Summary of Consolidated Financial Results
for the First Half Ended September 30, 2018 (IFRS)

November 1, 2018

Sojitz Corporation
(URL https://www.sojitz.com)
Listed stock exchange: The first section of Tokyo
Security code: 2768
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Scheduled filing date of quarterly financial report: November 12, 2018
Scheduled date of delivery of dividends: December 3, 2018
Supplementary materials for the quarterly financial results: Yes
Investor conference for the quarterly financial results: Yes

(Rounded down to millions of Japanese Yen)

1. Consolidated Financial Results for the First Half Ended September 30, 2018 (April 1, 2018 - September 30, 2018)

(1) Consolidated Operating Results

Description of % is indicated as the change rate compared with the same period last year.

	Revenue		Profit before tax		Profit for the period		Profit for the period attributable to owners of the Company		Total comprehensive income for the period	
For the first half ended	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
September 30, 2018	941,783	6.5	51,500	35.8	39,999	32.1	37,147	36.4	42,590	15.8
September 30, 2017	884,044	20.3	37,915	94.3	30,272	80.6	27,241	77.4	36,764	-

	Basic earnings per share	Diluted earnings per share
For the first half ended	Yen	Yen
September 30, 2018	29.71	29.71
September 30, 2017	21.78	21.77

Note : Basic earnings per share and Diluted earnings per share are calculated based on Profit for the period attributable to owners of the Company.

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the Company	Total equity attributable to owners of the Company ratio
As of	Millions of Yen	Millions of Yen	Millions of Yen	%
September 30, 2018	2,341,413	659,943	616,295	26.3
March 31, 2018	2,350,351	625,124	586,464	25.0

2.Cash Dividends

	Cash dividend per share				
For the year ended	First quarter	Second quarter	Third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
March 31, 2018	-	5.00	-	6.00	11.00
March 31, 2019	-	7.50			
March 31, 2019 (forecast)			-	7.50	15.00

Note : Changes in cash dividend forecast : No

3. Consolidated Earnings Forecast for the Year Ending March 31, 2019 (April 1, 2018 - March 31, 2019)

Description of % is indicated as the change rate compared with the same period last year.

	Profit attributable to owners of the Company		Basic earnings per share
For the Year Ending March 31, 2019	Millions of Yen	%	Yen
Full-year	70,000	23.1	56.01

Note 1 : Changes in cash dividend forecast : Yes

Note 2 : Basic earnings per share is calculated based on Profit attributable to owners of the Company.

4. Others

(1) Changes in major subsidiaries during the period

(Changes in specified subsidiaries accompanying changes in scope of consolidation) : No

(2) Accounting policy changes and accounting estimate changes

1. Changes in accounting policies required by IFRS : Yes
2. Changes due to other reasons : No
3. Accounting estimate change : No

(3) Number of outstanding shares at the end of the periods (Common Stock):

1. Number of outstanding shares at the end of the periods (Including treasury shares):

As of September 30, 2018: 1,251,499,501 As of March 31, 2018: 1,251,499,501

2. Number of treasury shares at the end of the periods:

As of September 30, 2018 : 2,258,191 As of March 31, 2018 : 528,747

3. Average number of outstanding shares during the periods:

For the first half ended September 30, 2018 (accumulative): 1,250,450,713

For the first half ended September 30, 2017 (accumulative): 1,250,977,863

The Company established the Executive Compensation Board Incentive Plan Trust in the six-month period ended September 30, 2018. The trust account associated with this trust holds 1,727,600 shares of the Company's stock, which are treated as treasury stock.

* This summary of consolidated financial results is not subject to quarterly reviews.

* Important Note Concerning the Appropriate Use of Business Forecasts and other

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

1. Analysis of Business Results

(1) Overview of the Six-Month Period Ended September 30, 2018

Economic Environment

In the six-month period ended September 30, 2018, conditions in the global economy proved firm due to the support of growth in developed countries witnessing strong consumption as well as in emerging countries. Resource prices were likewise solid. Meanwhile, caution is warranted going forward with regard to the potential impact of U.S. interest rate hikes and trade negotiations and Middle Eastern instability on foreign exchange rates, commodity prices, and emerging economies.

