



Member of Financial Accounting Standards Foundation

Consolidated Financial Summary for the FY 2016 Ended March 31, 2016 (IFRS)

June 24, 2016

Company name: Kanematsu Corporation

Stock Exchange listing: Tokyo Stock Exchange

Stock code: 8020

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Scheduled date for the Ordinary General Meeting of Shareholders: June 24, 2016

Scheduled date for commencement of dividend payments: June 6, 2016

Scheduled date for the submission of financial statements: June 24, 2016

Supplementary documents for financial results: None

Financial results briefing: None

(Figures of less than one million are rounded down.)

1. Consolidated business results for the fiscal year ended March 2016 (April 1, 2015 – March 31, 2016)

(1) Consolidated business results (%: Change from the previous year)

	Net sales		Operating income		Profit before tax		Profit		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 2016	1,056,230	(4.7)	18,772	(20.3)	18,122	(19.0)	10,808	(17.7)	8,959	(15.0)	4,253	(82.6)
Fiscal year ended March 2015	1,108,230	–	23,547	–	22,373	–	13,135	–	10,546	–	24,504	–

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the parent	Profit before tax to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2016	21.29	21.29	9.9	4.0	1.8
Fiscal year ended March 2015	25.10	25.10	13.0	5.0	2.1

(Reference) Share of profit (loss) of investments accounted for using equity method: 675 million yen for the fiscal year ended March 2016
1,143 million yen for the fiscal year ended March 2015

(Note) In accordance with the accounting practices in Japan, net sales is the aggregate of the value of transactions in which the Consolidated Group is directly involved and the value of transactions in which the Consolidated Group is involved as an agent.

The operating income is the operating profit on the consolidated statements of income.

The basic earnings per share is calculated based on the profit attributable to owners of the parent.

(2) Consolidated financial condition

	Total assets	Total equity	Equity attributable to owners of the parent	Percentage of equity attributable to owners of the parent	Equity attributable to owners of the parent per share
	Million yen	Million yen	Million yen	%	Yen
As of March 31, 2016	443,592	120,706	91,599	20.6	217.68
As of March 31, 2015	466,314	119,015	90,244	19.4	214.76

(3) Consolidated cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2016	33,024	(4,214)	(6,729)	87,466
Fiscal year ended March 2015	6,758	(6,649)	(10,046)	66,485

2. Dividends

(Record date)	Annual dividends					Annual total of dividend	Payout ratio (Consolidated)	Dividend on equity attributable to owners of the parent (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year end	Fiscal			
Fiscal year ended March 2015	–	2.50	–	1.50	4.00	1,685	15.9	1.9
Fiscal year ended March 2016	–	2.50	–	2.50	5.00	2,106	23.5	2.3
Fiscal year ending March 2017 (Forecasts)	–	3.00	–	3.00	6.00		22.0	

3. Forecasts for consolidated results ending March 2017 (April 1, 2016 – March 31, 2017)

(%: Changes from the previous year)

	Net sales		Operating income		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,250,000	18.3	22,000	17.2	21,000	15.9	11,500	28.4	27.33

(Note) In accordance with the accounting practices in Japan, net sales is the aggregate of the value of transactions in which the Consolidated Group is directly involved and the value of transactions in which the Consolidated Group is involved as an agent.

The operating income is the operating profit on the consolidated statements of income.

The basic earnings per share is calculated based on the profit attributable to owners of the parent.

* Notes

(1) Important change in subsidiaries during the term (Change in scope of consolidation): None

(2) Changes in accounting policies and changes

- | | |
|---|------|
| 1. Changes in accounting policies required by IFRS: | None |
| 2. Changes in accounting policies other than 1.: | None |
| 3. Changes in accounting estimates: | None |

(3) Number of outstanding shares (common shares)

- | | | | |
|--|--------------------|-----------------------|--------------------|
| 1. Number of outstanding shares including treasury stock | | | |
| Fiscal year (2016/3): | 422,501,010 shares | Fiscal year (2015/3): | 422,501,010 shares |
| 2. Number of treasury stock | | | |
| Fiscal year (2016/3): | 1,723,802 shares | Fiscal year (2015/3): | 1,663,126 shares |
| 3. Average number of shares during the period | | | |
| Fiscal year (2016/3): | 420,803,562 shares | Fiscal year (2015/3): | 420,211,658 shares |

* Status of a quarterly review

Although this financial summary is outside the scope of the audit procedures under the Financial Instruments and Exchange Act, the Company submitted a securities report on June 24, 2016, and has completed the audit procedures for financial statements under the Financial Instruments and Exchange Act.

