Consolidated Financial Results for the Year Ended March 31, 2019 [IFRS]

May 9, 2019
[Full version of English translation released on June 18, 2019]

Listed Company Name: Sumitomo Metal Mining Co., Ltd.
Code: 5713
Listings: Tokyo Stock Exchange
URL: http://www.smm.co.jp/
Representative: Akira Nozaki, President and Representative Director
Contact: Shinji Saeki, Manager, PR & IR Dept. TEL: +81-3-3436-7705
Scheduled Ordinary General Meeting of Shareholders: June 25, 2019
Scheduled Date to Start Dividend Payment: June 26, 2019
Scheduled Date to Submit Securities Report: June 25, 2019
Preparation of Supplementary Explanation Materials for Financial Results: Yes
Briefing on Account Settlement: Yes (for institutional investors)

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results (From April 1, 2018, to March 31, 2019)

(1) Consolidated Operating Results

(% figures show year-on-year change)

	Net sales		Profit before tax		Profit		Profit attributable to owners of parent		Total Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	912,208	-1.9	89,371	-17.5	67,241	-29.1	66,790	-26.0	51,649	-42.7
Year ended March 31, 2018	929,746	—	108,286	—	94,902	—	90,227	—	90,188	—

	Basic earnings per share	Diluted earnings per share	Return on equity	Profit before tax to total assets
	Yen	Yen	%	%
Year ended March 31, 2019	243.06	243.06	6.4	5.1
Year ended March 31, 2018	327.26	295.31	9.1	6.3

(Reference) Equity in earnings (loss) of affiliates
Year ended March 31, 2019: -¥4,901 million;
Year ended March 31, 2018: ¥12,338 million

(Note) The Company carried out a consolidation of share at the ratio of 2 shares to 1 share on October 1, 2017. Basic earnings per share and diluted earnings per share have been calculated on the assumption that the said consolidation of share was carried out at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	1,797,701	1,151,280	1,047,561	58.3	3,812.26
As of March 31, 2018	1,732,333	1,113,349	1,029,385	59.4	3,746.03

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	114,744	(142,354)	(29,047)	81,261
Year ended March 31, 2018	78,552	(22,787)	(89,797)	137,330

2. Dividends

	Dividend per share					Total dividend amount (Annual)	Dividend payout ratio (Consolidated)	Dividend payout ratio to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	—	17.00	—	66.00	—	27,513	30.6	2.8
Year ended March 31, 2019	—	51.00	—	22.00	73.00	20,060	30.0	1.9
Year ending March 31, 2020 (Forecast)	—	39.00	—	43.00	82.00		35.2	

(Note) The Company carried out a consolidation of share at the ratio of 2 shares to 1 share on October 1, 2017. As the second quarter-end dividend for the fiscal year ended March 31, 2018 was paid based on the number of shares prior to the consolidation of share, the dividend per share is shown in the amount prior to the consolidation of share. The year-end dividend per share for the fiscal year ended March 31, 2018 is shown in the amount based on the said consolidation of share and the full-year dividend is shown as "—". The full-year dividend per share calculated on a post-consolidation of share basis is ¥100 for the year ended March 31, 2018.

3. Forecast of Consolidated Operating Results for the Year Ending March 31, 2020 (From April 1, 2019, to March 31, 2020)

(% figures show year-on-year change)

	Net sales		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter (cumulative)	430,000	-7.9	37,000	-49.5	31,000	-46.6	112.81
Full year	868,000	-4.8	74,000	-17.2	64,000	-4.2	232.91

Notes

(1) Change in Important Subsidiaries during the Period under Review (Change in specific subsidiaries that will accompany a change in scope of consolidation): None

(2) Changes in Accounting Policies or Estimates
1) Changes in accounting policies required by IFRS: None
2) Changes in accounting policies other than item 1) above: None
3) Change in accounting estimates: None

(3) Number of Outstanding Shares (Common stock)
1) Number of shares issued as of end of period (including treasury stock)
290,814,015 shares at March 31, 2019
290,814,015 shares at March 31, 2018
2) Number of shares of treasury stock as of end of period
16,026,270 shares at March 31, 2019
16,020,099 shares at March 31, 2018
3) Average number of shares during the period
274,790,308 shares for the year ended March 31, 2019
275,702,987 shares for the year ended March 31, 2018

(Note) The Company carried out a consolidation of share at the ratio of 2 shares to 1 share on October 1, 2017. The number of shares issued as of end of period, number of shares of treasury stock as of end of period and average number of shares during the period have been calculated on the assumption that the said consolidation of share was carried out at the beginning of the previous fiscal year.

(Reference) Summary of Non-Consolidated Financial Results
Non-Consolidated Financial Results (From April 1, 2018, to March 31, 2019)
(1) Non-Consolidated Operating Results

(% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	758,858	1.1	37,020	-29.9	77,622	50.7	49,716	75.4
Year ended March 31, 2018	750,436	19.8	52,787	36.1	51,518	8.9	28,346	—

	Profit per share (Basic)	Profit per share (Diluted)
	Yen	Yen
Year ended March 31, 2019	180.92	180.92
Year ended March 31, 2018	102.81	93.38

(Note) The Company carried out a consolidation of share at the ratio of 2 shares to 1 share on October 1, 2017. Profit per share (basic) and profit per share (diluted) have been calculated on the assumption that the said consolidation of share was carried out at the beginning of the previous fiscal year.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	1,071,903	647,889	60.4	2,357.78
As of March 31, 2018	1,025,767	636,000	62.0	2,314.46

(Reference) Shareholders' equity
As of March 31, 2019: ¥647,889 million;
As of March 31, 2018: ¥636,000 million
(Note) Beginning from the fiscal year 2018, the company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ guidance No. 28 on February 16, 2018)". Individual figures related to the period ended March 31, 2018 have had the accounting standards applied retroactively.

The consolidated financial results presented herein are not subject to audits by certified public accountants or audit corporations.

Explanation regarding appropriate use of operating results forecast and other special notes
The forward-looking statements, including business results forecast, contained in these materials are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of release of this document and they are not meant to be a commitment by the Company. Also, actual business results may differ substantially due to a number of factors.

(Supplementary Explanation Materials for Financial Results)
The Supplementary Explanation Materials will be posted on the Company's website on Thursday, May 9, 2019.

(Application of International Financial Reporting Standards (IFRS))
The SMM Group has voluntarily applied International Financial Reporting Standards (hereinafter, "IFRS") from the first quarter of the fiscal year ended March 31, 2019. In addition, financial figures for the previous fiscal year are shown in accordance with IFRS.

Financial figures in the summary of non-consolidated financial results are based on the Japanese generally accepted accounting principles.

Contents of the Attachment

1. Overview of Business Performance, etc.

(1) Overview of Business Performance in Fiscal 2018

The Sumitomo Metal Mining Group (hereinafter the "SMM Group") has voluntarily applied International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2019. Accordingly, financial figures for the previous fiscal year are also presented in accordance with IFRS for year-on-year comparative analysis.

For information about the differences in financial figures between IFRS and Japanese accounting standards, please see "3. Consolidated Financial Statements and Primary Notes, (5) Notes Relating to the Consolidated Financial Statements (First-time Adoption)" on page 19 of the Attachment.

1) Business performance in fiscal 2018 (Year ended March 31, 2019)

(a) General overview

(Millions of yen)

	Net sales	Profit before tax	Profit attributable to owners of parent
Year ended March 31, 2019	912,208	89,371	66,790
Year ended March 31, 2018	929,746	108,286	90,227
Increase/decrease [Rate of change: %]	(17,538) [-1.9]	(18,915) [-17.5]	(23,437) [-26.0]

(Overseas market prices and foreign exchange rates)

	Unit	Year ended March 31, 2018	Year ended March 31, 2019	Increase/decrease
Copper	$/t	6,444	6,341	-103
Gold	$/TOZ	1,285.2	1,263.1	-22.1
Nickel	$/lb	5.06	5.85	0.79
Exchange rate (TTM)	¥/$	110.86	110.92	0.06

The global economy during fiscal 2018 generally continued to grow in each region, driven by the strong United States economy. However, concerns regarding an economic slowdown increased toward the latter half of the fiscal year.

As for exchange rates, the yen depreciated while the dollar appreciated, amid such factors as an interest rate differential between Japan and the United States. However, the average exchange rate remained flat year-on-year, as concerns regarding a global economic slowdown halted further depreciation of the yen and appreciation of the dollar.

Regarding the prices of major nonferrous metals, copper and nickel prices have shifted to a downward trend since the second quarter of fiscal 2018, as funds were withdrawn from the market due primarily to an escalation in trade friction between the United States and China, as well as monetary tightening by the United States. However, a gradual rising trend was seen starting in the fourth quarter, in line with the balance of supply and demand. As a result, although copper prices fell slightly year-over-year, nickel prices rose year-over-year due to the impact of price increases in the first quarter.

In industries related to the Materials business, demand for automobile battery components continued to increase, amid concerns over a downturn in the Chinese market. The smartphone market shifted to negative growth due to increased adoption and maturation of the market, and there are concerns over prolonged inventory adjustment for some components.

Under these circumstances, despite increased sales of battery materials, consolidated net sales in fiscal 2018 decreased by ¥17,538 million year over year to ¥912,208 million, mainly due to the sale of Sumitomo Metal Mining Pogo LLC.

Consolidated profit before tax decreased by ¥18,915 million year over year to ¥89,371 million, due mainly to deterioration in gross profit and the share of profit (loss) of entities accounted for using equity method, despite increased finance income from foreign exchange gains, and increased other income mainly due to the sale of Sumitomo Metal Mining Pogo LLC.