The United States continued to experience stable economic growth due to strong capital investment and consumer spending stimulated by the recent tax reform measures. Based on this situation, this country implemented its third policy interest rate hike this year in September 2018.

Europe also enjoyed strong capital investment and consumer spending accompanied by ongoing economic growth centered on Germany and France. However, there was a growing sense of opaqueness in light of factors such as concern regarding the United Kingdom's consensus-lacking withdrawal from the European Union and the government finance issues in Italy.

Despite sluggish infrastructure investment, overall economic conditions in China proved firm due to support from monetary easing and beneficial consumption and export trends. Nonetheless, ongoing caution is required with regard to the potential impacts of the increasingly more serious trade disputes with the United States.

Despite the currency depreciation stemming from the interest rate hike in the United States, Asia continued to experience overall stable economic growth. Factors contributing to this growth included increased exports and favorable consumption trends stimulated by the recovery of the global economy.

In Japan, relatively stable economic growth was achieved as the strong consumer spending and capital investment trends outweighed the temporary impacts of typhoons, earthquakes, and other natural disasters.

Financial Performance

Sojitz Corporation's consolidated business results for the second quarter ended September 30, 2018 are presented below.

Revenue	Revenue was up 6.5% year on year, to ¥941,783 million, due to increased sales in the Metals & Mineral Resources Division, a result of rises in prices and transactions volumes for coal and other resources; in the Automotive Division, a result of the acquisition of new domestic and overseas automotive dealership and other businesses.
Gross profit	Gross profit increased ¥9,433 million year on year, to ¥120,893 million, as a result of the rise in revenue.
Profit before tax	Profit before tax increased ¥13,585 million year on year, to ¥51,500 million, as a result of higher gross profit combined with a rise in other income associated with gains on a sale of automobile-related company.

Profit for the period	After deducting income tax expenses of ¥11,501 million from profit before tax of ¥51,500 million, profit for the period amounted to ¥39,999 million, up ¥9,727 million year on year. Profit for the period (attributable to owners of the Company) increased ¥9,906 million year on year, to ¥37,147 million.
Comprehensive income for the period	Although foreign currency translation differences for foreign operations placed downward pressure on income, comprehensive income for the period increased ¥5,826 million year on year, to ¥42,590 million. Comprehensive income for the period (attributable to owners of the Company) was up ¥5,908 million year on year, to ¥39,517 million.

Results for the six-month period ended September 30, 2018, are summarized by segment below.

Effective April 1, 2018, the Aerospace & IT Business Division, Infrastructure & Environment Business Division, and the Energy Division were reorganized to the Aerospace & Transportation Project Division,
the Machinery & Medical Infrastructure Division, and the Energy & Social Infrastructure Division.
In addition, the name of the Metals & Coal Division was changed to the Metals & Mineral Resources Division.

Automotive

Revenue was up 42.2% year on year, to ¥115,349 million, due to the acquisition of new domestic and overseas automotive dealership and other businesses. Profit for the period (attributable to owners of the Company) decreased ¥672 million, to ¥3,631 million, as a decline in share of profit of investments accounted for using the equity method counteracted the benefits of a rise in other income associated with a gain on the sale of an automobile-related company.

Aerospace & Transportation Project

Revenue was down 27.8% year on year, to ¥13,996 million, due to the absence of gains on new ship turnovers recorded in the previous equivalent period. Despite a decrease in gross profit, profit for the period (attributable to owners of the Company) rose ¥1,112 million, to ¥1,889 million, due to an increase in other income associated with gains on sales of aircraft.

Machinery & Medical Infrastructure

Revenue was down 11.8% year on year, to ¥46,631 million, as a result of a decline in industrial machinery transactions. Profit for the period (attributable to owners of the Company) decreased ¥2,139 million, to ¥654 million, due to the rebound from earnings contributions from infrastructure-related projects recorded in the previous equivalent period.