* Explanation about the proper use of results forecasts, and additional information

1. The Company began applying the IFRS (International Financial Reporting Standards) from the consolidated financial statements in the securities report for the fiscal year ended March 31, 2016 under Article 93 of the Regulations Concerning Terminology, Forms and Preparation Methods of Consolidated Financial Statements. This financial summary and the accompanying materials represent a voluntary disclosure of major financial information under the IFRS of the information disclosed in the securities report that the Company submitted today. The Company disclosed a financial summary (consolidated financial summary for the fiscal year ended March 31, 2016) in accordance with the Japanese accounting standards on May 10, 2016.
2. The results forecasts and forward-looking statements included in this document are based on information that the Company has obtained at the time of publication of this financial summary and certain assumptions that the Company considers reasonable. The Company does not guarantee the predicted outcome of the results forecasts. Actual results may differ significantly from the forecasts due to a variety of factors, such as exchange rates and the conditions of major markets in Japan and other countries.

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1. Consolidated Financial Statements

(1) Consolidated statement of financial position

(Million yen)

	Date of transition (April 1, 2014)	End of Fiscal 2015 (March 31, 2015)	End of Fiscal 2016 (March 31, 2016)
Assets			
Current assets			
Cash and cash equivalents	73,978	66,485	87,466
Trade and other receivables	182,627	186,486	163,540
Inventories	66,514	91,844	80,195
Other financial assets	3,675	6,792	2,596
Other current assets	14,268	16,054	12,776
Total current assets	341,065	367,664	346,574
Non-current assets			
Property, plant and equipment	24,179	28,966	26,883
Goodwill	2,329	4,493	4,631
Intangible assets	8,298	8,641	8,083
Investments accounted for using the equity method	5,536	5,385	7,420
Trade and other receivables	135	388	460
Other investments	26,727	33,049	31,535
Other financial assets	4,484	5,481	5,441
Deferred tax assets	15,702	10,557	9,084
Other non-current assets	1,764	1,686	3,477
Total non-current assets	89,158	98,650	97,017
Total assets	430,224	466,314	443,592

(Million yen)

	Date of transition (April 1, 2014)	End of Fiscal 2015 (March 31, 2015)	End of Fiscal 2016 (March 31, 2016)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	150,518	159,522	142,143
Bonds and borrowings	79,852	65,305	61,989
Other financial liabilities	5,023	5,828	7,129
Income taxes payable	1,962	2,561	2,274
Provisions	92	300	31
Other current liabilities	20,870	24,736	19,465
Total current liabilities	258,319	258,255	233,034
Non-current liabilities			
Bonds and borrowings	61,113	74,426	74,877
Other financial liabilities	6,376	6,620	6,679
Retirement benefits liabilities	5,906	5,581	6,024
Provisions	804	1,098	1,272
Deferred tax liabilities	283	313	297
Other non-current liabilities	692	1,002	699
Total non-current liabilities	75,177	89,043	89,851
Total liabilities	333,496	347,298	322,885
Equity			
Share capital	27,781	27,781	27,781
Capital surplus	27,494	26,621	26,463
Retained earnings	12,414	21,879	29,103
Treasury stock	(321)	(222)	(235)
Other components of equity			
Exchange differences on translation of foreign operations	–	5,258	2,912
Financial assets measured at fair value through other comprehensive income	5,113	8,784	6,967
Cash flow hedges	(297)	142	(1,393)
Total other components of equity	4,816	14,185	8,486
Total equity attributable to owners of the parent	72,185	90,244	91,599
Non-controlling interests	24,541	28,771	29,107
Total equity	96,727	119,015	120,706
Total liabilities and equity	430,224	466,314	443,592

(2) Consolidated statements of income / consolidated statements of comprehensive income

(Consolidated statements of income)

[Consolidated statements of income]

(Million yen)

	Fiscal 2015 (From April 1, 2014 to March 31, 2015)	Fiscal 2016 (From April 1, 2015 to March 31, 2016)
Revenue	704,211	668,374
Cost of sales	(616,331)	(582,135)
Gross profit	87,880	86,238
Selling, general and administrative expenses	(66,245)	(68,577)
Other income (expenses)		
Gain (loss) on sale and disposal of property, plant and equipment and intangible assets, net	(63)	(311)
Impairment loss on property, plant and equipment and intangible assets	(580)	(94)
Other income	4,146	2,596
Other expenses	(1,589)	(1,078)
Total other income (expenses)	1,912	1,111
Operating profit	23,547	18,772
Finance income		
Interest income	400	478
Dividend income	1,082	927
Other finance income	18	–
Total finance income	1,501	1,405
Finance costs		
Interest expenses	(2,910)	(2,407)
Other finance costs	(908)	(323)
Total finance costs	(3,819)	(2,731)
Share of profit (loss) of investments accounted for using the equity method	1,143	675
Profit before tax	22,373	18,122
Income tax expense	(9,238)	(7,313)
Profit for the year	13,135	10,808
Profit for the year attributable to:		
Owners of the parent	10,546	8,959
Non-controlling interests	2,588	1,848
Total	13,135	10,808
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	25.10	21.29
Diluted earnings per share (yen)	25.10	21.29
Net sales (Note)	1,108,230	1,056,230