Profit attributable to owners of parent decreased by ¥23,437 million year over year to ¥66,790 million, due mainly to decreased profit before tax.

(b) Reportable segments

a) Mineral Resources segment (Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Increase/decrease	Rate of change (%)
Net sales	154,726	130,078	-24,648	-15.9
Segment income	57,994	36,465	-21,529	-37.1

In the Mineral Resources segment, despite posting of profit on the sale of Sumitomo Metal Mining Pogo LLC, segment income decreased year-over-year, due to a decrease in production at our main mines resulting from a drop in the grade of copper ore. In addition, royalties levied on mining companies for prior years at Sociedad Minera Cerro Verde S.A.A., which had been posted in the previous fiscal year, were recorded in fiscal 2018.

The statuses of our main mines are as follows.

Mining operations at the Hishikari mine remained steady, and the gold content in sold ore was in line with the planned amount, nearly unchanged from the previous fiscal year at 6 t.

Production levels at the Morenci copper mine (United States) (of which the Company holds a 25% interest, excluding non-controlling interest) fell from the previous fiscal year to 430,000 t, due mainly to a drop in the grade of copper ore.

Production levels at the Cerro Verde copper mine (Peru) (of which the Company holds a 16.8% interest, excluding non-controlling interest) fell from the previous fiscal year to 476,000 t, due mainly to a drop in the grade of copper ore.

Production levels at the Sierra Gorda copper mine (Chile) (of which the Company holds a 31.5% interest, excluding non-controlling interest) remained unchanged from the previous fiscal year at 97,000 t, despite a temporary drop in the grade of ore, due to improvements in operation capacity from increased recovery rate.

b) Smelting & Refining segment (Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Increase/decrease	Rate of change (%)
Net sales	668,694	637,779	-30,915	-4.6
Segment income	47,763	40,935	-6,828	-14.3

(Output by the Company’s major product)

Product	Unit	Year ended March 31, 2018	Year ended March 31, 2019	Increase/decrease
Copper	t	432,207	454,177	21,970
Gold	kg	21,151	21,351	200
Electrolytic nickel	t	60,325	56,674	-3,651
Ferronickel	t	12,968	12,887	-81

Note: Output includes the portions of commissioning and/or commissioned production.

In the Smelting & Refining segment, with regard to nickel, although production levels at Coral Bay Nickel Corporation increased year over year, production levels at Taganito HPAL Nickel Corporation declined year over year, due mainly to equipment problems. As a result, production levels and sales volume of electrolytic nickel declined from the previous fiscal year. Although production levels and sales volume of copper increased year over year, segment income decreased year over year due mainly to the decline in electrolytic nickel sales.

c) Materials segment (Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Increase/decrease	Rate of change (%)
Net sales	184,792	219,396	34,604	18.7
Segment income	7,087	13,780	6,693	94.4

In the Materials segment, sales of battery materials remained strong against a backdrop of active demand for automotive batteries. Although customer inventory adjustments continued for crystal materials, segment income increased from the previous fiscal year, due mainly to the absence in fiscal 2018 of the recording of the impairment loss on property, plant and equipment, which was recorded in the previous fiscal year.

2) Prospects for fiscal 2019

(a) General overview (Millions of yen)

	Net sales	Profit before tax	Profit attributable to owners of parent
Year ending March 31, 2020 (Forecast)	868,000	74,000	64,000
Year ended March 31, 2019 (Results)	912,208	89,371	66,790
Increase/decrease [Rate of change: %]	(44,208) [-4.8]	(15,371) [-17.2]	(2,790) [-4.2]

(Projections for overseas market prices and foreign exchange rates)

	Unit	FY2018	FY2019 (Projections)	Increase/decrease
Copper	$/t	6,341	6,300	-41
Gold	$/TOZ	1,263.1	1,275.0	11.9
Nickel	$/lb	5.85	6.00	0.15
Exchange rate (TTM)	¥/$	110.92	110.00	-0.92

The global economy is expected to continue its gradual growth, but the future outlook is uncertain due to heightened concern regarding an economic slowdown, including the expected drop in the growth rate in the fiscal year under review.

In the nonferrous metals industry, supply and demand of copper and nickel are expected to remain in a near state of equilibrium or face a slight supply shortage. Prices in fiscal 2019 are expected to be $6,300/t for copper ($6,341/t in fiscal 2018) and $6.00/lb for nickel ($5.85/lb in fiscal 2018).

As for industries related to the Materials business, although robust growth is expected over the medium and long term due mainly to adoption of electric vehicles and advances in digital technologies, there is a possibility of prolonged adjustments amid increasing uncertainty over economic trends and the slump in the Chinese market.

The forecast of consolidated operating results for fiscal 2019 has been planned, setting our forecast for major nonferrous metals prices and supply-demand balance, as well as our forecast for production levels and sales volumes of major products, based on current results. As a result, net sales are expected to reach ¥868.0 billion, profit before tax of ¥74.0 billion, and profit attributable to owners of parent of ¥64.0 billion on a consolidated basis.

As for segment income, please refer to the following (b) Reportable segments.

(b) Reportable segments (Millions of yen)

	Mineral Resources	Smelting & Refining	Materials	Total	Other Businesses	Adjustments	Amounts Reported in the Consolidated Financial Statements
Net sales	110,000	598,000	238,000	946,000	10,000	(88,000)	868,000
Segment income (loss)	29,000	39,000	10,000	78,000	(3,000)	(1,000)	74,000

(2) Overview of Financial Position in Fiscal 2018

1) Overview for fiscal 2018

Consolidated Statement of Financial Position (Millions of yen)

	As of March 31, 2018	As of March 31, 2019	Increase/decrease
Total assets	1,732,333	1,797,701	65,368
Total liabilities	618,984	646,421	27,437
Total equity	1,113,349	1,151,280	37,931

Total assets as of March 31, 2019 increased from those as of March 31, 2018. The main changes are described below. Cash and cash equivalents decreased due to the acquisition of interests in the Quebrada Blanca Copper Mine. On the other hand, in non-current assets, investments accounted for using equity method and long-term loans receivable included in other financial assets increased.

Total liabilities increased from those as of March 31, 2018. The main changes are described below. Although bonds as current liabilities were redeemed, bonds as non-current liabilities increased due to trade and other payables and new issuance of bonds.

Total equity increased from those as of March 31, 2018. The main changes are described below. Retained earnings increased due to the recording of profit attributable to owners of parent. Exchange differences on foreign operations included in other components of equity decreased, and financial assets measured at fair value through other comprehensive income also decreased due to a decline in stock prices of stocks held.

Consolidated Statement of Cash Flows (Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Increase/decrease
Net cash provided by operating activities	78,552	114,744	36,192
Net cash provided by (used in) investing activities	(22,787)	(142,354)	-119,567
Net cash used in financing activities	(89,797)	(29,047)	60,750
Effect of exchange rate change on cash and cash equivalents	(1,545)	588	2,133
Cash and cash equivalents at beginning of period	172,907	137,330	-35,577
Cash and cash equivalents at end of period	137,330	81,261	-56,069

Net cash provided by operating activities for the fiscal year ended March 31, 2019 increased from the previous fiscal year, due mainly to decreases in trade and other receivables and income taxes paid, despite a decrease in profit before tax.

Net cash used in investing activities increased from the previous fiscal year, due mainly to decreases in large income from collection of long-term loans receivable and proceeds from sales of investment securities that were recorded in the previous fiscal year and payments resulting from purchase of shares of subsidiaries and associates related to the acquisition of interests in the Quebrada Blanca Copper Mine and payments of long-term loans receivable, despite proceeds from the sale of Sumitomo Metal Mining Pogo LLC.

Net cash used in financing activities decreased from the previous fiscal year, due mainly to a decrease of repayment of borrowings, despite the redemption of bonds that exceeded the issuance of bonds.

Cash flow indicators:

	Mar. 31, 2018	Mar. 31, 2019
Equity attributable to owners of parent ratio (%)	59.4	58.3
Equity attributable to owners of parent ratio based on market capitalization (%)	71.1	50.0
Cash flows/Interest-bearing debt ratio (times)	4.6	3.1
Interest coverage ratio (times)	12.9	17.0

Notes:

1. Equity attributable to owners of parent ratio: Equity attributable to owners of parent/Total assets
   Equity attributable to owners of parent ratio based on market capitalization: Market capitalization/Total assets
   Cash flows/Interest-bearing debt ratio: Interest-bearing debt/Cash flows
   Interest coverage ratio: Cash flows/Interest payment
2. All of the above indicators are calculated for their respective values on a consolidated basis.
3. Market capitalization is calculated based on the number of shares issued at the end of the fiscal year after deducting treasury shares.
4. Cash flows employs “Net cash provided by operating activities” in the Consolidated Statement of Cash Flows.
5. Interest-bearing debt indicates the liabilities for which interest is paid on all the liabilities posted in the Consolidated Statement of Financial Position. Interest payment corresponds to the amount of “Interest expenses paid” in the Consolidated Statement of Cash Flows.
6. Cash flow indicators before the fiscal year ended March 31, 2017 are not disclosed as the transition date to IFRS was April 1, 2017 and IFRS has been applied from the fiscal year ended March 31, 2019.

2) Forecasts for the next fiscal year
   Net cash provided by operating activities is expected to be maintained, due to the forecasted profit for the next fiscal year. Net cash used in investing activities is expected to be the same level as the fiscal year under review, despite a decrease in investments in overseas resources projects compared to the fiscal year under review when there was the acquisition of interests in the Quebrada Blanca Copper Mine, since positive capital investments will be made to promote the growth strategy set out in the “18 3-Yr Business Plan.”