Energy & Social Infrastructure

Revenue was down 33.6%, to ¥33,675 million, as a result of lower petroleum product transactions.
Profit for the period (attributable to owners of the Company) of ¥2,661 million was recorded, in comparison with loss for the period (attributable to owners of the Company) of ¥3,208 million in the six-month period ended September 30, 2017, because of a gain on the sales of an overseas solar power business operating company.

Metals & Mineral Resources

Revenue was up 28.6%, to ¥210,672 million, as a result of higher prices and transactions volumes for coal and other resources. Profit for the period (attributable to owners of the Company) rose ¥6,731 million, to

¥16,240 million, due to higher gross profit and an increase in share of profit of investments accounted for using the equity method.

Chemicals

Revenue was up 2.5% year on year, to ¥257,391 million, as a result of a rise in the price of methanol. Profit for the period (attributable to owners of the Company) decreased ¥7 million, to ¥4,807 million, despite an increase in gross profit due to lower share of profit of investments accounted for using the equity method.

Foods & Agriculture Business

Revenue was down 18.9%, to ¥70,622 million, following lower feed material transactions. Profit for the period (attributable to owners of the Company) decreased ¥2,203 million, to ¥2,093 million, as a result of a decline in the profit of overseas fertilizer businesses.

Retail & Lifestyle Business

Revenue was up 11.3% year on year, to ¥160,672 million, as a result of higher beef transactions following the lifting of safeguard. Profit for the period (attributable to owners of the Company) increased ¥659 million, to ¥3,326 million.

Industrial Infrastructure & Urban Development

Revenue was down 0.1% year on year, to ¥14,138 million, because of lower real estate transactions. Loss for the period (attributable to owners of the Company) of ¥111 million was recorded, in comparison with profit for the period(attributable to owners of the Company) of ¥32 million in the six-month period ended September 30, 2017.

(2) Financial Position

Consolidated Balance Sheet

Total assets on September 30, 2018, stood at ¥2,341,413 million, down ¥8,938 million from March 31, 2018. This decrease was largely a result of other current assets that were decreased in aircraft-related business.

Total liabilities at September 30, 2018, amounted to ¥1,681,470 million, down ¥43,757 million from March 31, 2018. This decrease was largely due to decrease in trade and other payables associated with tobacco- and machinery-related transactions under current liabilities.

Total equity attributable to owners of the Company was ¥616,295 million on September 30, 2018, up ¥29,831 million from March 31, 2018. This increase was largely due to accumulation of profit for the period (attributable to owners of the Company).

Sojitz consequently, on September 30, 2018, the current ratio was 161.7%, the long-term debt ratio was 84.9%, and the equity ratio* was 26.3%. Net interest-bearing debt (total interest-bearing debt less cash and cash equivalents and time deposits) totaled ¥596,823 million on September 30, 2018, ¥6,627 million decrease from March 31, 2018. This resulted in the Company's net debt equity ratio* equaling 0.97 times at September 30, 2018.

(*) The equity ratio and net debt equity ratio are calculated based on total equity attributable to owners of the Company.

Under Medium-Term Management Plan 2020, which began in the year ending March 31, 2019, the Sojitz Group continued to advance financial strategies in accordance with the basic policy of maintaining and enhancing the stability of its capital structure. In addition, Sojitz has been endeavored to maintain a stable financial foundation by holding sufficient liquidity as a buffer against changes in the economic or financial environment and by keeping the long-term debt ratio at its current level.
As one source of long-term funding, Sojitz did not issue straight bonds in the six-month period ended September 30, 2018. However, Sojitz will continue to closely monitor interest rates and market conditions and will consider floating additional issues whenever the timing and associated costs prove advantageous.
As supplemental sources of procurement flexibility and precautionary liquidity, Sojitz maintains a ¥100 billion long-term yen commitment line (which remains unused) and long-term commitment line totaling US$1.9 billion (of which US$0.45 billion has been used).

Consolidated Cash Flows

In the six-month period ended September 30, 2018, operating activities provided net cash flow of ¥51,695 million, investing activities used net cash of ¥25,770 million, and financing activities provided net cash of ¥27,782 million. Sojitz ended the period with cash and cash equivalents of ¥306,092 million, adjusted to reflect foreign currency translation adjustments related to cash and cash equivalents.