(Note) In accordance with the accounting practices in Japan, net sales is the aggregate of the value of transactions in which the Consolidated Group is directly involved and the value of transactions in which the Consolidated Group is involved as an agent. The operating income is the operating profit on the consolidated statements of income.

(Consolidated statements of comprehensive income)
 [Consolidated statements of comprehensive income]

(Million yen)

	Fiscal 2015 (From April 1, 2014 to March 31, 2015)	Fiscal 2016 (From April 1, 2015 to March 31, 2016)
Profit for the year	13,135	10,808
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Financial assets measured at fair value through other comprehensive income	3,762	(1,580)
Remeasurement of defined benefit pension plans	492	(426)
Share of other comprehensive income of investments accounted for using the equity method	7	(14)
Total items that will not be reclassified to profit and loss	4,263	(2,021)
Items that may be reclassified to profit and loss		
Exchange differences on translation of foreign operations	6,564	(2,894)
Cash flow hedges	435	(1,511)
Share of other comprehensive income of investments accounted for using the equity method	106	(127)
Total items that may be reclassified to profit and loss	7,106	(4,532)
Other comprehensive income for the year, net of tax	11,369	(6,554)
Total comprehensive income for the year	24,504	4,253
Total comprehensive income for the year attributable to:		
Owners of the parent	20,467	3,248
Non-controlling interests	4,037	1,005
Total	24,504	4,253

(3) Consolidated statement of changes in equity

(Million yen)

	Fiscal 2015 (From April 1, 2014 to March 31, 2015)	Fiscal 2016 (From April 1, 2015 to March 31, 2016)
Equity		
Share capital		
Balance at the beginning of the year	27,781	27,781
Balance at the end of the year	27,781	27,781
Capital surplus		
Balance at the beginning of the year	27,494	26,621
Acquisition of treasury stock	–	–
Disposition of treasury stock	8	0
Equity transactions with non-controlling interests	(899)	(158)
Changes due to business combinations	16	–
Balance at the end of the year	26,621	26,463
Retained earnings		
Balance at the beginning of the year	12,414	21,879
Dividends	(1,680)	(1,683)
Profit for the year attributable to owners of the parent	10,546	8,959
Reclassification from other components of equity	551	(11)
Other changes	46	(40)
Balance at the end of the year	21,879	29,103
Other components of equity		
Balance at the beginning of the year	4,816	14,185
Exchange differences on translation of foreign operations	5,258	(2,346)
Financial assets measured at fair value through other comprehensive income	3,747	(1,542)
Cash flow hedges	439	(1,535)
Remeasurement of defined benefit pension plans	474	(286)
Reclassification to retained earnings	(551)	11
Balance at the end of the year	14,185	8,486
Treasury stock		
Balance at the beginning of the year	(321)	(222)
Acquisition of treasury stock	(13)	(12)
Disposition of treasury stock	155	0
Acquisitions through business combinations	(42)	–
Balance at the end of the year	(222)	(235)
Total equity attributable to owners of the parent	90,244	91,599

(Million yen)

	Fiscal 2015 (From April 1, 2014 to March 31, 2015)	Fiscal 2016 (From April 1, 2015 to March 31, 2016)
Non-controlling interests		
Balance at the beginning of the year	24,541	28,771
Dividends to non-controlling interests	(1,275)	(891)
Equity transactions with non-controlling interests	(1,119)	222
Changes due to business combinations	2,586	–
Profit for the year attributable to non-controlling interests	2,588	1,848
Other components of equity	1,449	(843)
Exchange differences on translation of foreign operations	1,410	(650)
Financial assets measured at fair value through other comprehensive income	22	(53)
Cash flow hedges	(2)	(0)
Remeasurement of defined benefit pension plans	17	(139)
Balance at the end of the year	28,771	29,107
Total Equity	119,015	120,706
Total comprehensive income for the year attributable to:		
Owners of the parent	20,467	3,248
Non-controlling interests	4,037	1,005
Total comprehensive income for the year	24,504	4,253

