

Consolidated Financial Results of the Year ended March 31, 2017 (IFRS)

Corporate Name: NIKON CORPORATION

Securities code number: 7731

Stock exchange listings: Tokyo

Representative: Kazuo Ushida, President and Representative Director

Contact: Yosuke Toyoda, Department Manager, Corporate Communications Department

TEL: +81-3-6433-3741

URL: <http://www.nikon.co.jp>

(Amounts are rounded to the nearest millions of yen)

1. Consolidated Results of the year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(1) Consolidated Operating Results

(Percentage represents year-on-year changes)

	Revenue		Operating Profit		Profit before income taxes		Profit for the year		Profit attributable to owners of the parent		Total comprehensive income for the year	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	749,273	(10.9)	774	(97.8)	3,068	(92.2)	4,057	(86.5)	3,967	(86.8)	9,737	—
Year ended March 31, 2016	841,040	—	35,266	—	39,546	—	30,044	—	29,947	—	(9,943)	—

	Basic earnings per share	Diluted earnings per share	Ratio of profit to equity attributable to owners of the parent	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
Year ended March 31, 2017	10.01	9.98	0.7	0.3	0.1
Year ended March 31, 2016	75.55	75.37	5.5	4.0	4.2

(Notes) Share of the profit of associates accounted for using the equity method :
 Year ended March 31, 2017 518Millions of yen
 Year ended March 31, 2016 1,040Millions of yen

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity per share attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%	yen
As of March 31, 2017	1,018,351	538,150	537,524	52.8	1,356.69
As of March 31, 2016	982,564	537,078	536,555	54.6	1,354.28

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	97,342	(40,693)	15,522	319,046
Year ended March 31, 2016	107,512	(83,178)	(18,174)	251,210

2. Dividends

	Dividend per share					Total cash dividend (annual)	Dividend Payout ratio (Consolidated)	Ratio of dividend to equity attributable to owners of the parent (consolidated)
	First quarter ended	Second quarter ended	Third quarter ended	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	—	8.00	—	10.00	18.00	7,142	23.8	1.3
Year ended March 31, 2017	—	12.00	—	4.00	16.00	6,348	159.8	1.2
Year ending March 31, 2018 (Forecast)	—	—	—	—	—		—	

(Note) The dividends for the fiscal year ending March 31, 2018 are not determined yet.

3. Consolidated Financial Forecasts for the year ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Percentage represents comparisons to the same period the previous year)

	Revenue		Operating Profit		Profit before income taxes		Profit attributable to owners of the parent		Basic earnings per share attributable to owners of the parent
	Millions yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter ending September 30, 2017	328,000	—	11,000	—	12,000	—	6,000	—	15.14
Full year	700,000	(6.6)	45,000	—	47,000	—	34,000	757.1	85.82

(Note) Explanation regarding object of audit

This report is not subject to audit required under the Financial Instruments and Exchange Act of Japan. However, the consolidated financial statements disclosed in the Securities Report for the year ended March 31, 2017 released on June 29, 2017 have been audited in accordance with the Financial Instruments and Exchange Law of Japan.

(Note) Appropriate use of business forecasts; other special items

1. Nikon Corporation has voluntarily adopted the International Financial Reporting Standards (IFRS) from the consolidated financial statements in the Securities Report for the year ended March 31, 2017. Nikon Corporation disclosed consolidated financial results prepared in accordance with Japanese generally accepted accounting principles (Japanese GAAP) for the same fiscal year on May 11, 2017.
2. Performance forecasts and other forward-looking statements included in this report are based on information currently available and on certain assumptions deemed rational at the time of this report's release. Due to various circumstances, however, actual results may differ significantly from such statements.

Contents

1. Consolidated Financial Statements	4
(1) Consolidated Statement of Financial Position	4
(2) Consolidated Statement of Profit or Loss and Comprehensive Income	6
(3) Consolidated Statement of Changes in Equity	8
(4) Consolidated Statement of Cash Flows	10
(5) Notes to Consolidated Financial Statements	11
(Segment Information)	12
(Earnings per share)	15
2. First-time adoption of IFRS	16

1. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of April 1, 2015	As of March 31, 2016	As of March 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	259,625	251,210	319,046
Trade and other receivables	129,361	104,601	96,221
Inventories	272,270	263,720	220,400
Other current financial assets	4,439	7,973	9,163
Other current assets	13,830	12,786	14,183
(Subtotal)	679,525	640,291	659,013
Non-current assets held for sale	266	—	—
Total current assets	679,791	640,291	659,013
Non-current assets			
Property, plant and equipment	147,070	127,403	121,827
Goodwill and intangible assets	31,639	70,621	67,752
Net defined benefit assets	5,821	1,162	5,489
Investments accounted for using the equity method	10,196	10,645	11,696
Other non-current financial assets	79,413	71,123	85,343
Deferred tax assets	53,996	60,298	62,883
Other non-current assets	1,495	1,022	4,349
Total non-current assets	329,628	342,274	359,338
Total assets	1,009,420	982,564	1,018,351

(Millions of yen)

	As of April 1, 2015	As of March 31, 2016	As of March 31, 2017
LIABILITIES/ EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables	125,719	124,131	112,870
Bonds and borrowings	28,600	26,498	23,601
Income tax payable	5,417	4,272	3,567
Advances received	99,644	104,548	111,395
Provisions	9,193	7,970	6,926
Other current financial liabilities	40,420	33,092	31,213
Other current liabilities	38,195	37,222	52,347
Total current liabilities	347,188	337,732	341,918
Non-current liabilities			
Bonds and borrowings	84,436	84,071	114,477
Net defined benefit liabilities	8,438	8,889	8,624
Provisions	3,624	4,102	4,131
Deferred tax liabilities	364	5,482	5,193
Other non-current financial liabilities	3,276	2,465	2,991
Other non-current liabilities	2,564	2,745	2,868
Total non-current liabilities	102,701	107,754	138,283
Total liabilities	449,889	445,487	480,201
EQUITY			
Capital stock	65,476	65,476	65,476
Capital surplus	80,981	81,234	81,163
Treasury stock	(12,413)	(13,255)	(13,215)
Other components of equity	11,057	(25,522)	(25,381)
Retained earnings	413,928	428,622	429,481
Equity attributable to owners of the parent	559,029	536,555	537,524
Non-controlling interests	502	523	626
Total equity	559,531	537,078	538,150
Total liabilities and equity	1,009,420	982,564	1,018,351