2. Basic Concept Behind the Selection of Accounting Standards

The SMM Group has voluntarily applied IFRS from the first quarter of the fiscal year ended March 31, 2019 as part of its efforts to enhance management foundations and respond to globalization.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statement of Financial Position

	Date of transition (As of April 1, 2017)	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
	Millions of Yen	Millions of Yen	Millions of Yen
Assets			
Current assets			
Cash and cash equivalents	172,907	137,330	81,261
Trade and other receivables	163,971	155,964	151,598
Other current financial assets	2,382	18,162	9,493
Inventories	255,065	278,112	288,918
Other current assets	20,165	25,562	19,945
Subtotal	614,490	615,130	551,215
Assets held for sale	2,430	—	—
Total current assets	616,920	615,130	551,215
Non-current assets			
Property, plant and equipment	480,063	461,888	458,802
Intangible assets and goodwill	47,048	65,695	61,207
Investment property	3,427	3,427	3,428
Investments accounted for using equity method	292,449	300,032	363,165
Other non-current financial assets	251,715	255,209	330,212
Deferred tax assets	7,469	15,663	11,276
Other non-current assets	15,888	15,289	18,396
Total non-current assets	1,098,059	1,117,203	1,246,486
Total assets	1,714,979	1,732,333	1,797,701

	Date of transition (As of April 1, 2017)	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
Liabilities and equities	Millions of Yen	Millions of Yen	Millions of Yen
Liabilities			
Current liabilities			
Trade and other payables	101,402	125,494	165,823
Bonds and Borrowings	95,007	94,879	75,282
Other current financial liabilities	1,496	509	2,225
Income taxes payable	17,268	3,978	2,724
Provisions	4,843	4,896	4,753
Other current liabilities	8,520	10,790	6,671
Subtotal	228,536	240,546	257,478
Liabilities directly associated with assets held for sale	3,440	—	—
Total current liabilities	231,976	240,546	257,478
Non-current liabilities			
Bonds and Borrowings	395,930	296,261	304,009
Other non-current financial liabilities	2,217	2,704	3,502
Provisions	22,260	28,546	22,362
Retirement benefit liability	9,479	7,491	10,391
Deferred tax liabilities	31,612	42,288	47,791
Other non-current liabilities	1,147	1,148	888
Total non-current liabilities	462,645	378,438	388,943
Total liabilities	694,621	618,984	646,421
Equity			
Share Capital	93,242	93,242	93,242
Share premium	86,840	87,598	87,598
Treasury shares	(32,877)	(37,959)	(37,983)
Other components of equity	41,450	38,415	25,756
Retained earnings	768,847	848,089	878,948
Total equity interest attributable to owners of parent	957,502	1,029,385	1,047,561
Non-controlling interests	62,856	83,964	103,719
Total equity	1,020,358	1,113,349	1,151,280
Total liabilities and equity	1,714,979	1,732,333	1,797,701

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Consolidated Statement of Income)

	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)
	Millions of Yen	Millions of Yen
Net sales	929,746	912,208
Cost of sales	(780,731)	(785,571)
Gross profit	149,015	126,637
Selling, general and administrative expenses	(45,820)	(49,329)
Finance income	17,364	20,967
Finance costs	(14,251)	(8,862)
Share of profit (loss) of entities accounted for using equity method	12,338	(4,901)
Other income	5,685	13,011
Other expenses	(16,045)	(8,152)
Profit before tax	108,286	89,371
Income tax expense	(13,384)	(22,130)
Profit	94,902	67,241
Profit attributable to:		
Owners of parent	90,227	66,790
Non-controlling interests	4,675	451
Profit	94,902	67,241
Earnings per share		
Basic earnings per share (Yen)	327.26	243.06
Diluted earnings per share (Yen)	295.31	243.06

(Consolidated Statement of Comprehensive Income)

	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)
	Millions of Yen	Millions of Yen
Profit	94,902	67,241
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	8,914	(6,969)
Remeasurements of defined benefit plans	1,641	(3,036)
Share of other comprehensive income of entities accounted for using equity method	148	(205)
Total items that will not be reclassified to profit or loss	10,703	(10,210)
Items that will be reclassified to profit or loss:		
Cash flow hedges	(106)	466
Exchange differences on foreign operations	(10,287)	475
Share of other comprehensive income of entities accounted for using equity method	(5,024)	(6,323)
Total items that will be reclassified to profit or loss	(15,417)	(5,382)
Other comprehensive income, net of tax	(4,714)	(15,592)
Comprehensive income	90,188	51,649
Comprehensive income attributable to:		
Owners of parent	88,893	50,351
Non-controlling interests	1,295	1,298
Comprehensive income	90,188	51,649

(3) Consolidated Statement of Changes in Equity

FY2017 (From April 1, 2017 to March 31, 2018)

	Equity interest attributable to owners of parent					
				Other components of equity		
	Share Capital	Share premium	Treasury shares	Exchange differences on foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
As of April 1, 2017	93,242	86,840	(32,877)	—	292	41,158
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	(11,944)	(51)	9,006
Total comprehensive income	—	—	—	(11,944)	(51)	9,006
Purchase of treasury shares	—	—	(5,084)	—	—	—
Disposal of treasury shares	—	1	2	—	—	—
Dividends	—	—	—	—	—	—
Changes due to business combination	—	—	—	—	—	—
Changes in interests in subsidiaries	—	25	—	—	—	0
Changes arising from the loss of control of subsidiaries	—	—	—	—	—	—
Reclassification into retained earnings	—	—	—	—	—	(46)
Other	—	732	—	—	—	—
Transactions with owners - total	—	758	(5,082)	—	—	(46)
As of March 31, 2018	93,242	87,598	(37,959)	(11,944)	241	50,118

	Equity interest attributable to owners of parent					
	Other components of equity					
	Remeasurements of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
As of April 1, 2017	—	41,450	768,847	957,502	62,856	1,020,358
Profit	—	—	90,227	90,227	4,675	94,902
Other comprehensive income	1,655	(1,334)	—	(1,334)	(3,380)	(4,714)
Total comprehensive income	1,655	(1,334)	90,227	88,893	1,295	90,188
Purchase of treasury shares	—	—	—	(5,084)	—	(5,084)
Disposal of treasury shares	—	—	—	3	—	3
Dividends	—	—	(12,686)	(12,686)	(4,448)	(17,134)
Changes due to business combination	—	—	—	—	1,713	1,713
Changes in interests in subsidiaries	—	0	—	25	22,654	22,679
Changes arising from the loss of control of subsidiaries	—	—	—	—	(106)	(106)
Reclassification into retained earnings	(1,655)	(1,701)	1,701	—	—	—
Other	—	—	—	732	—	732
Transactions with owners - total	(1,655)	(1,701)	(10,985)	(17,010)	19,813	2,803
As of March 31, 2018	—	38,415	848,089	1,029,385	83,964	1,113,349

For FY2018 (From April 1, 2018 to March 31, 2019)

	Equity interest attributable to owners of parent					
				Other components of equity		
	Share Capital	Share premium	Treasury shares	Exchange differences on foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
As of April 1, 2018	93,242	87,598	(37,959)	(11,944)	241	50,118
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	(6,629)	390	(7,120)
Total comprehensive income	—	—	—	(6,629)	390	(7,120)
Purchase of treasury shares	—	—	(25)	—	—	—
Disposal of treasury shares	—	—	1	—	—	—
Dividends	—	—	—	—	—	—
Establishment of subsidiary with non-controlling interests	—	—	—	—	—	—
Changes in interests in subsidiaries	—	—	—	—	—	—
Reclassification into retained earnings	—	—	—	—	—	700
Transactions with owners - total	—	—	(24)	—	—	700
As of March 31, 2019	93,242	87,598	(37,983)	(18,573)	631	43,698

	Equity interest attributable to owners of parent					
	Other components of equity					
	Remeasure-ments of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
As of April 1, 2018	—	38,415	848,089	1,029,385	83,964	1,113,349
Profit	—	—	66,790	66,790	451	67,241
Other comprehensive income	(3,080)	(16,439)	—	(16,439)	847	(15,592)
Total comprehensive income	(3,080)	(16,439)	66,790	50,351	1,298	51,649
Purchase of treasury shares	—	—	—	(25)	—	(25)
Disposal of treasury shares	—	—	—	1	—	1
Dividends	—	—	(32,151)	(32,151)	(5,049)	(37,200)
Establishment of subsidiary with non-controlling interests	—	—	—	—	17,976	17,976
Changes in interests in subsidiaries	—	—	—	—	5,530	5,530
Reclassification into retained earnings	3,080	3,780	(3,780)	—	—	—
Transactions with owners - total	3,080	3,780	(35,931)	(32,175)	18,457	(13,718)
As of March 31, 2019	—	25,756	878,948	1,047,561	103,719	1,151,280