(4) Consolidated statements of cash flows

(Million yen)

	Fiscal 2015 (From April 1, 2014 to March 31, 2015)	Fiscal 2016 (From April 1, 2015 to March 31, 2016)
Cash flows from operating activities:		
Profit for the year	13,135	10,808
Depreciation and amortization	2,996	3,082
Impairment loss on property, plant and equipment and intangible assets	580	94
Finance income and costs	2,317	1,326
Share of (profit) loss of investments accounted for using the equity method	(1,143)	(675)
(Gain) loss on sale or disposal of property, plant and equipment and intangible assets, net	63	311
Income tax expense	9,238	7,313
(Increase) decrease in trade and other receivables	6,100	19,262
Decrease (increase) in inventories	(21,048)	10,664
Increase (decrease) in trade and other payables	3,260	(17,662)
Increase (decrease) in retirement benefit liabilities	(356)	274
Other	(2,257)	3,812
Sub total	12,887	38,613
Interest received	402	491
Dividends received	864	1,193
Interest paid	(2,915)	(2,414)
Income taxes paid	(4,480)	(4,860)
Net cash provided by (used in) operating activities	6,758	33,024
Cash flows from investing activities:		
Payments for property, plant and equipment	(3,628)	(1,982)
Proceeds from sales of property, plant and equipment	851	572
Purchase for intangible assets	(651)	(496)
Purchases of other investments	(1,050)	(5,054)
Proceeds from sale of other investments	49	502
Proceeds from (payments for) acquisition of subsidiaries	(97)	1,178
Proceeds from (payments for) sale of subsidiaries	–	(165)
Increase in loans receivable	(437)	(917)
Proceeds from collection of loans receivable	630	1,005
Other	(2,317)	1,142
Net cash provided by (used in) investing activities	(6,649)	(4,214)

(Million yen)

	Fiscal 2015 (From April 1, 2014 to March 31, 2015)	Fiscal 2016 (From April 1, 2015 to March 31, 2016)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net	4,188	(9,718)
Proceeds from long-term borrowings	38,511	18,687
Repayment of long-term borrowings	(47,756)	(22,231)
Proceeds from issuance of bonds	–	9,923
Dividends paid	(1,675)	(1,678)
Proceeds from sales of shares of parent held by subsidiaries	355	–
Payments for acquisition of subsidiaries' interests from the non-controlling interests	(2,030)	(328)
Dividends paid to non-controlling interests	(1,300)	(897)
Other	(338)	(485)
Net cash provided by (used in) financing activities	(10,046)	(6,729)
Increase (decrease) in cash and cash equivalents, net	(9,937)	22,081
Cash and cash equivalents at the beginning of the year	73,978	66,485
Effect of exchange rate changes on cash and cash equivalents	2,444	(1,100)
Cash and cash equivalents at the end of the year	66,485	87,466

(5) Business segment information

Date of transition (April 1, 2014)

(Million yen)

	Reported segments					Others	Adjustment	Consolidated
	Electronics & Devices	Foods & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Sub-total			
Segment assets	130,978	89,173	123,539	26,797	370,489	7,395	52,339	430,224
Other assets: Investments accounted for using the equity method	1,404	560	133	235	2,333	3,072	129	5,536

Fiscal 2015 (From April 1, 2014 to March 31, 2015)

(Million yen)

	Reported segments					Others	Adjustment	Consolidated
	Electronics & Devices	Foods & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Sub-total			
Revenue								
External	231,230	213,720	201,957	52,396	699,304	4,906	–	704,211
Inter-segment	353	2	5	0	361	57	(419)	–
Total revenues	231,583	213,723	201,963	52,396	699,666	4,964	(419)	704,211
Segment profit(Note)	10,152	3,365	6,345	2,601	22,464	1,068	14	23,547
Other profit or loss:								
Depreciation and amortization	1,058	589	870	403	2,921	79	(4)	2,996
Share of profit (loss) of investments accounted for using the equity method	740	40	12	29	823	295	25	1,143
Segment assets	134,780	106,835	127,643	31,249	400,508	11,531	54,274	466,314
Other assets:								
Investments accounted for using the equity method	2,166	891	44	300	3,401	1,830	153	5,385
Capital expenditure	1,694	976	1,528	834	5,034	61	730	5,826

(Note) Segment profit represents operating profit.