(2) Consolidated Statement of Profit or Loss and Comprehensive Income
 Consolidated Statement of Profit or Loss

(Millions of yen)

	For the year ended March 31 2016	For the year ended March 31 2017
Revenue	841,040	749,273
Cost of sales	(522,232)	(443,153)
Gross profit	318,808	306,121
Selling, general and administrative expenses	(276,988)	(247,548)
Other income	8,685	3,606
Other expenses	(15,239)	(61,404)
Operating Profit	35,266	774
Finance income	7,432	5,781
Finance costs	(4,192)	(4,006)
Share of the profit of associates accounted for using the equity method	1,040	518
Profit before income tax	39,546	3,068
Income tax expenses	(9,502)	990
Profit for the year	30,044	4,057
Attributable to:		
Owners of the parent	29,947	3,967
Non-controlling interests	97	91
Profit for the year	30,044	4,057
Earnings per share		
Basic earnings per share (Yen)	75.55	10.01
Diluted earnings per share (Yen)	75.37	9.98

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the year ended March 31 2016	For the year ended March 31 2017
Profit for the year	30,044	4,057
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Gain/ loss on financial assets measured at fair value through other comprehensive income	(8,424)	7,338
Remeasurement of defined benefit pension plans	(3,472)	3,307
Share of other comprehensive income of associates accounted for using the equity method	18	(17)
Total of those that will not be reclassified subsequently to profit or loss	(11,879)	10,628
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(27,856)	(4,248)
Effective portion of the change in fair value on cash flow hedges	(35)	(363)
Share of other comprehensive income of associates accounted for using the equity method	(216)	(337)
Total of those that may be reclassified subsequently to profit or loss	(28,108)	(4,948)
Other comprehensive income, net of taxes	(39,987)	5,680
Total comprehensive income for the year	(9,943)	9,737
Attributable to:		
Owners of the parent	(9,987)	9,676
Non-controlling interests	45	61
Total comprehensive income for the year	(9,943)	9,737

(3) Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent					
	Capital stock	Capital surplus	Treasury stock	Other components of equity		
				Gain/ loss on financial assets measured at fair value through other comprehensive income	Remeasurement of defined benefit pension plans	Share of other comprehensive income of affiliates accounted for using the equity method
As of April 1, 2015	65,476	80,981	(12,413)	10,822	—	(2)
Profit for the year	—	—	—	—	—	—
Other comprehensive income	—	—	—	(8,424)	(3,472)	(199)
Total comprehensive income for the year	—	—	—	(8,424)	(3,472)	(199)
Dividends	—	—	—	—	—	—
Acquisition and disposal of treasury stock	—	(0)	(976)	—	—	—
Share-based payments	—	340	134	—	—	—
Changes in equity attributable to owners of the parent arising from transactions with non-controlling interests	—	(87)	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(99)	3,472	(18)
Total transactions with the owners	—	253	(842)	(99)	3,472	(18)
As of March 31, 2016	65,476	81,234	(13,255)	2,300	—	(218)
Profit for the year	—	—	—	—	—	—
Other comprehensive income	—	—	—	7,338	3,307	(354)
Total comprehensive income for the year	—	—	—	7,338	3,307	(354)
Dividends	—	—	—	—	—	—
Acquisition and disposal of treasury stock	—	(0)	(4)	—	—	—
Share-based payments	—	(71)	44	—	—	—
Incorporation of new subsidiaries	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(2,278)	(3,307)	16
Total transactions with the owners	—	(71)	40	(2,278)	(3,307)	16
As of March 31, 2017	65,476	81,163	(13,215)	7,360	—	(557)

(Millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total		
	Exchange differences on translation of foreign operations	Effective portion of the change in fair value on cash flow hedge	Total				
As of April 1, 2015	—	237	11,057	413,928	559,029	502	559,531
Profit for the year	—	—	—	29,947	29,947	97	30,044
Other comprehensive income	(27,804)	(35)	(39,934)	—	(39,934)	(52)	(39,987)
Total comprehensive income for the year	(27,804)	(35)	(39,934)	29,947	(9,987)	45	(9,943)
Dividends	—	—	—	(11,902)	(11,902)	(24)	(11,926)
Acquisition and disposal of treasury stock	—	—	—	—	(976)	—	(976)
Share-based payments	—	—	—	5	479	—	479
Changes in equity attributable to owners of the parent arising from transactions with non-controlling interests	—	—	—	—	(87)	—	(87)
Transfer from other components of equity to retained earnings	—	—	3,356	(3,356)	—	—	—
Total transactions with the owners	—	—	3,356	(15,253)	(12,486)	(24)	(12,510)
As of March 31, 2016	(27,804)	201	(25,522)	428,622	536,555	523	537,078
Profit for the year	—	—	—	3,967	3,967	91	4,057
Other comprehensive income	(4,218)	(363)	5,710	—	5,710	(30)	5,680
Total comprehensive income for the year	(4,218)	(363)	5,710	3,967	9,676	61	9,737
Dividends	—	—	—	(8,729)	(8,729)	(45)	(8,774)
Acquisition and disposal of treasury stock	—	—	—	—	(5)	—	(5)
Share-based payments	—	—	—	52	26	—	26
Incorporation of new subsidiaries	—	—	—	—	—	88	88
Transfer from other components of equity to retained earnings	—	—	(5,569)	5,569	—	—	—
Total transactions with the owners	—	—	(5,569)	(3,108)	(8,708)	43	(8,665)
As of March 31, 2017	(32,022)	(162)	(25,381)	429,481	537,524	626	538,150