(4) Consolidated Statement of Cash Flows

	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)
	Millions of Yen	Millions of Yen
Cash flows from operating activities		
Profit before tax	108,286	89,371
Depreciation and amortization expense	46,762	43,541
Impairment loss	10,103	—
Share of (profit) loss of entities accounted for using equity method	(12,338)	4,901
(Gain) loss from sales of subsidiaries	67	(9,512)
Increase (decrease) in net retirement benefit liability	(1,973)	(1,438)
Increase (decrease) in provision	6,050	(2,930)
Finance income	(17,364)	(20,967)
Finance costs	14,251	8,862
(Increase) decrease in trade and other receivables	(30,232)	3,941
(Increase) decrease in inventories	(25,204)	(14,573)
Increase (decrease) in trade and other payables	5,630	12,849
Increase (decrease) in accrued consumption taxes	2,657	1,451
Other, net	(7,606)	(3,664)
Subtotal	99,089	111,832
Interest received	1,950	2,607
Dividends received	15,927	14,662
Interest paid	(6,076)	(6,737)
Income taxes paid	(34,694)	(12,701)
Income taxes refund	2,356	5,081
Net cash provided by (used in) operating activities	78,552	114,744
Cash flows from investing activities		
Payments into time deposits	(34,901)	(32,300)
Proceeds from withdrawal of time deposits	33,307	28,674
Purchase of securities	(10,610)	—
Proceeds from redemption of securities	—	10,610
Purchase of property, plant and equipment	(42,196)	(49,657)
Purchase of intangible assets	(595)	(1,527)
Proceeds from sales of investment securities	15,393	740
Purchase of shares of subsidiaries and associates	(11,856)	(49,169)
Payments of short-term loans receivable	(225)	(969)
Collection of short-term loans receivable	565	3,698
Payments of long-term loans receivable	(47)	(75,408)
Collection of long-term loans receivable	39,589	27
Proceeds from sales of subsidiaries that will accompany a change in scope of consolidation	490	24,531

	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)
Payments for acquisition of interests	(11,122)	—
Other, net	(579)	(1,604)
Net cash provided by (used in) investing activities	(22,787)	(142,354)

	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)
	Millions of Yen	Millions of Yen
Cash flows from financing activities		
Proceeds from short-term loans payable	70,172	78,577
Repayments of short-term loans payable	(104,333)	(75,816)
Proceeds from long-term loans payable	30,795	15,928
Repayments of long-term loans payable	(117,459)	(23,985)
Proceeds from issuance of bonds	30,150	19,917
Redemption of bonds	—	(30,000)
Proceeds from share issuance to non-controlling shareholders	26,239	23,556
Repayments to non-controlling shareholders	(3,032)	—
Purchase of treasury shares	(5,082)	(25)
Cash dividends paid	(12,686)	(32,151)
Dividends paid to non-controlling interests	(4,553)	(5,049)
Other, net	(8)	1
Net cash provided by (used in) financing activities	(89,797)	(29,047)
Net increase (decrease) in cash and cash equivalents	(34,032)	(56,657)
Cash and cash equivalents at beginning of period	172,907	137,330
Effect of exchange rate change on cash and cash equivalents	(1,545)	588
Cash and cash equivalents at end of period	137,330	81,261

(5) Notes Relating to the Consolidated Financial Statements

(Note Relating to the Going Concern Assumption)

There are no pertinent items.

(Operating Segments)

(1) Summary of reportable segments

1) Decision method of the reportable segments

The reportable segments of the Company refer to constitutional units, for which separate financial information is available and that are subject to periodic reviews by the Board of Directors as the supreme, managerial decision-making organ to determine the allocation of management resources and assess their respective operating results.

The Company currently has three business divisions―Mineral Resources Div., Non-Ferrous Metals Div., Materials Div.―in the pursuit of effective business operations by products and services. Each of these business divisions plans its own comprehensive strategies to be carried out in Japan and overseas for its own product and service lines and engages in diverse business activities within the Company and through the consolidated subsidiaries and equity-method affiliates over which it holds jurisdiction. The three aforementioned businesses are classified as "Operating Segments" of the Company.

The Company has classified these operating segments into three core reportable segments of Mineral Resources, Smelting & Refining, and Materials by integrating the mineral resource businesses into Mineral Resources, the metals businesses into Smelting & Refining, and materials businesses into Materials, based on the similarity of the nature of products and services and the similarity of economic characteristics such as segment profit margin.

2) Types of products and services that belong to each reportable segment

In the Mineral Resources segment, the SMM Group mainly engages in the exploration, development and production of nonferrous metal resources in Japan and overseas, as well as sales of ores and products.

In the Smelting & Refining segment, the SMM Group mainly engages in smelting and sales of copper, nickel, ferronickel and zinc, as well as smelting and sales of precious metals such as gold, silver and platinum.

In the Materials segment, the Company mainly engages in manufacturing, processing and sales of semiconductor materials including tape materials, advanced materials including pastes, powder materials (e.g., nickel powder), battery materials (e.g., nickel hydroxide, lithium nickel oxide) and crystal materials (e.g., lithium tantalate substrates, lithium niobate substrates); and manufacturing and sales of automotive exhaust processing catalysts, chemical catalysts, petroleum refinery and desulfurization catalysts and autoclaved lightweight concrete (ALC) products.

(2) Information on the amounts of net sales, income (loss), assets and other items by reportable segment

The accounting methods employed for the reported operating segments are almost the same as the accounting policies for the creation of Consolidated Financial Statements, with the exception of the reporting by each reported segment of amounts corresponding to interest on internal loans, as determined in the statement of financial position of each segment.

The inter-segment net sales are calculated based on arm's length transaction prices.

Year Ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable Segments				Other Businesses[1]	Adjustments[2]	Consolidated Statement of Income
	Mineral Resources	Smelting & Refining	Materials	Total			
Net sales:							
Outside customers	120,648	636,025	167,619	924,292	5,454	—	929,746
Inter-segment	34,078	32,669	17,173	83,920	4,865	(88,785)	—
Total	154,726	668,694	184,792	1,008,212	10,319	(88,785)	929,746
Segment income (loss) [Profit (loss) before tax]	57,994	47,763	7,087	112,844	(7,390)	2,832	108,286
Segmental assets	493,026	680,061	236,868	1,409,955	27,807	294,571	1,732,333
Other information:							
Depreciation and amortization expense	(20,003)	(18,274)	(7,270)	(45,547)	(437)	(778)	(46,762)
Finance income	2,207	4,303	1,045	7,555	—	9,809	17,364
Finance costs	(2,496)	(3,620)	(276)	(6,392)	(9)	(7,850)	(14,251)
Share of profit (loss) of entities accounted for using equity method	3,716	6,016	3,262	12,994	—	(656)	12,338
Impairment losses on non-financial assets	—	(596)	(9,259)	(9,855)	(248)	—	(10,103)
Other profit (loss)	530	(4,194)	167	(3,497)	(5,938)	(925)	(10,360)
Capital expenditures	32,499	19,168	18,970	70,637	809	3,229	74,675
Investments accounted for using equity method	178,343	101,869	24,660	304,872	—	(4,840)	300,032

Year Ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable Segments				Other Businesses[1]	Adjustments[2]	Consolidated Statement of Income
	Mineral Resources	Smelting & Refining	Materials	Total			
Net sales:							
Outside customers	100,099	605,393	203,008	908,500	3,708	—	912,208
Inter-segment	29,979	32,386	16,388	78,753	5,156	(83,909)	—
Total	130,078	637,779	219,396	987,253	8,864	(83,909)	912,208
Segment income (loss) [Profit (loss) before tax]	36,465	40,935	13,780	91,180	(2,007)	198	89,371
Segmental assets	611,084	693,126	256,389	1,560,599	28,211	208,891	1,797,701
Other information:							
Depreciation and amortization expense	(15,390)	(18,945)	(7,817)	(42,152)	(427)	(962)	(43,541)
Finance income	2,579	3,923	1,079	7,581	3	13,383	20,967
Finance costs	(2,494)	(4,888)	(346)	(7,728)	(5)	(1,129)	(8,862)
Share of profit (loss) of entities accounted for using equity method	(14,021)	5,989	3,217	(4,815)	—	(86)	(4,901)
Impairment losses on non-financial assets	—	—	—	—	—	—	—
Other profit (loss)	10,549	(2,619)	348	8,278	(2,317)	(1,102)	4,859
Capital expenditures	13,573	13,688	14,308	41,569	854	5,022	47,445
Investments accounted for using equity method	241,210	104,285	24,715	370,210	—	(7,045)	363,165

Notes:

1. The Other Businesses segment refers to operating segments and other income-seeking business activities that are under the control of the Head Office divisions/departments and are engaged in by business segments other than those included in the

reportable segments. Other Businesses include real estate and technical engineering businesses.

2. The adjustments are as follows:

1) The adjustments for segment income (loss) are as follows:

(Millions of yen)

	FY2017	FY2018
Head Office expenses not allocated to each reportable segment [a]	(1,684)	(3,731)
Internal interest rate	378	794
Eliminations of inter-segmental transactions among the reportable segments	(660)	(7,734)
Income/expenses not allocated to each reportable segment [b]	4,798	10,869
Adjustments for segment income (loss)	2,832	198

a. The Head Office expenses not allocated to each reportable segment consist of general administrative expenses not attributable to the reportable segments.

b. Income/expenses not allocated to each reportable segment consist of finance income and costs, etc. not attributable to reportable segments.

2) The adjustments for segmental assets are as follows:

(Millions of yen)

	FY2017	FY2018
Corporate assets not allocated to each reportable segment*	549,225	628,576
Offsets and eliminations, etc. of inter-segmental receivables among the reportable segments, including those toward Head Office divisions/departments	(254,654)	(419,685)
Adjustments for segmental assets	294,571	208,891

* The corporate assets not allocated to each reportable segment refer to the assets under the control of the Administration Dept. at the Head Office, which are not attributable to the reportable segments.

3) The adjustments for depreciation and amortization expense refer to depreciation and amortization expense at the Head Office divisions/departments, which are not allocated to the reportable segments.

4) The adjustments for finance income and costs refer to interest income and interest expenses at the Head Office divisions/departments, which are not allocated to the reportable segments, and eliminations of transactions among the reportable segments.

5) The adjustments for share of profit (loss) of entities accounted for using equity method refer to the deduction of unrealized income relating to the inter-segmental transactions among the reportable segments.