Fiscal 2016 (From April 1, 2015 to March 31, 2016)

(Million yen)

	Reported segments					Others	Adjustment	Consolidated
	Electronics & Devices	Foods & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Sub-total			
Revenue								
External	235,028	222,577	135,269	63,792	656,667	11,706	–	668,374
Inter-segment	220	2	56	0	279	68	(347)	–
Total revenues	235,249	222,579	135,325	63,792	656,947	11,774	(347)	668,374
Segment profit (Note)	10,658	1,427	3,388	2,964	18,439	329	4	18,772
Other profit or loss:								
Depreciation and amortization	1,036	621	929	364	2,951	141	(10)	3,082
Share of profit (loss) of investments accounted for using the equity method	278	77	13	34	403	271	–	675
Segment assets	152,348	110,116	102,204	25,172	389,842	9,907	43,842	443,592
Other assets:								
Investments accounted for using the equity method	3,918	1,208	50	332	5,509	1,913	(2)	7,420
Capital expenditure	1,604	439	527	278	2,850	117	258	3,226

(Note) Segment profit represents operating profit.

(6) Earnings per share attributable to owners of the parent
The per-share information for Fiscal 2016 and Fiscal 2015 is as follows.

(i) Basic earnings per share

	Fiscal 2015 (From April 1, 2014 to March 31, 2015)	Fiscal 2016 (From April 1, 2015 to March 31, 2016)
Basic earnings per share (yen)	25.10	21.29

Diluted earnings per share is not written because there are no potential shares.

(ii) Basis for the calculation of basic earnings per share

	Fiscal 2015 (From April 1, 2014 to March 31, 2015)	Fiscal 2016 (From April 1, 2015 to March 31, 2016)
Profit attributable to owners of the parent (million yen)	10,546	8,959
Amount not attributable to owners of common shares in parent company (million yen)	–	–
Profit used to calculate basic earnings per share (million yen)	10,546	8,959
Weighted average number of common shares (thousand shares)	420,211	420,803

2. Disclosure related to transition to the IFRS

(1) Exemptions specified in IFRS 1

In principle, the IFRS requires an entity adopting the IFRS for the first time (hereinafter “First-time Adoption Entity”) to apply the standards prescribed by the IFRS retroactively. IFRS 1, however, sets out standards to which exemption clauses shall be applied on a mandatory basis, and standards to which exemption clauses shall be applied optionally. The effects of applying the exemption clauses are adjusted in retained earnings or other components of equity on the date of transition to the IFRS. When the Consolidated Group changed its accounting standards from the Japanese standards to the IFRS, it chose to adopt the following exemption clauses:

- Business combinations

The First-time Adoption Entity is allowed to choose not to apply IFRS 3: Business Combinations (hereinafter “IFRS 3”) retroactively to business combinations before the transition to the IFRS. The Consolidated Group has adopted the exemption clause and has chosen not to apply IFRS 3 retroactively to business combinations before the transition to the IFRS. There are thus no restatements related to business combinations before the date of transition. The Group conducted an impairment test of goodwill on the date of transition, regardless of whether there are signs of impairment losses.

- Translation adjustments at overseas operating entities

IFRS 1 allows the entity to choose to deem accumulated translation adjustments at overseas operating entities on the date of transition to the IFRS as zero. The Consolidated Group has chosen to deem accumulated translation adjustments at overseas operating entities on the date of transition as zero.

- Designation of financial instruments recognized in the past

The Consolidated Group has designated investments in equity instruments as investments to be measured at fair value through other comprehensive income based on the facts and conditions on the date of transition to the IFRS.

(2) Mandatory exemptions specified in IFRS 1

IFRS 1 prohibits the retroactive application of the IFRS to estimates, the de-recognition of financial assets and financial liabilities, hedge accounting, non-controlling interests, and the classification and measurement of financial assets. The Consolidated Group has been applying the IFRS to these items since the date of transition.

(3) Adjustment table

The Consolidated Group has adjusted amounts in the consolidated financial statements under the Japanese standards in the preparation of consolidated financial statements under the IFRS. The table below shows the effects of the adjustments on the Consolidated Group's financial position, operating results, and cash flows.

For details about the adjustments related to the transition of the IFRS, please refer to Note 37 to consolidated financial statements: Disclosure related to the transition to the IFRS in V. Status of accounting, 1. Consolidated financial statements etc., (1) Consolidated financial statements of the securities report for the 122nd term.