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the year ended March 31 2016	For the year ended March 31 2017
Net cash provided (used) by operating activities		
Profit before income taxes	39,546	3,068
Depreciation and amortization	38,811	33,972
Impairment loss	8,449	5,351
Interest and dividends income	(3,256)	(3,245)
Share of the (profit) loss of associates accounted for using the equity method	(1,040)	(518)
Gains on sale of property, plant and equipment	(3,148)	(39)
Interest expenses	1,418	1,314
Decrease (increase) in trade and other receivables	30,956	7,432
Decrease (increase) in inventories	(1,263)	42,229
Increase (decrease) in trade and other payables	3,474	(13,130)
Increase (decrease) in advances received	4,855	5,719
Increase (decrease) in provisions	(2,083)	(1,104)
Increase (decrease) in net defined benefit assets and liabilities	478	302
Others, net	164	23,252
Subtotal	117,362	104,603
Interest and dividend income received	4,338	4,671
Interest expenses (paid) refund	(1,405)	(1,248)
Payment for loss on Competition Law	—	(1,307)
Income taxes (paid) refund	(12,783)	(9,377)
Net cash provided (used) by operating activities	107,512	97,342
Net cash provided (used) by investing activities		
Purchase of property, plant and equipment	(21,957)	(21,295)
Proceeds from sales of property, plant and equipment	3,678	271
Purchase of intangible assets	(12,121)	(9,119)
Purchase of investment securities	(6,791)	(8,835)
Proceeds from sales of investment securities	1,009	5,851
Transfer to term deposits	(19,559)	(8,867)
Proceeds from withdrawal from term deposits	15,854	5,822
Purchase of shares of subsidiaries resulting in change in the consolidation scope	(43,563)	(1,100)
Others, net	271	(3,420)
Net cash provided (used) by investing activities	(83,178)	(40,693)
Net cash provided (used) by financing activities		
Net increase (decrease) in short-term borrowings	(0)	—
Proceeds from long-term borrowings	12,500	38,780
Repayment of long-term borrowings and bonds	(15,000)	(12,903)
Cash dividends paid	(11,910)	(8,734)
Cash dividends paid to non-controlling interests	(24)	(45)
Others, net	(3,739)	(1,576)
Net cash provided (used) by financing activities	(18,174)	15,522
Effect of exchange rate changes on cash and cash equivalents	(14,575)	(4,335)
Net increase (decrease) in cash and cash equivalents	(8,415)	67,836
Cash and cash equivalents at the beginning of the year	259,625	251,210
Cash and cash equivalents at the end of the year	251,210	319,046

(5) Notes to Consolidated Financial Statements

(Segment Information)

(1) Outline of Reportable Business Segments

The business segments that the Group reports are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business results.

The Company had introduced an in-house company system since 1999, where each business unit engaged in the establishment of a consistent and independent responsibility system for operating results and also in the implementation of decentralized management structure. From June 27, 2014, however, those business units have been reorganized into the business divisions under the direct control of the president of the Company to more directly reflect management decisions in the business administration and to build a system capable of carrying out a fundamental restructuring. Furthermore, in the medium-term management plan "Next 100-Transform to Grow," announced in June 2014, the Group added the Medical Business into its primary business segments and fully entered the Medical Business in the first quarter of the year ended March 31, 2016 through the acquisition of Optos Plc. In consideration of the similarity of economic characteristics, the Group integrated its business divisions into four reportable segments consisting of "Precision Equipment Business," "Imaging Products Business," "Instruments Business," and "Medical Business."

The Precision Equipment Business provides products and services of IC steppers and LCD steppers. The Imaging Products Business provides products and services of imaging products and its peripheral domain, such as digital SLR cameras, compact digital cameras and interchangeable camera lenses. The Instruments Business provides products and services of microscopes, measuring instruments, x-ray/CT inspection systems, etc. Medical Business provides retinal diagnostic imaging equipment and services of Optos Plc.

In February 2017, the Group aggregated its domestic functions related to the manufacture of optical components, which had respectively belonged to each individual business, to a consolidated subsidiary "Tochigi Nikon Corporation," and created a new manufacturing base in order to strengthen the manufacturing technology of optical components, which is the core of the superiority of the Group's products, and to enhance the efficiency of its production system. From the year ended March 31, 2017, this manufacturing base is included in "Other."

(2) Segment Information

Profit or loss of reportable segments is based on operating profit.

The amounts of intersegment are based on current market prices.

As of April 1, 2015

(Millions of yen)

	Reportable segments					Other (Note1)	Total	Reconciliation (Note2)	Consolidation
	Precision Equipment	Imaging	Instruments	Medical	Total				
Segment assets	229,073	223,024	65,021	—	517,119	69,883	587,002	422,417	1,009,420

(Notes) 1. The "Other" category consists of operations not included in the reportable segments such as the Glass Business, the Customized Products Business, etc.

2. Reconciliation of segment assets includes corporate assets that cannot be attributable to any reportable segments of 435,080 million yen, and elimination of intersegment transactions of minus 12,663 million yen. Principal components of corporate assets are surplus funds (cash and cash equivalents) held by the Company and its consolidated subsidiaries, long-term investments (shares), deferred tax assets, and some property, plant and equipment used in common.