(Cash flows from operating activities)
Net cash provided by operating activities amounted to ¥51,695 million, compared with net cash used in operating activities of ¥15,771 million in the previous equivalent period. Major factors increasing cash included business earnings, dividends received, and a decrease in working capital.

(Cash flows from investing activities)
Net cash used in investing activities totaled ¥25,770 million, down ¥11,841 million year on year. Investment outflows for investment in a U.S. gas-fired thermal power generation business and a solar power generation business exceeded inflows from the sale of investments.

(Cash flows from financing activities)
Net cash used in financing activities amounted to ¥27,782 million, compared with net cash provided by financing activities amounted to ¥52,034 million. Major factors decreasing cash included repayment of borrowings.

(3) Consolidated Earnings Forecast

Forecasts for consolidated performance in the fiscal year ending March 31, 2019, have been revised as follows to reflect the higher-than-anticipated prices of resources, among other factors.

Profit for the year (Attributable to owners of the Company)	¥70.0 billion (increased ¥7.0 billion (11.1%) compared to initial forecast)

*Caution regarding Forward-looking Statements
The forecasts appearing above constitute forward-looking statements. They are based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

2. Summary information (other)

(1) Changes in major subsidiaries during the period

None

3. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

(In millions of Yen)

	FY 2017 (As of March 31, 2018)	FY 2018 (As of September 30, 2018)
Assets		
Current assets		
Cash and cash equivalent	305,241	306,092
Time deposits	2,788	2,844
Trade and other receivables	549,789	747,737
Derivatives	2,703	3,376
Inventories	396,020	206,944
Income tax receivables	5,094	5,357
Other current assets	106,234	60,045
Subtotal	1,367,872	1,332,396
Assets as held for sale	8,425	629
Total current assets	1,376,297	1,333,026
Non-current assets		
Property, plant and equipment	172,135	188,749
Goodwill	65,842	66,250
Intangible assets	44,057	48,128
Investment property	24,486	24,676
Investments accounted for using the equity method	407,284	413,585
Trade and other receivables	63,824	62,747
Other investments	182,949	190,748
Derivatives	49	76
Other non-current assets	8,794	8,633
Deferred tax assets	4,630	4,790
Total non-current assets	974,053	1,008,387
Total assets	2,350,351	2,341,413
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	654,138	610,359
Bonds and borrowings	113,497	136,906
Derivatives	3,394	5,382
Income tax payables	13,632	7,613
Provisions	2,069	1,058
Other current liabilities	55,004	62,689
Subtotal	841,735	824,008
Liabilities directly related to assets as held for sale	4,182	240
Total current liabilities	845,918	824,249
Non-current liabilities		
Bonds and borrowings	797,982	768,853
Trade and other payables	4,759	4,862
Derivatives	2,634	2,366
Retirement benefits liabilities	22,016	22,260
Provisions	21,000	23,618
Other non-current liabilities	9,968	11,293
Deferred tax liabilities	20,946	23,966
Total non-current liabilities	879,308	857,221
Total liabilities	1,725,227	1,681,470
Equity		
Share capital	160,339	160,339
Capital surplus	146,512	146,564
Treasury stock	(174)	(864)
Other components of equity	124,348	126,314
Retained earnings	155,437	183,942
Total equity attributable to owners of the Company	586,464	616,295
Non-controlling interests	38,659	43,647
Total equity	625,124	659,943
Total liabilities and equity	2,350,351	2,341,413

(2) Consolidated Statements of Profit or Loss

(In millions of Yen)