(i) Adjustment to assets

[Date of transition (April 1, 2014)]

(Million yen)

(Japanese standards)	Japanese standards	Change in closing date	Reclassification	Effect of transition to IFRS	IFRS	(IFRS)
Assets						Assets
Current assets						Current assets
Cash and bank deposits	73,867	429	(318)	–	73,978	Cash and cash equivalents
Notes and accounts receivable	178,984	301	3,337	4	182,627	Trade and other receivables
Lease investment assets	541	–	(541)			
Short-term investments	16	–	(16)			
Inventories	66,256	258	–	–	66,514	Inventories
Short-term loans receivable	825	(0)	(825)			
Deferred tax assets	2,660	116	(2,776)			
			3,675	–	3,675	Other financial assets
Other	22,364	(2,634)	(5,461)	–	14,268	Other current assets
Allowance for doubtful accounts	(149)	0	149			
Total current assets	345,366	(1,528)	(2,776)	4	341,065	Total current assets
Long-term assets						Non-current assets
Tangible fixed assets	24,218	(11)	–	(27)	24,179	Property, plant and equipment
Goodwill	3,175	(89)	–	(756)	2,329	Goodwill
Other	8,531	(122)	–	(111)	8,298	Intangible assets
			5,536	–	5,536	Investments accounted for using the equity method
			140	(5)	135	Trade and other receivables
Investments and other assets						
Investments in securities	32,198	(0)	(5,551)	81	26,727	Other investments
Other	6,236	2	(1,754)	–	4,484	Other financial assets
Long-term loans receivable	1,798	–	(1,798)			
Doubtful accounts	902	–	(902)			
Deferred tax assets	8,742	(76)	2,776	4,259	15,702	Deferred tax assets
			1,578	185	1,764	Other non-current assets
Allowance for doubtful accounts	(2,750)	–	2,750			
Total long-term assets	83,053	(297)	2,776	3,626	89,158	Total non-current assets
Total assets	428,420	(1,826)	–	3,630	430,224	Total assets

(Million yen)

(Japanese standards)	Japanese standards	Change in closing date	Reclassification	Effect of transition to IFRS	IFRS	(IFRS)
Liabilities						Liabilities and equity
Current liabilities						Liabilities
Notes and accounts payable	115,210	(516)	35,824	–	150,518	Current liabilities
Import bills payable	27,610	–	(27,610)	–	–	Trade and other payables
Short-term borrowings	80,792	(940)	–	–	79,852	Bonds and borrowings
Lease obligations	760	0	(760)	–	–	Other financial liabilities
Accrued income taxes	1,951	11	–	–	1,962	Income taxes payable
Deferred tax liabilities	1	–	(1)	–	92	Provisions
Asset retirement obligations	6	–	(6)	–	–	–
Other	32,302	(244)	(12,562)	1,375	20,870	Other current liabilities
Total current liabilities	258,635	(1,690)	(1)	1,375	258,319	Total current liabilities
Non-current liabilities						Non-current liabilities
Long-term borrowings	61,113	–	–	–	61,113	Bonds and borrowings
Lease obligations	1,033	(0)	(1,032)	–	–	Other financial liabilities
Net defined benefit liability	5,428	(1)	–	480	5,906	Retirement benefits liabilities
Deferred tax liabilities	368	(63)	1	(21)	283	Provisions
Provision for retirement benefits for directors and statutory auditors	387	–	(387)	–	804	Deferred tax liabilities
Asset retirement obligations	804	–	(804)	–	–	–
Other	5,281	2	(4,618)	26	692	Other non-current liabilities
Total non-current liabilities	74,417	(63)	1	821	75,177	Total non-current liabilities
Total liabilities	333,053	(1,753)	–	2,197	333,496	Total liabilities
Net assets						Equity
Capital stock	27,781	–	–	–	27,781	Share capital
Capital surplus	27,493	–	–	0	27,494	Capital surplus
Retained earnings	35,055	(138)	–	(22,501)	12,414	Retained earnings
Treasury stock	(321)	–	–	–	(321)	Treasury stock
Accumulated other comprehensive income	(19,033)	(18)	–	23,868	4,816	Other components of equity
Non-controlling interests	24,391	84	–	66	24,541	Total equity attributable to owners of the parent
Total net assets	95,367	(72)	–	1,433	96,727	Non-controlling interests
Total liabilities and net assets	428,420	(1,826)	–	3,630	430,224	Total Equity
						Total liabilities and equity

[End of the previous consolidated fiscal year (March 31, 2015)]

(Million yen)