For the year ended March 31, 2016

(Millions of yen)

	Reportable segments					Other (Note1)	Total	Reconciliation (Note2)	Consolidation (Note3)
	Precision Equipment	Imaging	Instruments	Medical	Total				
Revenue									
External customers	200,538	520,487	77,242	18,312	816,579	24,461	841,040	—	841,040
Intersegment	399	503	1,011	—	1,913	21,533	23,446	(23,446)	—
Total	200,936	520,989	78,254	18,312	818,491	45,995	864,486	(23,446)	841,040
Segment profit (loss)	9,441	46,796	3,383	(2,147)	57,473	4,291	61,764	(26,498)	35,266
Finance income									7,432
Finance costs									(4,192)
Share of the profit of associates accounted for using the equity method									1,040
Profit before income taxes									39,546
Segment assets	197,990	185,288	67,534	56,946	507,758	62,917	570,676	411,889	982,564
Other items:									
Impairment loss	7,048	792	39	—	7,878	571	8,449	—	8,449
Depreciation and amortization	3,195	19,556	2,749	1,980	27,480	6,387	33,867	4,944	38,811
Increase in property, plant, and equipment, goodwill and intangible assets	9,739	10,608	3,021	46,671	70,039	6,878	76,917	5,580	82,497

(Notes) 1. The "Other" category consists of operations not included in the reportable segments such as the Glass Business, the Customized Products Business, etc.

2. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of 1 million yen and corporate profit (loss) that cannot be attributable to any reportable segments of minus 26,499 million yen. In addition, reconciliation of segment assets includes corporate assets that cannot be attributable to any reportable segments of 420,156 million yen, and elimination of intersegment transactions of minus 8,267 million yen. Principal components of corporate assets are surplus funds (cash and cash equivalents) held by the Company and its consolidated subsidiaries, long-term investments (shares), deferred tax assets, and some property, plant and equipment used in common.

3. Reconciliation is made between segment profit (loss) and operating profit reported in the consolidated financial statements.

For the year ended March 31, 2017

(Millions of yen)

	Reportable segments					Other (Note1)	Total	Reconciliation (Note2)	Consolidation (Note3)
	Precision Equipment	Imaging	Instruments	Medical	Total				
Revenue									
External	248,026	383,024	73,449	20,276	724,776	24,498	749,273	—	749,273
Intersegment	312	747	867	70	1,997	27,506	29,502	(29,502)	—
Total	248,339	383,771	74,317	20,346	726,772	52,003	778,776	(29,502)	749,273
Segment profit (loss) 4	13,463	17,150	1,279	(1,599)	30,292	3,396	33,688	(32,914)	774
Finance income									5,781
Finance costs									(4,006)
Share of the profit of associates accounted for using the equity method									518
Profit before income taxes									3,068
Segment assets	154,969	158,348	74,100	57,631	445,047	81,143	526,191	492,160	1,018,351
Other items:									
Impairment loss	4,183	728	—	—	4,912	440	5,351	—	5,351
Depreciation and amortization	2,931	16,168	2,714	2,176	23,989	5,330	29,319	4,653	33,972
Increase in property, plant, and equipment, goodwill and intangible assets	7,511	8,519	3,689	1,847	21,566	10,451	32,017	4,220	36,237

(Notes) 1. The "Other" category consists of operations not included in the reportable segments such as the Glass Business, the Customized Products Business, etc.

2. Reconciliation of segment profit (loss) includes elimination of intersegment transactions of minus 539 million yen and corporate profit (loss) that cannot be attributable to any reportable segments of minus 32,375 million yen. In addition, reconciliation of segment assets includes corporate assets that cannot be attributable to any reportable segments of 506,179 million yen, and elimination of intersegment transactions of minus 14,019 million yen. Principal components of corporate assets are surplus funds (cash and cash equivalents) held by the Company and its consolidated subsidiaries, long-term investments (shares), deferred tax assets, and some property, plant and equipment used in common.

3. Reconciliation is made between segment profit (loss) and operating profit reported in the consolidated financial statements.

4. The restructuring costs recognized in the segment profit (loss) for each reportable segment are minus 34,723 million yen for Precision Equipment Business, minus 10,971 million yen for Imaging Products Business, minus 692 million yen for Instruments Business, minus 232 million yen for Medical Business and minus 1,438 million yen for Other Business, respectively. The corporate profit (loss) that cannot be attributable to any reportable segments and recognized in segment profit (loss) is minus 5,313 million yen.

(3) Geographic Information

Revenues to external customers

(Millions of yen)

	For the year ended March 31, 2016	For the year ended March 31, 2017
Japan	116,449	126,347
United States	231,034	181,715
Europe	168,459	124,609
China	138,297	148,997
Other	186,800	167,605
Total	841,040	749,273

(Note) Segment revenue is based on the geographical locations of customers which are categorized either by country or region.

Except for Japan, United States and China, the countries or regions are primarily categorized as follows.

1. Europe: United Kingdom, France and Germany;
2. Others: Canada, Asia excluding Japan and China, Middle East, Oceania and Latin-America.

Non-current assets

(Millions of yen)

	As of April 1, 2015	As of March 31, 2016	As of March 31, 2017
Japan	101,832	98,158	101,574
North America	6,369	5,353	4,755
Europe	11,031	51,303	52,009
China	18,465	12,637	8,571
Thailand	39,115	29,041	24,700
Other	3,391	2,554	2,318
Total	180,203	199,046	193,927

(Note) Non-current assets are based on the geographical locations of assets which are categorized either by country or region.

Except for Japan, China and Thailand, the countries or regions are primarily categorized as follows.

1. North America: the United States and Canada;
2. Europe: United Kingdom, France and Germany;
3. Others: Asia excluding Japan, China and Thailand, Middle East, Oceania and Latin-America.

Financial instruments, deferred tax assets and net defined benefit assets are not included in the above.

(4) Information about Major Customers

This information is not shown as there is no single customer who contributed 10% or more to the consolidated revenues for the year ended March 31, 2016 and 2017, respectively.