	For the 1st Half Ended September 30, 2017 (From April 1, 2017 to September 30, 2017)	For the 1st Half Ended September 30, 2018 (From April 1, 2018 to September 30, 2018)
Revenue		
Sale of goods	839,901	889,268
Sales of service and others	44,142	52,515
Total revenue	884,044	941,783
Cost of sales	(772,583)	(820,889)
Gross profit	111,460	120,893
Selling, general and administrative expenses	(78,516)	(85,644)
Other income(expenses)		
Gain(loss) on sale and disposal of fixed assets, net	(2)	856
Impairment loss on fixed assets	(21)	(65)
Gain on reorganization of subsidiaries/associates	1,628	8,006
Loss on reorganization of subsidiaries/associates	(4,315)	(2,401)
Other operating income	3,446	2,816
Other operating expenses	(3,772)	(3,522)
Total other income/expenses	(3,038)	5,689
Financial income		
Interests earned	2,385	3,605
Dividends received	2,054	2,631
Other financial income	43	217
Total financial income	4,482	6,454
Financial costs		
Interest expenses	(7,371)	(7,783)
Total financial cost	(7,371)	(7,783)
Share of profit(loss) of investments accounted for using the equity method	10,898	11,890
Profit before tax	37,915	51,500
Income tax expenses	(7,643)	(11,501)
Profit for the period	30,272	39,999
Profit for the period attributable to:		
Owners of the Company	27,241	37,147
Non-controlling interests	3,030	2,851
Total	30,272	39,999

(3) Consolidated Statements of Profit or Loss and other Comprehensive Income

(In millions of Yen)

	For the 1st Half Ended September 30, 2017 (From April 1, 2017 to September 30, 2017)	For the 1st Half Ended September 30, 2018 (From April 1, 2018 to September 30, 2018)
Profit for the period	30,272	39,999
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	4,197	1,399
Remeasurements of defined benefit pension plans	(33)	(128)
Share of other comprihensive income of investments accounted for using the equity method	(1,374)	6,513
Total items that will not be reclassified to profit or loss	2,789	7,784
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	1,964	(957)
Cash flow hedges	706	(567)
Share of other comprihensive income of investments accounted for using the equity method	1,032	(3,667)
Total items that may be reclassified subsequently to profit or loss	3,702	(5,193)
Other comprehensive income for the year, net of tax	6,492	2,591
Total comprehensive income for the period	36,764	42,590
Total comprehensive income for the period attributable to:		
Owners of the Company	33,609	39,517
Non-controlling interests	3,155	3,072
Total	36,764	42,590

(4) Consolidated Statements of Changes in Equity

(In millions of Yen)

	Attributable to owners of the Company					
				Other components of equity		
	Share capital	Capital surplus	Treasury stock	Foreign currency translation differences for foreign operations	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 2017	160,339	146,513	(170)	31,537	106,268	(5,124)
Profit for the period						
Other comprehensive income				3,284	2,663	442
Total comprehensive income for the period	—	—	—	3,284	2,663	442
Purchase of treasury stock		(0)	(2)			
Dividends						
Change in ownership interests in subsidiaries without loss/acquisition of control				(1)		
Reclassification from other components of equity to retained earnings					(1,677)	
Other changes						
Total contributions by and distributions to owners of the Company	—	(0)	(2)	(1)	(1,677)	—
Balance as of September 30, 2017	160,339	146,512	(172)	34,821	107,254	(4,681)
Balance as of April 1, 2018	160,339	146,512	(174)	17,709	111,072	(4,432)
Impact of change in accounting policies						
Balance as of April 1, 2018	160,339	146,512	(174)	17,709	111,072	(4,432)
Profit for the period						
Other comprehensive income				(5,350)	7,871	(35)
Total comprehensive income for the period	—	—	—	(5,350)	7,871	(35)
Purchase of treasury stock		(0)	(690)			
Dividends						
Change in ownership interests in subsidiaries without loss/acquisition of control						
Reclassification from other components of equity to retained earnings					(519)	
Share remuneration transactions		51				
Other changes						
Total contributions by and distributions to owners of the Company	—	51	(690)	—	(519)	—
Balance as of September 30, 2018	160,339	146,564	(864)	12,358	118,424	(4,468)

(In millions of Yen)

