim consolidated financial statements. Operating profit (loss) of each reportable segment is measured in a consistent manner with consolidated operating profit, which is profit before income taxes before finance income and finance costs. Pricing for the inter-segment transactions are determined on an arm's length basis.

(2) Segment Information

Segment information for the six months ended June 30, 2018 and 2019 is as follows.

For the six months ended June 30, 2018

(Millions of yen)

	Precision components business	Linear business	Other business	Total	Reconciling items	Condensed interim consolidated financial statements
Sales						
External sales	36,030	2,684	187	38,901	—	38,901
Inter-segment sales	5	—	21	26	(26)	—
Total consolidated sales	36,035	2,684	208	38,927	(26)	38,901
Segment profit	4,900	334	160	5,394	—	5,394
				Financial income		18
				Financial expense		(572)
				Profit before taxes		4,840

Reconciling items to segment profit include elimination of inter-segment transactions.

For the six months ended June 30, 2019

(Millions of yen)

	Precision components business	Linear business	Other business	Total	Reconciling items	Condensed interim consolidated financial statements
Sales						
External sales	32,264	3,067	188	35,519	—	35,519
Inter-segment sales	6	—	15	21	(21)	—
Total consolidated sales	32,270	3,067	203	35,540	(21)	35,519
Segment profit	3,736	496	210	4,442	—	4,442
				Financial income		19
				Financial expense		(525)
				Profit before taxes		3,936

Reconciling items to segment profit include elimination of inter-segment transactions.

Segment information for the three months ended June 30, 2018 and 2019 is as follows.

For the three months ended June 30, 2018

(Millions of yen)

	Precision components business	Linear business	Other business	Total	Reconciling items	Condensed interim consolidated financial statements
Sales						
External sales	17,969	1,348	94	19,411	—	19,411
Inter-segment sales	3	—	10	13	(13)	—
Total consolidated sales	17,972	1,348	104	19,424	(13)	19,411
Segment profit	2,370	177	75	2,622	—	2,622
				Financial income		106
				Financial expense		(269)
				Profit before taxes		2,459

Reconciling items to segment profit include elimination of inter-segment transactions.

For the three months ended June 30, 2019

(Millions of yen)

	Precision components business	Linear business	Other business	Total	Reconciling items	Condensed interim consolidated financial statements
Sales						
External sales	15,734	1,508	94	17,336	—	17,336
Inter-segment sales	4	—	7	11	(11)	—
Total consolidated sales	15,738	1,508	101	17,347	(11)	17,336
Segment profit	1,709	254	86	2,049	—	2,049
				Financial income		14
				Financial expense		(351)
				Profit before taxes		1,712

Reconciling items to segment profit include elimination of inter-segment transactions.