(Japanese standards)	Japanese standards	Change in closing date	Reclassification	Effect of transition to IFRS	IFRS	(IFRS)
Assets						Assets
Current assets						Current assets
Cash and bank deposits	68,468	(891)	(1,090)	–	66,485	Cash and cash equivalents
Notes and accounts receivable	180,319	375	3,080	2,711	186,486	Trade and other receivables
Lease investment assets	227	–	(227)			
Short-term investments	3	–	(3)			
Inventories	87,254	4,589	–	–	91,844	Inventories
Short-term loans receivable	297	(1)	(295)			
Deferred tax assets	3,250	(59)	(3,191)			
			6,792	–	6,792	Other financial assets
Other	27,148	(2,679)	(8,414)	–	16,054	Other current assets
Allowance for doubtful accounts	(158)	0	158			
Total current assets	366,811	1,333	(3,191)	2,711	367,664	Total current assets
Long-term assets						Non-current assets
Tangible fixed assets	28,931	49	–	(14)	28,966	Property, plant and equipment
Goodwill	6,063	219	–	(1,790)	4,493	Goodwill
Other	8,661	(73)	–	53	8,641	Intangible assets
			5,385	–	5,385	Investments accounted for using the equity method
			393	(5)	388	Trade and other receivables
Investments and other assets						
Investments in securities	38,372	0	(6,400)	1,076	33,049	Other investments
Other	6,098	(0)	(616)	–	5,481	Other financial assets
Long-term loans receivable	2,134	–	(2,134)			
Doubtful accounts	765	–	(765)			
Net defined benefit asset	199	–	(199)			
Deferred tax assets	3,643	57	3,191	3,664	10,557	Deferred tax assets
			1,666	20	1,686	Other non-current assets
Allowance for doubtful accounts	(2,671)	–	2,671			
Total long-term assets	92,200	253	3,191	3,004	98,650	Total non-current assets
Total assets	459,011	1,587	–	5,716	466,314	Total assets

(Million yen)

(Japanese standards)	Japanese standards	Change in closing date	Reclassification	Effect of transition to IFRS	IFRS	(IFRS)
Liabilities						Liabilities and equity
Current liabilities						Liabilities
Notes and accounts payable	116,567	83	42,871	–	159,522	Current liabilities
Import bills payable	32,530	–	(32,530)	–	–	Trade and other payables
Short-term borrowings	61,688	856	–	2,760	65,305	Bonds and borrowings
Lease obligations	638	(0)	(638)	–	–	Other financial liabilities
Accrued income taxes	2,492	69	–	–	2,561	Income taxes payable
Deferred tax liabilities	1	–	(1)	–	300	Provisions
Asset retirement obligations	107	–	(107)	–	–	Other current liabilities
Other	38,322	819	(15,725)	1,319	24,736	
Total current liabilities	252,347	1,828	(1)	4,079	258,255	Total current liabilities
Non-current liabilities						Non-current liabilities
Long-term borrowings	74,426	–	–	–	74,426	Bonds and borrowings
Lease obligations	1,286	(0)	(1,286)	–	–	Other financial liabilities
Net defined benefit liability	5,137	(0)	–	444	6,620	Retirement benefits liabilities
Deferred tax liabilities	488	(70)	1	(105)	1,098	Provisions
Provision for retirement benefits for directors and statutory auditors	367	–	(367)	–	313	Deferred tax liabilities
Asset retirement obligations	810	–	(810)	–	–	
Other	5,414	11	(4,449)	25	1,002	Other non-current liabilities
Total non-current liabilities	87,931	(59)	1	1,170	89,043	Total non-current liabilities
Total liabilities	340,279	1,769	–	5,249	347,298	Total liabilities
Net assets						Equity
Capital stock	27,781	–	–	–	27,781	Share capital
Capital surplus	27,502	–	–	(881)	26,621	Capital surplus
Retained earnings	44,845	(123)	–	(22,842)	21,879	Retained earnings
Treasury stock	(222)	–	–	–	(222)	Treasury stock
Accumulated other comprehensive income	(9,805)	(130)	–	24,121	14,185	Other components of equity
					90,244	Total equity attributable to owners of the parent
Non-controlling interests	28,630	71	–	68	28,771	Non-controlling interests
Total net assets	118,731	(182)	–	466	119,015	Total Equity
Total liabilities and net assets	459,011	1,587	–	5,716	466,314	Total liabilities and equity

(ii) Adjustment to profit (loss) and other comprehensive income
Fiscal 2015 (From April 1, 2014 to March 31, 2015)

(Million yen)