(Earnings per share)

The basis for the calculation of basic earnings per share and diluted earnings per share attributable to owners of the parent is as follows:

	For the year ended March 31, 2016	For the year ended March 31, 2017
Basis for the calculation of the basic earnings per share		
Profit attributable to owners of the parent (millions of yen)	29,947	3,967
Profit not attributable to ordinary equity holders of the parent (millions of yen)	—	—
Profit for the year used in the calculation of basic earnings per share (millions of yen)	29,947	3,967
Weighted average number of ordinary shares outstanding during the period (thousands of shares)	396,409	396,195
Basic earnings per share (yen)	75.55	10.01
Basis for the calculation of the diluted earnings per share		
Profit for the year used in the calculation of basic earnings per share (millions of yen)	29,947	3,967
Adjustment to the profit for the year (millions of yen)	—	—
Profit for the year used in the calculation of diluted earnings per share (millions of yen)	29,947	3,967
Weighted average number of ordinary shares outstanding during the period (thousands of shares)	396,409	396,195
Increase in number of ordinary shares in respect of stock options (thousands of shares)	937	1,124
Weighted average number of dilutive ordinary shares outstanding during the period (thousands of shares)	397,346	397,319
Diluted earnings per share (yen)	75.37	9.98
Summary of dilutive potential ordinary shares that are antidilutive and excluded from the weighted average number of dilutive ordinary shares	Stock options approved at the Board of Directors meeting held on February 27, 2007 (62 subscription rights to shares) 62 thousand ordinary shares	—

(Note) On computation of basic earnings per share and diluted earnings per share, following number of the Company's shares held by the executive compensation BIP trust is included in the number of treasury stocks that are deducted from the weighted average number of ordinary shares outstanding during the period.

For the year ended March 31, 2016 is 354,281 shares; for the year ended March 31, 2017 is 576,900 shares.

2. First time adoption of IFRS

The Group has disclosed its consolidated financial statements in accordance with International Financial Reporting Standards (hereafter, "IFRS") from the year ended March 31, 2017. The most recent consolidated financial statements prepared in accordance with Japanese generally accepted accounting principles (hereafter, "Japanese GAAP") are for the year ended March 31, 2016. The date of transition to IFRS is April 1, 2015.

In principle, IFRS 1 requires first-time adopters to apply IFRS retrospectively. However, for some aspects of the requirements, IFRS 1 defines exceptions and exemptions from retrospective applications.

(Exceptions to the retrospective application under IFRS 1)

IFRS 1 prohibits retrospective application of estimates, derecognition of financial assets and financial liabilities, hedge accounting and non-controlling interests and requires an entity to apply these items prospectively from the transition date.

(Exemptions from the retrospective application under IFRS 1)

The exemptions from the retrospective application that the Group has applied are described as follows.

- Business combinations

The Group has elected not to apply IFRS 3 Business Combinations retrospectively in regards to business combinations that occurred prior to the transition date. Goodwill that arose from the business combinations prior to the transition date was tested for impairment as of the transition date in accordance with IAS 36 Impairment of Assets and then reported at carrying amount under the previously adopted accounting standard Japanese GAAP.

- Exchange differences on translation of foreign operations

The Group has transferred all cumulative exchange differences on translation of foreign operations as of the transition date to retained earnings.

Following statements of reconciliation are required to be disclosed for the first time adoption of IFRS.

"Reclassification" column in each reconciliation statement represents the items that do not affect retained earnings and comprehensive income. "Differences in recognition and measurement" column in each reconciliation statement represents the items that affect retained earnings or comprehensive income.

(1) Reconciliation of Equity

Reconciliation of Equity as of April 1, 2015 (At the transition date to IFRS)

(Millions of yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in Recognition and Measurement	IFRS	Notes	Presentation under IFRS
ASSETS						ASSETS
Current assets						Current assets
Cash and deposits	262,501	(2,876)	-	259,625		Cash and cash equivalents
Notes and accounts receivable -trade	129,931	(1,790)	1,221	129,361	(A)	Trade and other receivables
Inventories	257,481	-	14,789	272,270	(A)	Inventories
Deferred tax assets	42,152	(42,152)	-	-		
Allowance for doubtful accounts	(4,160)	4,160	-	-		
	-	4,460	(20)	4,439		Other current financial assets
Other	17,775	(3,952)	7	13,830		Other current assets
	705,680	(42,152)	15,996	679,525		Subtotal
	-	266	-	266		Non-current assets held for sale
Total current assets	705,680	(41,885)	15,996	679,791		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	148,085	(266)	(750)	147,070		Property, plant and equipment
Intangible assets	28,371	-	3,268	31,639	(B),(C)	Goodwill and intangible assets
Net defined benefit assets	9,659	-	(3,838)	5,821	(G)	Net defined benefit assets
Investment securities	80,860	(80,860)	-	-		
	-	10,083	113	10,196		Investments accounted for using the equity method
	-	79,727	(314)	79,413		Other non-current financial assets
Deferred tax assets	10,153	42,152	1,691	53,996	(E)	Deferred tax assets
Allowance for doubtful accounts	(286)	286	-	-		
Other	10,587	(9,237)	144	1,495		Other non-current assets
Total non-current assets	287,429	41,885	314	329,628		Total non-current assets
Total assets	993,109	-	16,311	1,009,420		Total assets