6) The adjustments for other profit or loss refer to other profit and other expenses at the Head Office divisions/departments, which are not allocated to the reportable segments, and eliminations of transactions among the reportable segments.

7) The adjustments for capital expenditures refer to increases at the Head Office divisions/departments, which are not allocated to the reportable segments.

8) The adjustments for investments accounted for using equity method refer to exchange differences on foreign operations.

(Per Share Information)

	FY2017 (from April 1, 2017, to March 31, 2018)	FY2018 (from April 1, 2018, to March 31, 2019)
Profit attributable to owners of parent (Millions of yen)	90,227	66,790
Adjustments for profit (Millions of yen)	272	—
Profit used to calculate diluted earnings per share (Millions of yen)	90,499	66,790
Weighted average number of ordinary shares outstanding (Thousands of shares)	275,703	274,790
Increase in shares of common stock (Thousands of shares)	30,755	—
Weighted average number of diluted common stock (Thousands of shares)	306,458	274,790
Basic earnings per share (Yen)	327.26	243.06
Diluted earnings per share (Yen)	295.31	243.06

(Note) The Company carried out a consolidation of share at the ratio of 2 share to 1 share on October 1, 2017. Basic earnings per share and diluted earnings per share have been calculated on the assumption that the said consolidation of share was carried out at the beginning of the previous fiscal year.

(Significant Subsequent Event)

There are no pertinent items.

(First-time Adoption)

The SMM Group has started to disclose IFRS-compliant Consolidated Financial Statements from the fiscal year ended March 31, 2019. The latest J-GAAP-compliant consolidated financial statements were prepared for the fiscal year ended March 31, 2018, and the transition date to IFRS was April 1, 2017.

(1) Exemption under IFRS 1

A company adopting IFRS for the first time (hereinafter "first-time adopter") is required to apply the standards imposed under IFRS on a retroactive basis, provided, however, that IFRS 1 "First-time Adoption of International Financial Reporting Standards" (hereinafter "IFRS 1") defines standards subjected to mandatory application of exemption (from the aforementioned retroactive application), in contrast to those subjected to optional application of exemption. Impacts from the application of these exemptions are adjusted by retained earnings, or other components of equity on the date of transition to IFRS. In the process of transition to IFRS from J-GAAP, the SMM Group applied the following exemptions.

- Business combinations

A first-time adopter is allowed to opt not to retroactively apply IFRS 3 "Business Combinations" (hereinafter the "IFRS 3") to the business combinations that took place before the date of transition to IFRS. The SMM Group opted, by applying this exemption, not to retroactively apply IFRS 3 to the business combinations that took place before the date of transition. As a result, the amount of goodwill arising from the business combinations prior to the transition date is recognized at carrying amount at the transition date based on the J-GAAP.

Incidentally, goodwill is subjected to impairment test on the transition date, regardless of whether there is an indication of impairment.

- Exchange differences on foreign operations

Under IFRS 1, entities are allowed to opt for an approach whereby it may assume the cumulative amount of exchange differences on foreign operations at the date of transition to IFRS to be zero. The SMM Group opted for assuming such cumulative exchange differences on foreign operations to be zero at the transition date.

- Leases

IFRS 1 allows a first-time adopter to determine whether a contract contains a lease at the date of transition to IFRS. The SMM Group applied this exemption and determined whether contracts contain lease, based on the facts and circumstance existing at the transition date.

- Decommissioning liabilities included in the cost of property, plant and equipment

With respect to the measurement of liabilities associated with decommissioning, etc. (hereinafter "decommissioning liabilities") which are included in the cost of property, plant and equipment, IFRS 1 allows entities to choose either a method in which decommissioning liabilities are measured retroactively from the point in time when such liabilities first arose, or a method in which decommissioning liabilities are measured at the transition date. The SMM Group opted for the latter in measuring decommissioning liabilities which are included in the cost of property, plant and equipment.

- Borrowing costs

IFRS 1 allows entities to commence capitalizing the borrowing costs associated with qualifying assets on the date of the transition to IFRS. The SMM Group capitalizes the borrowing costs associated with qualifying assets that arise on or after the transition date.

- Designation of previously recognized financial instruments

With respect to classification in IFRS 9 "Financial Instruments" (hereinafter the "IFRS 9"), IFRS 1 allows entities to determine such classification based on the facts and circumstance existing at the transition date, rather than those existing at the initial recognition. Furthermore, it allows entities to designate changes in fair value of equity instruments as financial assets measured through other comprehensive income, subject to the facts and circumstance existing at the transition date.

The SMM Group determines the classification under IFRS 9, based on the facts and circumstance existing at the transition date, while designating equity instruments as financial assets measured through other comprehensive income.

(2) Mandatory exemption under IFRS 1

IFRS 1 prohibits retroactive application of IFRS with respect to "estimates," "derecognition of financial assets and financial liabilities," "hedge accounting," "non-controlling interests," and "classification and measurement of financial assets." Thus the SMM Group applies IFRS with respect to these items for the period subsequent to the transition date.

(3) Reconciliation

The reconciliation required to disclose at the first-time adoption of IFRS is as follows.

"Effects of changes in closing dates" in this reconciliation include effects of the changes under IFRS at consolidated subsidiaries adopting different closing dates. In the meantime, "reclassification" includes items that have no effects on retained earnings and comprehensive income, while "difference in recognition and measurement" includes items that have effects on retained earnings and comprehensive income.

Reconciliation of equity as of April 1, 2017 (transition date)

Line items presented under J-GAAP	J-GAAP	Effects of changes in closing dates	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line items presented under IFRS
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen		
Assets							Assets
Current assets							Current assets
Cash and deposits	81,317	2,972	88,618	—	172,907	A	Cash and cash equivalents
Notes and accounts receivable-trade	103,886	(921)	58,886	2,120	163,971	A	Trade and other receivables
Securities	89,000	(261)	(86,357)	—	2,382	A	Other current financial assets
Inventories	218,535	(112)	(1,017)	37,659	255,065	A	Inventories
Deferred tax assets	1,225	—	(1,225)	—	—	C	
Other	100,425	(63)	(63,145)	(17,052)	20,165	A	Other current assets
Allowance for doubtful accounts	(735)	—	735	—	—	A	
Total current assets	593,653	1,615	(3,505)	22,727	614,490		Subtotal
	—	—	2,430	—	2,430	A	Assets held for sale
	593,653	1,615	(1,075)	22,727	616,920		Total current assets
Non-current assets							Non-current assets
Property, plant and equipment	483,456	(1,819)	(3,427)	1,853	480,063	B	Property, plant and equipment
Intangible assets	47,590	(381)	—	(161)	47,048		Intangible assets and goodwill
	—	—	3,427	—	3,427	B	Investment property
Investment securities	422,226	—	(129,520)	(257)	292,449	C	Investments accounted for using equity method
Long-term loans receivable	61,000	—	(61,000)	—	—	C	
	—	(433)	245,974	6,174	251,715	C	Other non-current financial assets
Deferred tax assets	5,666	971	1,225	(393)	7,469	C	Deferred tax assets
Net defined benefit asset	263	—	(263)	—	—		
Other	71,361	(6)	(55,538)	71	15,888	C	Other non-current assets
Allowance for doubtful accounts	(197)	—	197	—	—	C	
Total non-current assets	1,091,365	(1,668)	1,075	7,287	1,098,059		Total non-current assets
Total assets	1,685,018	(53)	—	30,014	1,714,979		Total assets

Line items presented under J-GAAP	J-GAAP	Effects of changes in closing dates	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line items presented under IFRS
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen		
							Liabilities and equity
Liabilities							Liabilities
Current liabilities							Current liabilities
Notes and accounts payable-trade	47,306	(283)	32,742	21,637	101,402	D	Trade and other payables
Short-term loans payable	96,940	—	(1,957)	24	95,007	D	Bonds and borrowings
Income taxes payable	17,274	—	(6)	—	17,268		Income taxes payable
Deferred tax liabilities	842	—	(842)	—	—	E	
Provision for bonuses	3,435	—	(3,435)	—	—	D	
	—	32	230	1,234	1,496	D	Other current financial liabilities
Provision for furnace repair works	1,117	—	—	(1,117)	—	D	
Other provision	943	—	(943)	—	—	D	
Other	42,986	38	(34,390)	(114)	8,520	D	Other current liabilities
	—	—	4,319	524	4,843	D	Provisions
Total current liabilities	210,843	(213)	(4,282)	22,188	228,536		Subtotal
	—	—	3,440	—	3,440	D	Liabilities directly associated with assets held for sale
	210,843	(213)	(842)	22,188	231,976		Total current liabilities
Non-current liabilities							Non-current liabilities
Bonds payable	40,000	—	(40,000)	—	—	E	
Long-term loans payable	358,564	—	40,000	(2,634)	395,930	E	Bonds and borrowings
Deferred tax liabilities	21,807	418	842	8,545	31,612	E	Deferred tax liabilities
Provision for loss on business restructuring	1,004	—	(1,004)	—	—	E	
Allowance for decommissioning preparations	7,799	—	(7,799)	—	—	E	
Other provision	486	—	(486)	—	—	E	
	—	—	18,251	4,009	22,260	E	Provisions
Net defined benefit liability	9,118	—	23	338	9,479		Retirement benefit liabilities
Asset retirement obligations	8,985	—	(8,985)	—	—	E	
Other	2,291	—	(1,144)	—	1,147		Other non-current liabilities
	—	125	1,144	948	2,217	E	Other non-current financial liabilities
Total non-current liabilities	450,054	543	842	11,206	462,645		Total non-current liabilities
Total liabilities	660,897	330	—	33,394	694,621		Total liabilities
Net assets							Equity
Capital stock	93,242	—	—	—	93,242		Share capital
Capital surplus	86,504	—	—	336	86,840		Share premium
Treasury shares	(32,877)	—	—	—	(32,877)		Treasury shares
Total accumulated other comprehensive income	96,749	(818)	—	(54,481)	41,450	F	Other components of equity
Retained earnings	718,072	435	—	50,340	768,847	F	Retained earnings
	961,690	(383)	—	(3,805)	957,502		Total equity attributable to owners of parent
Non-controlling interests	62,431	—	—	425	62,856		Non-controlling interests
Total net assets	1,024,121	(383)	—	(3,380)	1,020,358		Total equity
Total liabilities and net assets	1,685,018	(53)	—	30,014	1,714,979		Total liabilities and equity

<Notes to the reconciliation of equity at the date of transition to IFRS (as of April 1, 2017)>

A) Cash and cash equivalents, trade and other receivables, other financial assets, inventories, other current assets, and assets held for sale

Reclassification:

Term deposits with over three months maturity which were included in "cash and deposits" under J-GAAP are reclassified into "other financial assets" (current) under IFRS, while negotiable certificates of deposit that were included in "securities" under J-GAAP have been reclassified as "cash and cash equivalents" under IFRS.