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total equity attributable to owners of the Company		
	Remeasurements of defined benefit pension plans	Total other components of equity				
Balance as of April 1, 2017	—	132,682	111,149	550,513	27,457	577,970
Profit for the period			27,241	27,241	3,030	30,272
Other comprehensive income	(23)	6,367		6,367	124	6,492
Total comprehensive income for the period	(23)	6,367	27,241	33,609	3,155	36,764
Purchase of treasury stock				(2)		(2)
Dividends			(5,003)	(5,003)	(755)	(5,759)
Change in ownership interests in subsidiaries without loss/acquisition of control		(1)	0	(1)	0	(0)
Reclassification from other components of equity to retained earnings	23	(1,653)	1,653	—		—
Other changes			8	8	2,683	2,691
Total contributions by and distributions to owners of the Company	23	(1,655)	(3,341)	(4,999)	1,927	(3,071)
Balance as of September 30, 2017	—	137,394	135,049	579,123	32,540	611,664

Balance as of April 1, 2018	—	124,348	155,437	586,464	38,659	625,124
Impact of change in accounting policies			(444)	(444)		(444)
Balance as of April 1, 2018	—	124,348	154,993	586,020	38,659	624,679
Profit for the period			37,147	37,147	2,851	39,999
Other comprehensive income	(114)	2,370		2,370	221	2,591
Total comprehensive income for the period	(114)	2,370	37,147	39,517	3,072	42,590
Purchase of treasury stock				(690)		(690)
Dividends			(7,505)	(7,505)	(1,648)	(9,153)
Change in ownership interests in subsidiaries without loss/acquisition of control			18	18	2,249	2,268
Reclassification from other components of equity to retained earnings	114	(404)	404	—		—
Share remuneration transactions				51		51
Other changes			(1,115)	(1,115)	1,313	198
Total contributions by and distributions to owners of the Company	114	(404)	(8,198)	(9,242)	1,915	(7,326)
Balance as of September 30, 2018	—	126,314	183,942	616,295	43,647	659,943

(5) Consolidated Statements of Cash Flows

(In millions of Yen)

	For the 1st Half Ended September 30, 2017 (From April 1, 2017 to September 30, 2017)	For the 1st Half Ended September 30, 2018 (From April 1, 2018 to September 30, 2018)
Cash flows from operating activities		
Profit for the period	30,272	39,999
Depreciation and amortization	10,893	10,655
Impairment loss of fixed assets	21	65
Finance (income) costs	2,888	1,329
Share of (profit)loss of investments accounted for using the equity method	(10,898)	(11,890)
(Gain) loss on sale of fixed assets, net	2	(856)
Income tax expenses	7,643	11,501
(Increase)decrease in trade and other receivables	(32,799)	64,063
(Increase)decrease in inventories	(63,564)	(24,982)
Increase (decrease) in trade and other payables	75,814	(50,093)
Changes in other assets and liabilities	(31,797)	22,985
Increase (decrease) in retirement benefits liabilities	486	(120)
Others	(1,692)	(5,782)
Subtotal	(12,729)	56,872
Interests earned	2,128	2,591
Dividends received	11,805	16,573
Interests paid	(7,423)	(7,922)
Income taxes paid	(9,551)	(16,419)
Net cash provided (used) by/in operating activities	(15,770)	51,695
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,372)	(17,291)
Proceeds from sale of property, plant and equipment	581	4,568
Purchase of intangible assets	(1,513)	(2,734)
(Increase)decrease in short-term loans receivable	571	(289)
Payment for long-term loans receivable	(604)	(995)
Collection of long-term loans receivable	551	3,356
Proceeds from (payments for) acquisition of subsidiaries	(11,651)	(3,517)
Proceeds from (payments for) sale of subsidiaries	117	1,402
Purchase of investments	(11,994)	(23,151)
Proceeds from sale of investments	3,915	14,251
Others	(3,213)	(1,369)
Net cash provided (used) by/in investing activities	(37,611)	(25,770)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	11,072	20,110
Proceeds from long-term borrowings	102,747	40,679
Repayment of long-term borrowings	(57,750)	(79,923)
Proceeds from issuance of bonds	9,940	—
Redemption of bonds	(10,030)	—
Proceeds from non-controlling interest holders	2,592	2,271
Purchase of treasury stock	(2)	(690)
Dividends paid	(5,003)	(7,505)
Dividends paid to non-controlling interest holders	(755)	(1,648)
Others	(774)	(1,075)
Net cash provided (used) by/in financing activities	52,034	(27,782)
Net increase (decrease) in cash and cash equivalents	(1,347)	(1,856)
Cash and cash equivalents at the beginning of the period	308,632	305,241
Effect of exchange rate changes on cash and cash equivalents	1,118	2,706
Cash and cash equivalents at the end of the period	308,403	306,092