(Millions of yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in Recognition and Measurement	IFRS	Notes	Presentation under IFRS
LIABILITIES						LIABILITIES
Current liabilities						Current liabilities
Notes and accounts payable-trade	113,724	11,995	-	125,719		Trade and other payables
Short-term loans payable	28,600	-	-	28,600		Bonds and borrowings
Lease obligations	1,012	(1,012)	-	-		
Accrued expenses	56,948	(56,948)	-	-		
Income taxes payable	5,038	-	379	5,417		Income tax payable
Advances received	76,950	-	22,695	99,644	(A)	Advances received
Provision for product warranties	9,166	433	(406)	9,193		Provisions
	-	40,231	189	40,420		Other current financial liabilities
Other	24,781	4,760	8,653	38,195	(F)	Other current liabilities
Total current liabilities	316,219	(542)	31,511	347,188		Total current liabilities
Non-current liabilities						Non-current liabilities
Bonds payable	50,000	34,600	(164)	84,436		Bonds and borrowings
Long-term loans payable	34,600	(34,600)	-	-		
Net defined benefit liabilities	8,477	-	(39)	8,438		Net defined benefit liabilities
Asset retirement obligations	3,624	-	-	3,624		Provisions
Deferred tax liabilities	11,472	542	(11,651)	364	(E)	Deferred tax liabilities
Lease obligations	1,286	(1,286)	-	-		
	-	3,276	-	3,276		Other non-current financial liabilities
Other	4,020	(1,990)	533	2,564	(F)	Other non-current liabilities
Total non-current liabilities	113,479	542	(11,321)	102,701		Total non-current liabilities
Total liabilities	429,698	-	20,190	449,889		Total liabilities
NET ASSETS						EQUITY
Shareholders' equity						
Capital stock	65,476	-	-	65,476		Capital stock
Capital surplus	80,712	1,133	(863)	80,981		Capital surplus
Treasury stock	(12,413)	-	-	(12,413)		Treasury stock
Accumulated other comprehensive income	58,271	-	(47,214)	11,057	(D), (G),(H)	Other components of equity
Subscription rights to shares	1,133	(1,133)	-	-		
Retained earnings	369,725	-	44,202	413,928	(I)	Retained earnings
	562,904	-	(3,874)	559,029		Equity attributable to owners of the parent
Non-controlling interests	507	-	(5)	502		Non-controlling interests
Total net assets	563,411	-	(3,880)	559,531		Total equity
Total liabilities and net assets	993,109	-	16,311	1,009,420		Total liabilities and equity

Reconciliation of Equity as of March 31, 2016 (At the end of the previous year)

(Millions of yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in Recognition and Measurement	IFRS	Notes	Presentation under IFRS
ASSETS						ASSETS
Current assets						Current assets
Cash and deposits	256,596	(5,386)	-	251,210		Cash and cash equivalents
Notes and accounts receivable -trade	98,417	5,847	336	104,601	(A)	Trade and other receivables
Inventories	263,418	-	302	263,720	(A)	Inventories
Deferred tax assets	42,805	(42,805)	-	-		
Allowance for doubtful accounts	(2,434)	2,434	-	-		
	-	7,992	(19)	7,973		Other current financial assets
Other	23,596	(10,925)	116	12,786		Others current assets
Total current assets	682,398	(42,843)	735	640,291		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	127,660	-	(257)	127,403		Property, plant and equipment
Intangible assets	63,902	-	6,719	70,621	(B),(C)	Goodwill and intangible assets
Net defined benefit assets	1,700	-	(538)	1,162	(G)	Net defined benefit assets
Investment securities	73,971	(73,971)	-	-		
	-	10,400	246	10,645		Investments accounted for using the equity method
	-	72,079	(956)	71,123		Other non-current financial assets
Deferred tax assets	7,591	42,805	9,902	60,298	(E)	Deferred tax assets
Allowance for doubtful accounts	(44)	44	-	-		
Other	9,401	(8,513)	135	1,022		Other non-current assets
Total non-current assets	284,180	42,843	15,251	342,274		Total non-current assets
Total assets	966,578	-	15,986	982,564		Total assets

(Millions of yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in Recognition and Measurement	IFRS	Notes	Presentation under IFRS
LIABILITIES						LIABILITIES
Current liabilities						Current liabilities
Notes and accounts payable-trade	117,399	6,731	-	124,131		Trade and other payables
Short-term loans payable	16,500	10,000	(2)	26,498		Bonds and borrowings
Current portion of bonds	10,000	(10,000)	-	-		
Lease obligations	771	(771)	-	-		
Accrued expenses	52,057	(52,057)	-	-		
Income taxes payable	4,012	-	260	4,272		Income tax payable
Advances received	102,998	-	1,550	104,548	(A)	Advances received
Provision for product warranties	7,066	903	1	7,970		Provisions
	-	32,982	110	33,092		Other current financial liabilities
Other	17,101	11,904	8,217	37,222	(F)	Other current liabilities
Total current liabilities	327,904	(308)	10,137	337,732		Total current liabilities
Non-current liabilities						Non-current liabilities
Bonds payable	40,000	44,200	(129)	84,071		Bonds and borrowings
Long-term loans payable	44,200	(44,200)	-	-		
Net defined benefit liabilities	8,902	-	(13)	8,889		Net defined benefit liabilities
Asset retirement obligations	3,658	-	444	4,102		Provisions
Deferred tax liabilities	8,952	257	(3,727)	5,482	(E)	Deferred tax liabilities
Lease obligations	1,301	(1,301)	-	-		
	-	2,465	-	2,465		Other non-current financial liabilities
Other	3,382	(1,113)	477	2,745	(F)	Other non-current liabilities
Total non-current liabilities	110,394	308	(2,948)	107,754		Total non-current liabilities
Total liabilities	438,298	-	7,189	445,487		Total liabilities
NET ASSETS						EQUITY
Shareholders' equity						
Capital stock	65,476	-	-	65,476		Capital stock
Capital surplus	80,624	1,339	(729)	81,234		Capital surplus
Treasury stock	(13,255)	-	-	(13,255)		Treasury stock
Accumulated other comprehensive income	17,563	-	(43,085)	(25,522)	(D), (G),(H)	Other components of equity
Subscription rights to shares	1,339	(1,339)	-	-		
Retained earnings	376,002	-	52,620	428,622	(I)	Retained earnings
	527,750	-	8,805	536,555		Equity attributable to owners of the parent
Non-controlling interests	530	-	(8)	523		Non-controlling interests
Total net assets	528,280	-	8,798	537,078		Total equity
Total liabilities and net assets	966,578	-	15,986	982,564		Total liabilities and equity

Reconciliation of the Equity as of April 1, 2015 (at the transition date) and March 31, 2016 (at the end of previous year)

(Notes on the Differences in Recognition and Measurement)

The following differences in recognition and measurement between Japanese GAAP and IFRS as presented in the statements of reconciliation of equity are described as follows.

