

# Analysis of Disclosure in “Basic Policy Regarding Selection of Accounting Standards”

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Tokyo Stock Exchange, Inc.

# I. Background

## ◆ Jun. 24, 2014 Japan Revitalization Strategy (Revised in 2014)

4) Promoting of an increase in the number of companies voluntarily adopting IFRS

**Tokyo Stock Exchange will encourage** listed companies to **explain to investors** their **basic views on the selection of accounting standards** (for example, whether they are considering adopting IFRS).

## ◆ Nov. 11, 2014 Revision of Guidelines for Financial Results

✓ Request description on “**Basic Policy Regarding Selection of Accounting Standards**” in Financial Results

✓ <**Guidelines for Financial Results**>

- *Please describe basic policy regarding selection of accounting standards.*
- *For example, whether you are considering the adoption of IFRS.*  
*(stage of consideration, scheduled adoption date)*

✓ **Adoption from Financial Results for FY-ended Mar. 31, 2015** (early adoption possible)

## ◆ Jun. 30, 2015 Japan Revitalization Strategy (Revised in 2015)

4) Further promotion of an increase in the number of companies voluntarily adopting IFRS

Listed companies disclose their progress in considering the adoption of IFRS in “Basic Policy Regarding Selection of Accounting Standards” of the financial results. The government will **analyze** this **together with Tokyo Stock Exchange** and **disseminate the state of IFRS adoption** to contribute to efforts among listed companies to consider transitioning to IFRS.

## II. Scope of Analysis

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### ◆ Coverage : 2,374 companies

- ✓ TSE-listed companies that provided description in Basic Policy Regarding Selection of Accounting Standards (hereinafter "Basic Policy") of financial results : 2,360 companies
  - FY-ended Mar. 31, 2015 : 2,352 companies  
(in disclosure up to Aug. 31, 2015)
  - FY ended before Mar. 31, 2015 : 8 companies  
(early adoption)
  
- ✓ Other companies that have adopted or decided to adopt IFRS : 14 companies

# III. Content of Analysis of IFRS Adoption

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- 1. Categories of Companies in Analysis (P.5)**
- 2. Number and Market Cap of Companies That Have Adopted IFRS (P.6~7)**
- 3. IFRS Adoption by Industrial Sector (P.8~11)**
- 4. IFRS Adoption Date (P.12)**
- 5. Stage of Progress Among "④ Companies Considering IFRS Adoption" (P.13)**

# III – 1. Categories of Companies in Analysis

## Categories of companies included in analysis (2,374 companies)

### ① Companies that have adopted IFRS (68 companies)

Companies that submitted IFRS-based consolidated financial statements or quarterly consolidated financial statements by Aug. 31, 2015

### ② Companies that have decided to adopt IFRS (23 companies)

Companies whose executive body has disclosed, by Aug. 31, 2015, its decision to adopt IFRS

### ③ Companies planning to adopt IFRS (21 companies)

Companies whose executive body has described plans to adopt IFRS in its Basic Policy, but yet to decide on IFRS adoption

### ④ Companies considering IFRS adoption (194 companies)

Companies that described that it is considering IFRS adoption in its Basic Policy

### ⑤ Other companies (2,068 companies)

For example, the following companies:

- Company that mentioned only the possibility of future adoption of IFRS
- Companies that mentioned only its current accounting standards

# Ⅲ – 2. Number and Market Cap of Companies That Have Adopted IFRS

✓ Among companies included in the analysis (2,374 companies), 21 companies were “③ planning to adopt IFRS.” Together with companies that “① have adopted IFRS” and those that “② have decided to adopt IFRS”, a total of 112 companies have embraced IFRS. They have a combined market capitalization of JPY 147 trillion.

	Mar. 31, 2015 FY-end Companies (in disclosure up to Aug. 31, 2015) and early application	Companies except left column	Total (Number of companies and market cap)
① Companies that have adopted IFRS	60 Companies	8 companies	<b>112 companies</b> <b>(JPY 147 trillion)</b>
② Companies that have decided to adopt IFRS	17 companies	6 companies	
③ Companies planning to adopt IFRS	21 companies	—	
④ Companies considering IFRS adoption	194 companies	—	194 companies (JPY 106 trillion)
⑤ Other companies	2,068 companies	—	2,068 companies (JPY 272 trillion)
Total	2,360 companies	14 companies	2,374 companies (JPY 525 trillion)