Accounts receivable – other which were included in "other" under J-GAAP have been reclassified into "trade and other receivables" under IFRS, while "allowance for doubtful accounts" (current) which were also included in "other" under J-GAAP, is directly deducted from "trade and other receivables" under IFRS.

Assets of subsidiaries covered under the stock purchase and sale agreement valid at the transition date have been reclassified into "assets held for sale."

Recognition and measurement:

[Trade and other receivables]

Under J-GAAP, revenue from some of the transactions of sales of goods was recognized upon customer acceptance, while under IFRS, it is recognized at the time when control over the goods is transferred. As a result, "trade and other receivables" increased by ¥2,120 million.

[Inventories and other current assets]

Under J-GAAP, some of the raw materials were recognized based on customer acceptance criteria, while under IFRS, they are recognized at the time when control over the goods is transferred. As a result, "inventories" increased by ¥37,659 million. Following the above change, advance payments for such raw materials were offset by "trade and other payables," resulting in ¥17,052 million decrease in "other current assets."

B) Property, plant and equipment, and investment property

Reclassification:

"Investment property" that was presented under J-GAAP in "property, plant and equipment" has been reclassified to be presented separately on its own.

Recognition and measurement:

[Property, plant and equipment]

Under J-GAAP, asset retirement obligations were recognized continuously at an amount measured by using the discount rate used at initial recognition, whereas under IFRS such amount was remeasured by using the discount rate adjusted at the end of the reporting period, resulting in ¥1,853 million increase in "property, plant and equipment."

C) Investments accounted for using equity method, other financial assets, and deferred tax assets

Reclassification:

Shares of subsidiaries and associates that were included in "investment securities" under J-GAAP have been separately presented as "investments accounted for using equity method" under IFRS, while "investment securities" other than the aforementioned, and long-term accounts receivables that were included in "other" (non-current) under J-GAAP have been reclassified into "other financial assets" (non-current) under IFRS. "Long-term loans receivable," etc. under J-GAAP have been reclassified into "other financial assets" (non-current) under IFRS, while "allowance for doubtful accounts" (non-current) under J-GAAP is directly deducted from "other financial assets" (non-current) under IFRS. Meanwhile, an amount presented as "deferred tax assets" (current) has been reclassified as "deferred tax assets" (non-current) under IFRS.

Recognition and measurement:

[Other financial assets]

Financial instruments such as unlisted shares considered to pose extreme difficulty in determining fair value were recognized at cost under J-GAAP, whereas fair value of such financial instruments is estimated by using appropriate valuation techniques under IFRS, resulting in ¥6,174 million increase in "other financial assets" (non-current).

D) Trade and other payables, other financial liabilities, provisions, and liabilities directly associated with assets held for sale

Reclassification:

Accounts payable and accrued expenses, etc. that were presented in "other" under J-GAAP have been reclassified into "trade and other payables" under IFRS, while "provision for bonuses" and "other provision" (current) that were presented separately in current liabilities under J-GAAP have been reclassified into "provisions" (current) under IFRS.

Liabilities directly associated with assets of subsidiaries covered under the stock purchase and sale agreement valid at the transition date have been reclassified into "liabilities directly associated with assets held for sale."

Recognition and measurement:

[Trade and other payables]

Under J-GAAP, some of the raw materials were recognized based on customer acceptance criteria, while under IFRS they are recognized at the time when control over the goods is acquired. Also fixed asset tax, which under J-GAAP was recognized over the fiscal years in which such tax was paid, started to be wholly charged to expense on the base date for assessment under IFRS, while corresponding liabilities are recognized. As a result of the aforementioned, "trade and other payables" increased by ¥21,637 million.

[Provision for furnace repair works]

"Provision for furnace repair works" which was recognized as a provision under J-GAAP has been reversed for not qualifying for provision under IFRS, resulting in ¥1,117 million decrease in such provision.

[Other financial liabilities]

Some of the financial instruments (specifically forward sales agreement) which were subjected to hedge accounting under J-GAAP started to be subjected to fair value option under IFRS with its futures portion valued at fair value, resulting in ¥1,234 million increase in "other financial liabilities."

[Provisions]

Unused paid leave for which no provision was recognized under J-GAAP started to be treated as labor cost involving recognition of provision under IFRS, resulting in ¥524 million increase in "provisions" (current).

E) Bonds and borrowings, deferred tax liabilities, provisions and other financial liabilities

Reclassification:

"Bonds payable" and "long-term loans payable" under J-GAAP have been combined into "bonds and borrowings" (non-current) under IFRS, while provisions such as "provision for loss on business restructuring" and "allowance for decommissioning preparations" as well as "asset retirement obligations" under J-GAAP have been reclassified into "provisions" (non-current) under IFRS. Meanwhile, "deferred tax liabilities" (current) under J-GAAP have been reclassified as "deferred tax liabilities" (non-current) under IFRS.

Recognition and measurement:

[Bonds and borrowings]

Loans with share acquisition rights classified as "long-term loans payable" under J-GAAP are treated under IFRS as compound financial instruments, part of which being recognized in "retained earnings," resulting in ¥2,634 million decrease in "bonds and borrowings" (non-current).

[Deferred tax liabilities]

Since deferred tax liabilities started to be recognized in principle under IFRS for the taxable temporary differences arising from retained profits and foreign currency translation adjustment at affiliates, "deferred tax liabilities" increased by ¥8,545 million.

[Provisions]

Under J-GAAP, asset retirement obligations are recognized continuously at an amount measured by using the discount rate used at initial recognition, whereas under IFRS such amount was remeasured by using the discount rate adjusted at the end of the reporting period, resulting in ¥4,009 million increase in "provisions" (non-current).

[Other financial liabilities]

For the leasing arrangements that did not take legal forms under J-GAAP, those effectively considered as leasing arrangement have started to involve recognition of lease obligations under IFRS, resulting in ¥948 million increase in "other financial liabilities" (non-current).

F) Retained earnings, and other components of equity

Recognition and measurement:

Main items of the reconciliation concerning retained earnings are as follows.

	Date of transition to IFRS (As of April 1, 2017)
	Millions of yen
Reclassification of cumulative exchange differences at foreign subsidiaries	57,272
Adjustment of trade receivables and inventories	1,799
Adjustment to compound financial instruments	1,599
Adjustment by tax effect	(6,531)
Adjustment to asset retirement obligations	(1,509)
Adjustment to liabilities on levies	(1,338)
Other	(952)
Total	50,340

[Reclassification of cumulative exchange differences at foreign subsidiaries]

As IFRS 1 allows entities to assume the cumulative exchange differences associated with investments in foreign operations to be zero at the date of transition to IFRS, such cumulative exchange differences were reclassified at the date of transition to IFRS from "other components of equity" into "retained earnings." As a result, "other components of equity" decreased by ¥57,272 million, while "retained earnings" increased by the same amount.

[Adjustment of trade receivables and inventories]

As IFRS requires use of the same cost formula for all inventories with similar nature and use, it was necessary to change cost formula for part of inventories, resulting in ¥1,799 million increase in "retained earnings."

[Adjustment to compound financial instruments]

As IFRS requires compound financial instruments to be classified into liabilities and equity as basis for further accounting treatment, some compound financial instruments started to be treated as "retained earnings," resulting in ¥1,599 million increase in "retained earnings."

[Adjustment by tax effect]

Since deferred tax liabilities started to be recognized in principle under IFRS for the taxable temporary differences arising from retained profits at affiliates, "retained earnings" decreased by ¥6,531 million.

[Adjustment to asset retirement obligations]

Under J-GAAP, asset retirement obligations were recognized continuously at an amount measured by using the discount rate used at initial recognition, whereas under IFRS such amount was remeasured by using the discount rate adjusted at the end of the reporting period, resulting in ¥1,509 million decrease in "retained earnings."

[Adjustment to liabilities on levies]

Fixed asset tax, which under J-GAAP was recognized over the fiscal years in which such tax was paid, started to be wholly charged to expense on the base date for assessment under IFRS, while corresponding liabilities are recognized. As a result, "retained earnings" decreased by ¥1,338 million.