(Japanese standards)	Japanese standards	Change in closing date	Reclassification	Effect of transition to IFRS	IFRS	(IFRS)
Net sales	1,117,096	(1,180)	–	(411,704)	704,211	Revenue
Cost of sales	(1,025,655)	973	(3,353)	411,704	(616,331)	Cost of sales
Gross trading profit	91,441	(207)	(3,353)	–	87,880	Gross profit
Selling, general and administrative expenses	(69,315)	167	3,353	(452)	(66,245)	Selling, general and administrative expenses
			(64)	0	(63)	Other income (expenses) Gain (loss) on sale and disposal of property, plant and equipment and intangible assets, net
			(580)	0	(580)	Impairment loss on property, plant and equipment and intangible assets
			4,508	(362)	4,146	Other income
			(2,422)	833	(1,589)	Other expenses
			1,441	471	1,912	Total other income (expenses)
Operating income	22,125	(39)	1,441	19	23,547	Operating profit
Non-operating income	5,872	0	(5,873)			
Non-operating expenses	(5,103)	18	5,085			
Extraordinary gains	1,385	0	(1,386)			
Extraordinary losses	(985)	2	983			
			415	(15)	400	Finance income
			1,118	(35)	1,082	Interest income
			–	18	18	Dividend income
			1,533	(31)	1,501	Other finance income
						Total finance income
			(2,929)	18	(2,910)	Finance costs
			–	(908)	(908)	Interest expenses
			(2,929)	(889)	(3,819)	Other finance costs
						Total finance costs
			1,145	(2)	1,143	Share of profit (loss) of investments accounted for using the equity method
Income before income taxes and non-controlling interests	23,294	(17)	–	(904)	22,373	Profit before tax
Income taxes	(8,925)	191	–	(503)	(9,238)	Income taxes
Net income for the year before income (loss) attributable to non-controlling interests	14,369	174	–	(1,408)	13,135	Profit for the year
Net income	11,470	(44)	–	(879)	10,546	Profit for the year attributable to: Owners of the parent
Income for the year attributable to non-controlling interests	2,898	218	–	(528)	2,588	Profit for the year attributable to: Non-controlling interests

(Million yen)

(Japanese standards)	Japanese standards	Change in closing date	Reclassification	Effect of transition to IFRS	IFRS	(IFRS)
Net income for the year before income (loss) attributable to non-controlling interests	14,369	174	–	(1,408)	13,135	Profit for the year
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit and loss
Net unrealized gains on securities, net of tax	2,236	0	–	1,525	3,762	Financial assets measured at fair value through other comprehensive income
Remeasurements of defined benefit plans	316	–	–	176	492	Remeasurement of defined benefit pension plans
			7	0	7	Share of other comprehensive income of investments accounted for using the equity method
					4,263	Total items that will not be reclassified to profit and loss
						Items that may be reclassified to profit and loss
Foreign currency translation adjustments	7,092	(158)	–	(370)	6,564	Exchange differences on translation of foreign operations
Net gains (losses) on deferred hedges, net of tax	569	–	–	(133)	435	Cash flow hedges
			117	(10)	106	Share of other comprehensive income of investments accounted for using the equity method
					7,106	Total items that may be reclassified to profit and loss
Share of other comprehensive income of associates accounted for using equity method	124	–	(124)			
Total other comprehensive income	10,339	(157)	–	1,187	11,369	Other comprehensive income for the year, net of tax
Comprehensive income	24,708	16	–	(220)	24,504	Total comprehensive income for the year
Comprehensive income attributable to the owners of the parent	20,698	120	–	(352)	20,467	Total comprehensive income for the year attributable to: Owners of the parent
Comprehensive income attributable to non-controlling interests	4,009	(104)	–	131	4,037	Total comprehensive income for the year attributable to: Non-controlling interests

(iii) Adjustment to cash flows

The main effect of the transition from the Japanese standards to the IFRS on the consolidated statements of cash flows is the change in the closing date. The effect of this change is insignificant.

3. Differences between the IFRS and Japanese standards (FY2016)

The differences between major items in the consolidated financial statements under the IFRS and the corresponding items in the consolidated financial statements under the Japanese standards are as follows:

Fiscal 2016 (From April 1, 2015 to March 31, 2016)

(1) Presentation of revenues

Under the Japanese standards, the aggregate of the gross value of transactions in which the Consolidated Group is directly involved and the gross value of transactions in which the Consolidated Group is involved as an agent is presented as sales. Under the IFRS, the net value of transactions in which the Consolidated Group is considered to be involved as an agent is presented as revenue. Due to the effect of this difference, the revenues and the cost of revenue under the IFRS in the fiscal year under review are both 382,772 million yen less than those under the Japanese standards.

(2) Amortization of goodwill

Under the Japanese standards, goodwill is amortized in a specified period, but under the IFRS, goodwill is not amortized. Due to the effect of this difference, the amortization of goodwill (selling, general and administrative expenses) under the IFRS in the fiscal year under review was 748 million yen less than that under the Japanese standards.