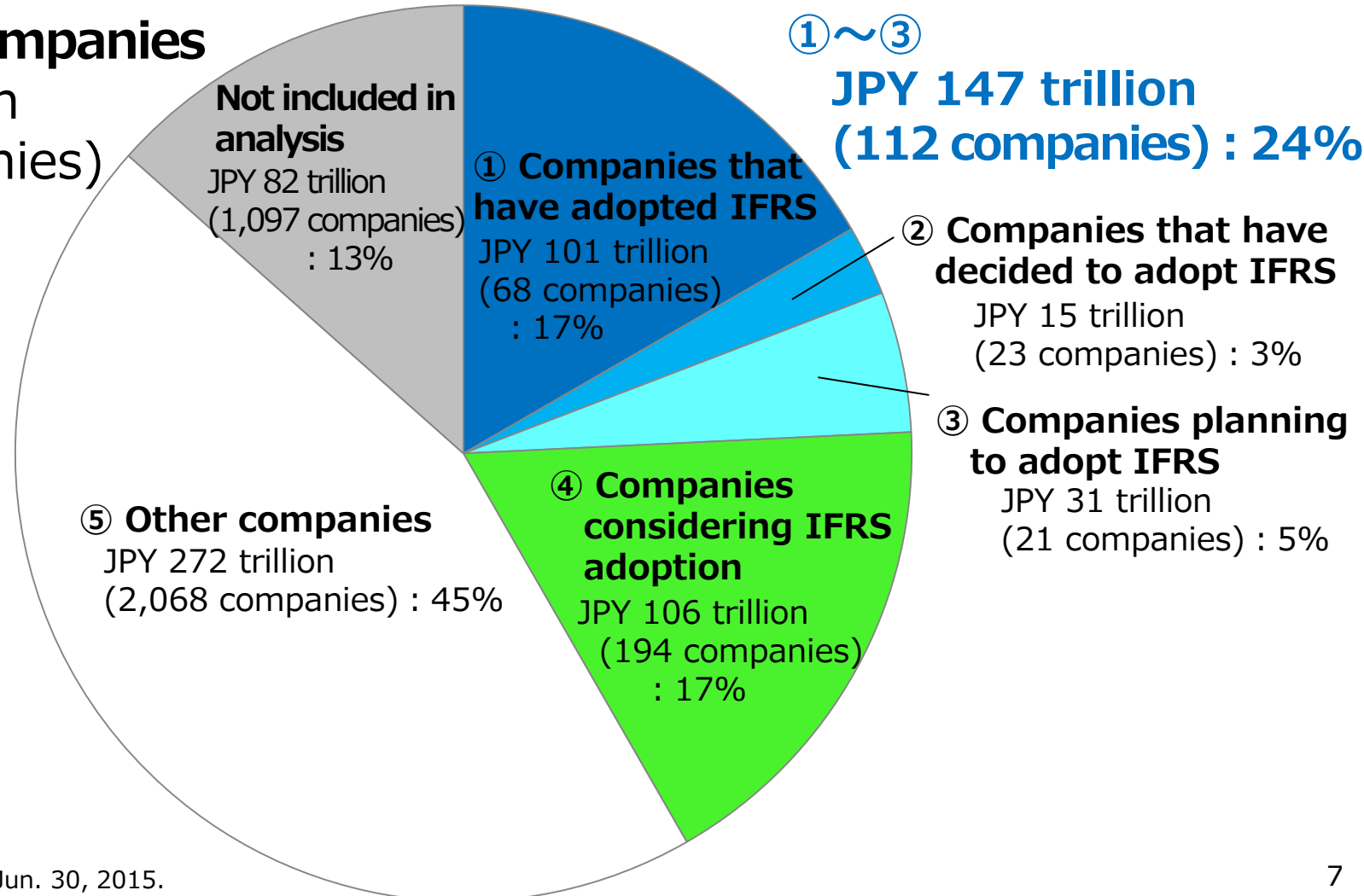
Note: Market capitalization as of Jun. 30, 2015.

# Ⅲ – 2. Number and Market Cap of Companies That Have Adopted IFRS

✓ The combined market capitalization of “① Companies that have adopted IFRS” and “② Companies that have decided to adopt IFRS” and “③ Companies planning to adopt IFRS” is JPY 147 trillion, 24% of the entire listed market capitalization (JPY 607 trillion).

## All TSE-listed companies

JPY 607 trillion  
(3,471 companies)



# III – 3. IFRS Adoption by Industrial Sector

- ✓ By industrial sector, "① Companies that have adopted IFRS", "② Companies that have decided to adopt IFRS", and "③ Companies planning to adopt IFRS" are found in 22 of the 33 industrial sectors.
- ✓ Industrial sectors that have a significant number of "① Companies that have adopted IFRS" and "② Companies that have decided to adopt IFRS" and "③ Companies planning to adopt IFRS" are: Electric Appliances (18), Information & Communication (12), Pharmaceutical (12), Wholesale Trade (10), and Transportation Equipment (10).

Note:

(1) Market capitalization as of Jun. 30, 2015.

(2) Numbers to the left of company names indicate the order of their market capitalization within the industrial sector.