Reconciliation of equity as of March 31, 2018 (at the end of the previous fiscal year)

Line items presented under J-GAAP	J-GAAP	Effects of changes in closing dates	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line items presented under IFRS
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen		
Assets							Assets
Current assets							Current assets
Cash and deposits	73,589	2,285	61,456	—	137,330	A	Cash and cash equivalents
Notes and accounts receivable-trade	148,761	(1,655)	9,346	(488)	155,964	A	Trade and other receivables
Securities	63,125	(2)	(45,268)	307	18,162	A	Other current financial assets
Inventories	233,184	173	—	44,755	278,112	A	Inventories
Deferred tax assets	1,424	—	(1,424)	—	—	C	
Other	68,005	(64)	(26,191)	(16,188)	25,562	A	Other current assets
Allowance for doubtful accounts	(657)	—	657	—	—	A	
Total current assets	587,431	737	(1,424)	28,386	615,130		Total current assets
Non-current assets							Non-current assets
Property, plant and equipment	464,414	(1,728)	(3,427)	2,629	461,888	B	Property, plant and equipment
Intangible assets	65,950	(379)	—	124	65,695		Intangible assets and goodwill
	—	—	3,427	—	3,427	B	Investment property
Investment securities	441,583	—	(142,322)	771	300,032	C	Investments accounted for using equity method
Long-term loans receivable	43,231	—	(43,231)	—	—	C	
	—	(986)	251,620	4,575	255,209	C	Other non-current financial assets
Deferred tax assets	14,597	132	1,424	(490)	15,663	C	Deferred tax assets
Net defined benefit asset	242	—	(242)	—	—		
Other	81,782	(6)	(66,018)	(469)	15,289	C	Other non-current assets
Allowance for doubtful accounts	(193)	—	193	—	—	C	
Total non-current assets	1,111,606	(2,967)	1,424	7,140	1,117,203		Total non-current assets
Total assets	1,699,037	(2,230)	—	35,526	1,732,333		Total assets

Line items presented under J-GAAP	J-GAAP	Effects of changes in closing dates	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line items presented under IFRS
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen		
							Liabilities and equity
Liabilities							Liabilities
Current liabilities							Current liabilities
Notes and accounts payable-trade	45,756	(67)	55,719	24,086	125,494	D	Trade and other payables
Short-term loans payable	64,888	—	30,000	(9)	94,879	E	Bonds and borrowings
Current portion of bonds	30,000	—	(30,000)	—	—	E	
Income taxes payable	4,022	—	—	(44)	3,978		Income taxes payable
Deferred tax liabilities	1,342	—	(1,342)	—	—	E	
Provision for bonuses	3,630	—	(3,630)	—	—	D	
	—	(26)	418	117	509		Other current financial liabilities
Provision for furnace repair works	341	—	—	(341)	—		
Other provision	745	—	(745)	—	—	D	
Other	67,039	18	(56,138)	(129)	10,790	D	Other current liabilities
	—	—	4,376	520	4,896	D	Provisions
Total current liabilities	217,763	(75)	(1,342)	24,200	240,546		Total current liabilities
Non-current liabilities							Non-current liabilities
Bonds payable	40,150	—	(40,150)	—	—	E	
Long-term loans payable	257,409	—	40,150	(1,298)	296,261	E	Bonds and borrowings
Deferred tax liabilities	29,039	39	1,342	11,868	42,288	E	Deferred tax liabilities
Provision for loss on business restructuring	1,346	—	(1,346)	—	—	E	
Allowance for decommissioning preparations	13,418	—	(13,418)	—	—	E	
Other provision	424	—	(424)	—	—	E	
	—	(254)	24,476	4,324	28,546	E	Provisions
Net defined benefit liability	7,461	—	30	—	7,491		Retirement benefit liabilities
Asset retirement obligations	9,318	—	(9,318)	—	—	E	
Other	2,701	—	(1,553)	—	1,148		Other non-current liabilities
	—	(3)	1,553	1,154	2,704	E	Other non-current financial liabilities
Total non-current liabilities	361,266	(218)	1,342	16,048	378,438		Total non-current liabilities
Total liabilities	579,029	(293)	—	40,248	618,984		Total liabilities
Net assets							Equity
Capital stock	93,242	—	—	—	93,242		Share capital
Capital surplus	86,530	—	—	1,068	87,598	E	Share premium
Treasury shares	(37,959)	—	—	—	(37,959)		Treasury shares
Total accumulated other comprehensive income	97,590	(2,466)	—	(56,709)	38,415	F	Other components of equity
Retained earnings	797,034	529	—	50,526	848,089	F	Retained earnings
	1,036,437	(1,937)	—	(5,115)	1,029,385		Total equity attributable to owners of parent
Non-controlling interests	83,571	—	—	393	83,964		Non-controlling interests
Total net assets	1,120,008	(1,937)	—	(4,722)	1,113,349		Total equity
Total liabilities and net assets	1,699,037	(2,230)	—	35,526	1,732,333		Total liabilities and equity

< Notes to the reconciliation of equity for the previous fiscal year (as of March 31, 2018)>

A) Cash and cash equivalents, trade and other receivables, other financial assets, inventories, and other current assets

Reclassification:

Term deposits with over three months maturity which were included in “cash and deposits” under J-GAAP, are reclassified into “other financial assets (current)” under IFRS, while negotiable certificates of deposit that were included in “securities” under J-GAAP have been reclassified as “cash and cash equivalents” under IFRS. Accounts receivable – other which were included in “other” of current liabilities under J-GAAP have been reclassified into “trade and other receivables” under IFRS, while “allowance for doubtful accounts” (current) which were also included in “other” under J-GAAP, is directly deducted from “trade and other receivables” under IFRS.

Recognition and measurement:

[Trade and other receivables]

Revenue from some of the transactions of sales of goods which was recognized on a delivery basis under J-GAAP, is recognized at the time when control over the goods is transferred under IFRS, resulting in ¥488 million decrease in “trade and other receivables.”

[Inventories and other current assets]

Under J-GAAP, some of the raw materials were recognized based on customer acceptance criteria, while under IFRS, they are recognized at the time when control over the goods is transferred. As a result, “inventories” increased by ¥44,755 million. Following the above change, advance payments for such raw materials were offset by “trade and other payables,” resulting in ¥16,188 million decrease in “other current assets.”

B) Property, plant and equipment, and investment property

Reclassification:

“Investment property” that was presented under J-GAAP in “property, plant and equipment” has been reclassified to be presented separately on its own.

Recognition and measurement:

[Property, plant and equipment]

Under J-GAAP, asset retirement obligations were recognized continuously at an amount measured by using the discount rate used at initial recognition, whereas under IFRS such amount was remeasured by using the discount rate adjusted at the end of the reporting period, resulting in ¥2,629 million increase in “property, plant and equipment.”

C) Investments accounted for using equity method, other financial assets, and deferred tax assets

Reclassification:

Shares of subsidiaries and associates that were included in “investment securities” under J-GAAP, have been separately presented as “investments accounted for using equity method” under IFRS, while “investment securities” other than the aforementioned, and long-term accounts receivables that were included in “other” (non-current) under J-GAAP have been reclassified into “other financial assets” (non-current) under IFRS. “Long-term loans receivable,” etc. under J-GAAP have been reclassified into “other financial assets” (non-current) under IFRS, while “allowance for doubtful accounts” (non-current) under J-GAAP is directly deducted from “other financial assets” (non-current) under IFRS. Meanwhile, an amount presented as “deferred tax assets” (current) has been reclassified as “deferred tax assets” (non-current) under IFRS.

Recognition and measurement:

[Other financial assets]

Financial instruments such as unlisted shares considered to pose extreme difficulty in determining fair value were recognized at cost under J-GAAP, whereas fair value of such financial instruments is estimated by using appropriate valuation techniques under IFRS, resulting in ¥4,575 million increase in “other financial assets” (non-current).

D) Trade and other payables, and provisions

Reclassification:

Accounts payable and accrued expenses, etc. that were presented in “other” of current liabilities under J-GAAP, have been reclassified into “trade and other payables” under IFRS, while “provision for bonuses” and “other provision” (current) that were presented separately in current liabilities under J-GAAP have been reclassified into “provisions” (current) under IFRS.

Recognition and measurement:
[Trade and other payables]
Under J-GAAP, some of the raw materials were recognized based on customer acceptance criteria, while under IFRS they are recognized at the time when control over the goods is acquired. Also fixed asset tax, which under J-GAAP was recognized over the fiscal years in which such tax was paid, started to be wholly charged to expense on the base date for assessment under IFRS, while corresponding liabilities are recognized. As a result of the aforementioned, "trade and other payables" increased by ¥24,086 million.

[Provisions]
Unused paid leave for which no provision was recognized under J-GAAP started to be treated as labor cost involving recognition of provision under IFRS, resulting in ¥520 million increase in "provisions" (current).

E) Bonds and borrowings, deferred tax liabilities, provisions and other financial liabilities
Reclassification:
"Short-term loans payable" and "current portion of bonds" under J-GAAP have been combined into "bonds and borrowings" (current) under IFRS, while "bonds payable" and "long-term loans payable" under J-GAAP have been combined into "bonds and borrowings" (non-current) under IFRS. Provisions such as "provision for loss on business restructuring" and "allowance for decommissioning preparations" as well as "asset retirement obligations" under J-GAAP have been reclassified into "provisions" (non-current) under IFRS. Meanwhile, "deferred tax liabilities" (current) under J-GAAP have been reclassified as "deferred tax liabilities" (non-current) under IFRS.

Recognition and measurement
[Bonds and borrowings]
Convertible bond-type bonds with share acquisition rights included in "bonds payable" under J-GAAP are treated under IFRS as compound financial instruments, and partially recognized in "share premium," resulting in ¥1,298 million decrease in "bonds and borrowings" (non-current).