(6) Changes in Accounting Policies Based on Requirements of International Financial Reporting Standards

With the exception of the following policies, the accounting policies applied to the consolidated financial statements for the three-month period ended September 30, 2018, are the same as those applied to consolidated financial statements for the year ended March 31, 2018.

Effective April 1, 2018, the Company has applied the following mandatory standards.

Standard	Name	New / revised policies
IFRS 15	Revenue from Contracts with Customers	Revision of accounting treatment and disclosure method pertaining to recognition of revenue
IFRS 9	Financial Instruments (2014 version)	Revision to methods of classifying and measuring financial instruments, revision to hedge accounting methods, and revision to provisions for impairment of financial assets based on expected credit loss model

1) IFRS 15—Revenue from Contracts with Customers
Effective April 1, 2018, the Company applied IFRS 15—Revenue from Contracts with Customers. As a transitional measure for the application of this standard, the standard has been applied retroactively to previous periods and the balance of retaining earnings on April 1, 2018, has been adjusted to reflect the cumulative effect amount of this retroactive application.

In conjunction with the application of IFRS 15—Revenue from Contracts with Customers, the Company has adopted an approach of recognizing the amount of profit to which the Company is expected to be entitled due to the transfer of goods or services to customers based on the following five-step model.

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

Under IFRS 15—Revenue from Contracts, the Company will be viewed as the main transacting entity if the goods or services to be provided to the customer are in the Company's control prior to their provision and will be viewed as an agent if the goods or services are not in its control prior to provision.
Previously, the Company has recognized inventory assets for transactions for which the Company recognized profit at net value as an agent (agent transaction) in cases when the goods or services to be provided were temporarily in the legal possession of the Group. Under IFRS 15—Revenue from Contracts, however, the Group is judged not be in control of inventories during agent transactions, and said inventories are therefore recognized under trade and other receivables.
As a result of the application of this standard, inventories on the consolidated statements of financial position for the six-month period ended September 30, 2018, were reduced by ¥165,686 million, and trade and other receivables were increased by the same amount.
The impact of this change on revenue and other income items on the consolidated statements of profit or loss for the six-month period ended September 30, 2018, was minimal.

2) IFRS 9—Financial Instruments (2014 version)
Effective April 1, 2018, the Company applied IFRS 9—Financial Instruments (2014 version). As a transitional measure for the application of this standard, the standard has been applied retroactively to previous periods and the balance of retaining earnings on April 1, 2018, has been adjusted to reflect the cumulative effect of this retroactive application. Some exceptions to this retroactive application do exist.
The application of IFRS 9—Financial Instruments (2014 version) did not have a material impact on the consolidated financial statements of the Company.

(a) Classifications of Financial Assets

Under the previously applied IFRS 9—Financial Instruments (2010 version), financial assets of a liability nature were classified as either financial assets measured at amortized cost or financial assets measured at fair value through profit or loss. In IFRS 9—Financial Instruments (2014 version), a new classification for financial assets of a liability nature was created: financial assets measured at fair value through other comprehensive income. When the following conditions are fulfilled, the Company will classify financial assets of a liability nature as financial assets measured at fair value through other comprehensive income.

・When the financial asset is held for a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

・When the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Judgements regarding business models were made based on the status of businesses and the circumstances surrounding these businesses as of the date of application.

(b) Impairment of Financial Assets

Previously, impairment of financial assets was performed based on the loss model described in IAS 39—Financial Instruments: Recognition and Measurement. In conjunction with the application of IFRS 9—Financial Instruments (2014 version), impairment will be recognized based on an expected credit loss model. The expected credit loss model will be applied to financial assets measured at amortized cost.