(A) Revenue Recognition

Under Japanese GAAP, the Group has recognized revenue of the product, which requires an installation, upon completion of inspection performed by the customer. Under IFRS, however, revenue is recognized upon the completion of installation. As a result, compared with Japanese GAAP, "Trade and other receivables" as of April 1, 2015 and March 31, 2016 under IFRS increased by 626 million yen and 9 million yen, respectively; "Inventories" as of April 1, 2015 and March 31, 2016 under IFRS increased by 14,829 million yen and 645 million yen, respectively; and "Advances received" as of April 1, 2015 and March 31, 2016 under IFRS increased by 22,298 million yen and 1,004 million yen, respectively.

(B) Intangible Assets

Under Japanese GAAP, the Group has expensed research and development costs as incurred. Under IFRS, however, certain development costs that satisfy the capitalization requirements of development costs are capitalized as assets. As a result, compared with Japanese GAAP, "Goodwill and intangible assets" as of April 1, 2015 and March 31, 2016 under IFRS increased by 3,257 million yen and 4,351 million yen, respectively.

(C) Goodwill

Under Japanese GAAP, the Group has amortized goodwill over the estimated useful life. Under IFRS, however, goodwill is not amortized since the transition date, and the amortization of goodwill under Japanese GAAP is adjusted from the transition date as retained earnings. As a result, compared with Japanese GAAP, "Goodwill and intangible assets" as of March 31, 2016 under IFRS increased by 2,353 million yen.

(D) Equity Instruments

Under Japanese GAAP, the Group has recognized gain or loss on sale of equity instruments and impairment losses through profit or loss. Under IFRS, however, certain equity instruments have been elected to be classified to financial instruments measured at fair value through other comprehensive income, of which the changes in fair value are recognized in other comprehensive income and the change in fair value are reclassified to retained earnings at the derecognition of such equity instruments. As a result, compared with Japanese GAAP, "Other components of equity" as of April 1, 2015 and March 31, 2016 under IFRS decreased by 9,953 million yen and 9,436 million yen, respectively.

(E) Deferred Taxes

Under Japanese GAAP, the deferred tax for the elimination of unrealized profit is measured using the effective tax rates of the sellers. Under IFRS, however, it requires to use the buyers' effective tax rates for deferred tax calculation.

Under IFRS, the Group recognizes deferred tax assets to the extent that it is probable that taxable profit of the Group will be available against which the temporary difference can be utilized.

(F) Paid Leaves

Under IFRS, the Group recognizes a liability for unused paid leaves, whereas there is no specific requirement for the accounting treatment under Japanese GAAP. As a result, compared with Japanese GAAP, "Other current liabilities" as of April 1, 2015 and March 31, 2016 under IFRS increased by 7,879 million yen and 7,891 million yen, respectively; "Other non-current liabilities" as of April 1, 2015 and March 31, 2016 under IFRS increased by 557 million yen and 532 million yen, respectively.

(G) Adjustments on Defined Benefit Plans

Under IFRS, in case of a surplus in a defined benefit plan, the net defined benefit asset is measured at the lower of the surplus in the defined benefit plan and the asset ceiling, and the adjustment for the asset ceiling is recognized through other comprehensive income. On the other hand, there is no specific requirement for the accounting treatment under Japanese GAAP. As a result, compared with Japanese GAAP, "Net defined benefit assets" as of April 1, 2015 and March 31, 2016 under IFRS decreased by 3,799 million yen and 524 million yen, respectively.

(H) Exchange Differences on Translation of Foreign Operations

The Group has applied the exemption defined in IFRS 1, whereby all the cumulative exchange differences as of the transition date have been reclassified from accumulated other comprehensive income to retained earnings. As a result, compared with Japanese GAAP, "Retained earnings" as of April 1, 2015 and March 31, 2016 under IFRS increased by 40,347 million yen, respectively.

(I) Retained Earnings

The adjustments on retained earnings due to the transition to IFRS are as follows:

(Millions of yen)

Adjustments	As of April 1, 2015	As of March 31, 2016
Revenue recognition	(4,748)	(515)
Intangible assets	3,273	4,246
Goodwill	-	2,464
Equity instruments	8,887	9,869
Deferred taxes	6,660	9,933
Paid leaves	(5,170)	(5,283)
Adjustments on retirement benefits	(4,371)	(6,996)
Exchange difference on translation of foreign operations	40,347	40,347
Other	(675)	(1,444)
Total adjustments on retained earnings	44,202	52,620

(Reclassification)

The major reclassifications made for the transition to IFRS are as follows:

- Time deposits beyond three months of maturities at acquisition are reclassified to "Other current financial assets" under current assets.
- Deferred tax assets and deferred tax liabilities that were presented as current items under Japanese GAAP have all been reclassified into non-current items under IFRS.
- "Investments accounted for using the equity method" are disclosed separately.

(2) Reconciliation of Profit or Loss and Comprehensive Income

Reconciliation of Profit or Loss and Comprehensive Income for the year ended March 31, 2016

(Millions of yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in Recognition and Measurement	IFRS	Notes	Presentation under IFRS
Net sales	819,388	-	21,652	841,040	(A)	Revenue
Cost of sales	(506,773)	-	(15,459)	(522,232)	(A), (F),(G)	Cost of sales
Gross profit	312,616	-	6,192	318,808		Gross profit
Selling, general and administrative expenses	(280,917)	-	3,929	(276,988)	(B),(C), (F),(G)	Selling, general and administrative expenses
	-	8,749	(64)	8,685		Other income
	-	(15,481)	242	(15,239)		Other expenses
Operating income	31,699	(6,732)	10,300	35,266		Operating profit
Non-operating income	10,630	(10,630)	-	-		
	-	6,172	1,261	7,432	(D)	Finance income
Non-operating expenses	(4,461)	4,461	-	-		
	-	(4,009)	(183)	(4,192)		Finance costs
	-	1,449	(409)	1,040		Share of the profit of associates accounted for using the equity method
Extraordinary income	3,746	(3,746)	-	-		
Extraordinary loss	(13,035)	13,035	-	-		
Income before income taxes	28,579	-	10,968	39,546		Profit before income tax
Total income taxes	(10,225)	-	723	(9,502)	(E)	Income tax expenses
Net income	18,354	-	11,690	30,044		Profit for the year
						Attributable to:
Net income attributable to owners of the parent	18,254	-	11,693	29,947		Owners of the parent
Net income attributable to non-controlling interests	99	-	(2)	97		Non-controlling interests