[Deferred tax liabilities]
Since deferred tax liabilities started to be recognized under IFRS for the whole amount of taxable temporary differences arising from retained profits and foreign currency translation adjustment at affiliates, "deferred tax liabilities" (non-current) increased by ¥11,868 million.

[Provisions]
Under J-GAAP, asset retirement obligations were recognized continuously at an amount measured by using the discount rate used at initial recognition, whereas under IFRS such amount was remeasured by using the discount rate adjusted at the end of the reporting period, resulting in ¥4,324 million increase in "provisions" (non-current).

[Other financial liabilities]
For the leasing arrangements that did not take legal forms under J-GAAP, those effectively considered as leasing arrangement have started to involve recognition of lease obligations under IFRS, resulting in ¥1,154 million increase in "other financial liabilities" (non-current).

F) Retained earnings, and other components of equity
Recognition and measurement
Main items of the reconciliation concerning retained earnings are as follows.

	Previous fiscal year ended March 31, 2018 (As of March 31, 2018)
	Millions of yen
Reclassification of cumulative exchange differences at foreign subsidiaries	57,272
Adjustment of trade receivables and inventories	5,190
Adjustment to remeasurements of defined benefit plans	2,500
Adjustment by tax effect	(10,724)
Adjustment to asset retirement obligations	(1,776)
Adjustment to liabilities on levies	(1,345)
Other	(591)
Total	50,526

[Reclassification of cumulative exchange differences at foreign subsidiaries]
As IFRS 1 allows entities to assume the cumulative exchange differences associated with investments in foreign

operations to be zero at the date of transition to IFRS, such cumulative exchange differences were reclassified at the date of transition to IFRS from “other components of equity” into “retained earnings.” As a result, “other components of equity” decreased by ¥57,272 million, while “retained earnings” increased by the same amount.

[Adjustment of trade receivables and inventories]

As IFRS requires use of the same cost formula for all inventories with similar nature and use, it was necessary to change cost formula for part of inventories, resulting in ¥5,190 million increase in “retained earnings.”

[Adjustment to remeasurements of defined benefit plans]

Actuarial gains and losses under J-GAAP were recognized in other comprehensive income at the time of occurrence, and then were evenly amortized over the period within the average remaining years of service of the eligible employees from the fiscal year following such occurrence, whereas under IFRS, actuarial gains and losses are recognized in other comprehensive income at the time of occurrence, and then immediately recognized in “retained earnings,” resulting in ¥2,500 million increase in “retained earnings.”

[Adjustment by tax effect]

Since deferred tax liabilities started to be recognized in principle under IFRS for the taxable temporary differences arising from retained profits at affiliates, “retained earnings” decreased by ¥10,724 million.

[Adjustment to asset retirement obligations]

Under J-GAAP, asset retirement obligations were recognized continuously at an amount measured by using the discount rate used at initial recognition, whereas under IFRS such amount was remeasured by using the discount rate adjusted at the end of the reporting period, resulting in ¥1,776 million decrease in “retained earnings.”

[Adjustment to liabilities on levies]

Fixed asset tax, which under J-GAAP was recognized over the fiscal years in which such tax was paid, started to be wholly charged to expense on the base date for assessment under IFRS, while corresponding liabilities are recognized. As a result, “retained earnings” decreased by ¥1,345 million.

Reconciliation to profit or loss and other comprehensive income for the previous fiscal year (from April 1, 2017 to March 31, 2018)

Line items presented under J-GAAP	J-GAAP	Effects of changes in closing dates	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line items presented under IFRS
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen		
Net sales	933,517	(1,188)	—	(2,583)	929,746	A	Net sales
Cost of sales	(776,428)	637	(9,622)	4,682	(780,731)	A	Cost of sales
Gross profit	157,089	(551)	(9,622)	2,099	149,015		Gross profit
	—	—	5,280	405	5,685	B	Other income
Selling, general and administrative expenses	(46,886)	50	—	1,016	(45,820)		Selling, general and administrative expenses
	—	9	(16,488)	434	(16,045)	B	Other expenses
Non-operating income	30,198	—	(30,198)	—	—	B	
Non-operating expenses	(15,548)	—	15,548	—	—	B	
Extraordinary income	1,315	—	(1,315)	—	—	B	
Extraordinary losses	(20,373)	—	20,373	—	—	A,B	
	—	(9)	16,997	376	17,364	B	Finance income
	—	—	(11,942)	(2,309)	(14,251)	B	Finance costs
	—	—	11,367	971	12,338	B	Share of profit (loss) of entities accounted for using equity method
Profit before income taxes	105,795	(501)	—	2,992	108,286		Profit before tax
Income taxes - current	(14,069)	—	14,069	—	—	B	
Income taxes - deferred	4,603	—	(4,603)	—	—	B	
	—	10	(9,466)	(3,928)	(13,384)	B	Income tax expense
Profit	96,329	(491)	—	(936)	94,902		Profit
Other comprehensive income							Other comprehensive income
							Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	10,810	(333)	—	(1,563)	8,914	C	Financial assets measured at fair value through other comprehensive income
Remeasurements of defined benefit plans, net of tax	1,954	—	—	(313)	1,641	C	Remeasurements of defined benefit plans
	—	—	94	54	148		Share of other comprehensive income of entities accounted for using equity method
	12,764	(333)	94	(1,822)	10,703		Total items
							Items that will be reclassified to profit or loss
Deferred gains or losses on hedges	(1,124)	433	—	585	(106)	C	Cash flow hedges
Foreign currency translation adjustment	(9,568)	(796)	—	77	(10,287)		Exchange differences translation on foreign operations
Share of other comprehensive income of entities accounted for using equity method	(4,590)	—	(94)	(340)	(5,024)		Share of other comprehensive income of entities accounted for using equity method
	(15,282)	(363)	(94)	322	(15,417)		Total items
Total other comprehensive income	(2,518)	(696)	—	(1,500)	(4,714)		Other comprehensive income, net of tax
Comprehensive income	93,811	(1,187)	—	(2,436)	90,188		Comprehensive income

A) Net sales and cost of sales

Reclassification:

Impairment loss presented in “extraordinary losses” under J-GAAP has been reclassified in “cost of sales” under IFRS.

Recognition and measurement:

Revenue from some of the transactions of sales of goods which was recognized on a delivery basis under J-GAAP, is recognized at the time when control over the goods is transferred under IFRS, resulting in ¥2,583 million decrease in “net sales.” For the similar reason coupled with a change in cost formula, “cost of sales” decreased by ¥4,682 million.

B) Other income, other expenses, finance income, finance costs, share of profit of entities accounted for using equity method, and income tax expense

Reclassification:

Of the items presented in “non-operating income,” “non-operating expenses,” “extraordinary income,” and “extraordinary losses” under J-GAAP, those concerning profit or loss related to finance are reclassified into “finance income” and “finance costs,” while all other items into “other income,” “other expenses,” and “share of profit of entities accounted for using equity method” under IFRS. Meanwhile, “income taxes – current,” and “income taxes – deferred” that were separately presented under J-GAAP are now wholly presented in “income tax expense” under IFRS.

Recognition and measurement:

[Finance costs]

Following the repayment of borrowings, expenses associated with such borrowings were amortized at once, resulting in ¥2,309 million increase in “finance costs.”

C) Other comprehensive income, net of tax

Recognition and measurement:

[Financial assets measured at fair value through other comprehensive income]

Financial instruments such as unlisted shares considered to pose extreme difficulty in determining fair value were recognized at cost under J-GAAP, whereas fair value of such financial instruments is estimated by using appropriate valuation techniques under IFRS, resulting in ¥1,563 million decrease in “financial assets measured at fair value through other comprehensive income.”

[Remeasurements of defined benefit plans]

Actuarial gains and losses under J-GAAP were recognized in “other comprehensive income” at the time of occurrence, and then were evenly amortized over the period within the average remaining years of service of the eligible employees from the fiscal year following such occurrence, whereas under IFRS, actuarial gains and losses are recognized in “other comprehensive income” at the time of occurrence, and then immediately recognized in “retained earnings,” resulting in ¥313 million decrease in “remeasurements of defined benefit plans.”

[Cash flow hedges]

Derivatives that met the hedge accounting requirements were recognized by deferred hedge accounting under J-GAAP, whereas some of such derivatives are subjected to fair value hedge accounting under IFRS, resulting in ¥585 million increase in “cash flow hedges.”

Reconciliation to cash flows for the previous fiscal year (from April 1, 2017 to March 31, 2018)

There is no material difference between the Consolidated Statement of Cash Flows disclosed under J-GAAP and that under IFRS.

4. Others

Sales

Sales Volume, Unit Price and Net Sales for Major Products (the Company)

Segment	Product	Unit	A FY2017	B FY2018	B-A Increase/decrease
Mineral Resources	Gold and silver ores	t	134,103	146,959	12,856
		¥1,000/DMT	190	170	-20
		¥million	25,413	24,986	-427
	(Gold content)	(kg)	(6,000)	(6,000)	(0)
Smelting & Refining	Copper	t	447,673	460,705	13,032
		¥1,000/t	721	712	-9
		¥million	322,734	328,169	5,435
	Gold	kg	21,631	21,645	14
		¥/g	4,576	4,503	-73
		¥million	98,982	97,461	-1,521
	Silver	kg	216,338	233,197	16,859
		¥1,000/kg	61	55	-6
		¥million	13,120	12,920	-200
	Nickel	t	74,538	67,971	-6,567
		¥1,000/t	1,265	1,506	241
		¥million	94,295	102,394	8,099
Materials	Semiconductor materials and advanced materials	¥million	114,351	154,231	39,880

Notes:

1. The Company mainly engages in project production for these major products because the ratio of build-to-order production is low.
2. Nickel above includes ferronickel.