(c) Hedge Accounting

Previously, hedge accounting was performed in accordance with IAS 39—Financial Instruments: Recognition and Measurement. With the application of IFRS 9—Financial Instruments (2014 version), hedge accounting will be performed based on the new general hedge accounting model. The new general hedge accounting model requires that the hedging relationship be integrated with the risk management objective and strategy for undertaking the hedge. In addition, an approach to evaluating hedging effectiveness based on more qualitative projections is required. Hedging relationship designations assigned in accordance with IAS 39—Financial Instruments: Recognition and Measurement on March 31, 2018, were reevaluated as of the application date for IFRS 9—Financial Instruments

(2014 version). As these relationships were found to meet all of the requirements for hedge accounting, the hedging relationships are ongoing.

(7) Segment information

For the first half ended September 30, 2017 (April 1, 2017 – September 30, 2017)

(In Millions of Yen)

	Reportable segments						
	Automotive	Aerospace & Transportaion Project	Machinery & Medical Infrastructure	Energy & Social Infrastructure	Metals & Mineral Resources	Chemicals	Foods & Agriculture Business
Revenue							
External revenue	81,124	19,383	52,862	50,748	163,875	251,157	87,122
Inter-segment revenue	1	623	7	929	—	7	6
Total revenue	81,125	20,007	52,869	51,678	163,875	251,165	87,128
Segment profit (loss)	4,303	777	2,793	(3,208)	9,509	4,814	4,296

	Reportable segments			Others	Reconciliations	Consolidated
	Retail & Lifestyle Business	Industrial Infrastructure & Urban Development	Total			
Revenue						
External revenue	144,384	14,150	864,809	19,234	—	884,044
Inter-segment revenue	31	227	1,833	160	(1,993)	—
Total revenue	144,415	14,377	866,642	19,395	(1,993)	884,044
Segment profit (loss)	2,667	32	25,986	(383)	1,638	27,241

Reconciliation of segment profit of 1,638 million yen includes the difference between the Company's actual income tax expenses and income tax expenses allocated to each segment based on the calculation method established internally, which amounted to 1,706 million yen, and unallocated dividend income and others of (67) million yen.

For the first half ended September 30, 2018 (April 1, 2018 – September 30, 2018)

(In Millions of Yen)

	Reportable segments						
	Automotive	Aerospace & Transportaion Project	Machinery & Medical Infrastructure	Energy & Social Infrastructure	Metals & Mineral Resources	Chemicals	Foods & Agriculture Business
Revenue							
External revenue	115,349	13,996	46,631	33,675	210,672	257,391	70,622
Inter-segment revenue	—	—	65	928	—	6	5
Total revenue	115,349	13,996	46,697	34,604	210,672	257,397	70,628
Segment profit (loss)	3,631	1,889	654	2,661	16,240	4,807	2,093

	Reportable segments			Others	Reconciliations	Consolidated
	Retail & Lifestyle Business	Industrial Infrastructure & Urban Development	Total			
Revenue						
External revenue	160,672	14,138	923,150	18,632	—	941,783
Inter-segment revenue	27	172	1,206	143	(1,350)	—
Total revenue	160,700	14,311	924,357	18,776	(1,350)	941,783
Segment profit (loss)	3,326	(111)	35,192	258	1,696	37,147

Reconciliation of segment profit of 1,696 million yen includes the difference between the Company's actual income tax expenses and income tax expenses allocated to each segment based on the calculation method established internally, which amounted to 247 million yen, and unallocated dividend income and others of 1,449 million yen.

Changes in Reportable Segments

Effective April 1, 2018, the Aerospace & IT Business Division, the Infrastructure & Environment Business Division and Energy Division were reorganized to the Aerospace & Transportation Project Division, the Machinery & Medical Infrastructure Division and the Energy & Social Infrastructure Division. The name of the Metals & Coal Division has been changed to the Metals & Mineral Resources Division. These reorganizations have resulted in changes to reportable segments. Segment information for the six-month period ended September 30, 2017, has been restated to reflect these changes.