(Millions of yen)

Presentation under Japanese GAAP	Japanese GAAP	Reclassification	Difference in Recognition and Measurement	IFRS	Notes	Presentation under IFRS
Net income	18,354	-	11,690	30,044		Profit for the year
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified subsequently to profit or loss
Valuation difference on available-for-sale securities	(9,039)	-	616	(8,424)	(D)	Gain/ loss on financial assets measured at fair value through other comprehensive income
Remeasurement of defined benefit plans	(4,884)	-	1,412	(3,472)	(G)	Remeasurement of defined benefit pension plans
	-	18	-	18		Share of other comprehensive income of associates accounted for using the equity method
						Items that may be reclassified subsequently to profit or loss
Foreign currency translation adjustment	(28,020)	-	163	(27,856)	(H)	Exchange differences on translation of foreign operations
Deferred gains or losses on hedges	1,166	-	(1,201)	(35)		Effective portion of the change in fair value on cash flow hedge
Share of other comprehensive income of entities accounted for using equity method	18	(18)	(216)	(216)		Share of other comprehensive income of associates accounted for using the equity method
Other comprehensive income Total	(40,760)	-	773	(39,987)		Other comprehensive income, net of taxes
Comprehensive income	(22,406)	-	12,464	(9,943)		Total comprehensive income for the year
(Breakdown)						Attributable to:
Comprehensive income attributable to owners of the parent	(22,453)	-	12,466	(9,987)		Owners of the parent
Comprehensive income attributable to non-controlling interests	47	-	(2)	45		Non-controlling interests

Reconciliation of Profit or Loss and Comprehensive Income for the year ended March 31, 2016

(Notes on the Differences in Recognition and Measurement)

The following differences in recognition and measurement between Japanese GAAP and IFRS as presented in the statements of reconciliation of profit or loss and comprehensive income are described as follows.

(A) Revenue Recognition

Under Japanese GAAP, the Group has recognized revenue of the product, which requires an installation, upon completion of inspection performed by the customer. Under IFRS, however, revenue is recognized upon the completion of installation. As a result, compared with Japanese GAAP, "Revenue" and "Cost of sales" stated in the consolidated statement of profit or loss for the year ended March 31, 2016 under IFRS increased by 21,648 million yen and 15,469 million yen, respectively.

(B) Intangible Assets

Under Japanese GAAP, the Group has expensed research and development costs as incurred. Under IFRS, however, certain development costs that satisfy the capitalization requirements of development costs are capitalized as assets and amortized over the estimated useful life. As a result, compared with Japanese GAAP, "Selling, general and administrative expenses" stated in the consolidated statement of profit or loss for the year ended March 31, 2016 under IFRS decreased by 1,228 million yen.

(C) Goodwill

Under Japanese GAAP, the Group has amortized goodwill over the estimated useful life. Under IFRS, however, goodwill is not amortized since the transition date. As a result, compared with Japanese GAAP, "Selling, general and administrative expenses" stated in the consolidated statement of profit or loss for the year ended March 31, 2016 under IFRS decreased by 2,464 million yen.

(D) Equity Instruments

Under Japanese GAAP, the Group has recognized gain or loss on sale of equity instruments and impairment losses through profit or loss. Under IFRS, however, certain equity instruments have been elected to be classified to financial instruments measured at fair value through other comprehensive income, of which the changes in fair value are recognized in other comprehensive income and the change in fair value are reclassified to retained earnings at the derecognition of such equity instruments.

(E) Deferred Taxes

Under Japanese GAAP, the deferred tax for the elimination of unrealized profit is measured using the effective tax rates of the sellers. Under IFRS, however, it requires to use the buyers' effective tax rates for deferred tax calculation.

In addition, under IFRS, the Group recognizes deferred tax assets to the extent that it is probable that the taxable profit of the Group will be available against which deductible temporary differences can be utilized.

(F) Paid Leaves

Under IFRS, the Group recognizes a liability for unused paid leaves, whereas there is no specific requirement for the accounting treatment under Japanese GAAP.

(G) Adjustments on Retirement Benefits

Under Japanese GAAP, the Group has recognized the actuarial gain and loss as incurred through other comprehensive income, and subsequently amortized them through profit or loss over a certain period of time within the average remaining service period of employees. Under IFRS, however, the actuarial gain and loss recognized in other comprehensive income are immediately reclassified to retained earnings. As a result, compared with Japanese GAAP, "Cost of sales" and "Selling, general and administrative expenses" stated in the consolidated statement of profit or loss for the year ended March 31, 2016 under IFRS decreased by 120 million yen and 857 million yen, respectively.

In addition, under IFRS, in case of a surplus in a defined benefit plan, the net defined benefit asset is measured at the lower of the surplus in the defined benefit plan and the asset ceiling, and the adjustment for the asset ceiling is recognized through other comprehensive income. On the other hand, there is no specific requirement for the accounting treatment under Japanese GAAP.

(Reclassification)

The major reclassifications made for the transition to IFRS are as follows.

For the items presented under Japanese GAAP as "Non-operating income," "Non-operating expenses," "Extraordinary income" and "Extraordinary expenses," those related to the finance and foreign exchange gain or loss are presented under IFRS as "Finance income" or "Finance costs," and the items other than above are presented under IFRS as "Other income," "Other expenses" and "Share of the profit of associates accounted for using the equity method."

(3) Reconciliation of Cash Flows

There is no material differences between the consolidated statement of cash flows prepared under IFRS and that prepared under Japanese GAAP.