	Information & Communication (12/361)	Pharmaceutical (12/64)	Wholesale Trade (10/322)	Oil & Coal Products (1/13)	Foods (4/127)
①Adopted ②Decided to adopt	(2) SoftBank (3) KDDI (5) Yahoo Japan (8) NEXON (19) ITOCHU Techno-Solutions (21) KONAMI (183) Fusion Partners (195) Hotto Link (303) Infoteria	(1) Takeda Pharmaceutical (2) Astellas Pharma (3) Eisai (4) CHUGAI PHARMACEUTICAL (7) DAIICHI SANKYO (8) ONO PHARMACEUTICAL (9) Mitsubishi Tanabe Pharma (12) SANTEN PHARMACEUTICAL (27) Sosei Group (42) GNI Group	(1) Mitsubishi (2) MITSUI (3) ITOCHU (4) SUMITOMO (5) Marubeni (9) Hitachi High-Technologies (12) Sojitz (24) ITOCHU ENEX	(1) JX Holdings	(1) JAPAN TOBACCO (11) NH Foods
③Planning to adopt	(1) NTT DOCOMO (4) NIPPON TELEGRAPH AND TELEPHONE CORPORATION (6) NTT DATA CORPORATION	(10) Kyowa Hakko Kirin (16) SAWAI PHARMACEUTICAL	(19) AUTOBACS SEVEN (36) KANEMATSU		(3) Ajinomoto (4) Kirin Holdings
Market capitalization (A)	JPY 38.7 trillion	JPY 19.6 trillion	JPY 14.3 trillion	JPY 1.3 trillion	JPY 9.5 trillion
Total market cap of industrial sector (B)	JPY 54.1 trillion	JPY 28.5 trillion	JPY 25.3 trillion	JPY 3.1 trillion	JPY 25.1 trillion
(A/B)	72%	69%	57%	42%	38%



# III – 3. IFRS Adoption by Industrial Sector

	Precision Instruments (4/51)	Electric Appliances (18/264)	Services (8/367)	Chemicals (8/209)	Transportation Equipment (10/97)
①Adopted ②Decided to adopt	(1) HOYA (24) Noritsu Koki	(4) Panasonic (7) Hitachi (11) TOSHIBA (14) FUJITSU (19) RICOH (21) SEIKO EPSON (24) KONICA MINOLTA (47) Hitachi Kokusai Electric (49) TOSHIBA TEC (58) ANRITSU (64) CLARION (138) SUMIDA (146) NIHON DEMPA KOGYO (164) TEAC (193) NISHISHIBA ELECTRIC	(2) Rakuten (5) DENTSU (6) M3 (13) DeNA (19) COOKPAD (36) TechnoPro Holdings (40) NEXT (77) SEPTENI HOLDINGS	(2) Kao (5) NITTO DENKO (8) Mitsubishi Chemical Holdings (12) TAIYO NIPPON SAN SO (19) Hitachi Chemical (56) KUREHA (60) The Nippon Synthetic Chemical Industry	(2) HONDA MOTOR (4) DENSO (28) NISSIN KOGYO (29) KEIHIN (35) F.C.C. (36) SHOWA (55) YUTAKA GIKEN (61) Yachiyo Industry
③Planning to adopt	(4) NIKON (14) NIKKISO	(9) NIDEC (18) NEC (30) BROTHER INDUSTRIES		(9) NIPPON PAINT HOLDINGS	(10) Mazda Motor (23) TS TECH
Market capitalization (A)	JPY 2.8 trillion	JPY 18.6 trillion	JPY 6.1 trillion	JPY 8.2 trillion	JPY 14.7 trillion
Total market cap of industrial sector (B)	JPY 8.2 trillion	JPY 72.2 trillion	JPY 25.4 trillion	JPY 34.7 trillion	JPY 70.6 trillion
(A/B)	34%	26%	24%	24%	21%

# III – 3. IFRS Adoption by Industrial Sector

	Metal Products (2/86)	Other Financing Business (3/28)	Glass & Ceramics Products (2/58)	Retail Trade (5/336)	Iron and Steel (1/47)
①Adopted ②Decided to adopt	(1) LIXIL Group	(2) Japan Exchange Group (8) Hitachi Capital (14) J Trust	(2) Asahi Glass (9) Nippon Sheet Glass	(1) FAST RETAILING (25) SKYLARK (52) COLOWIDE (86) Toridoll	(3) Hitachi Metals
③Planning to adopt	(15) G-TEKT			(66) OHSO FOOD SERVICE	
Market capitalization (A)	JPY 0.8 trillion	JPY 1.6 trillion	JPY 1.0 trillion	JPY 6.5 trillion	JPY 0.8 trillion
Total market cap of industrial sector (B)	JPY 4.3 trillion	JPY 8.7 trillion	JPY 5.5 trillion	JPY 36.6 trillion	JPY 8.4 trillion
(A/B)	19%	19%	18%	18%	10%
	Securities & Commodity Futures (2/41)	Machinery (4/229)	Real Estate (2/110)	Rubber Products (1/19)	Nonferrous Metals (1/35)
①Adopted ②Decided to adopt	(3) SBI Holdings (10) Monex Group	(12) Hitachi Construction Machinery (21) DMG MORI SEIKI (34) MIURA (39) Hitachi Koki	(29) TOSEI	(6) Sumitomo Riko	(14) Asahi Holdings
③Planning to adopt			(10) NTT URBAN DEVELOPMENT		
Market capitalization (A)	JPY 0.5 trillion	JPY 1.1 trillion	JPY 0.4 trillion	JPY 0.1 trillion	JPY 0.07 trillion
Total market cap of industrial sector (B)	JPY 7.2 trillion	JPY 29.3 trillion	JPY 16.3 trillion	JPY 5.4 trillion	JPY 5.1 trillion
(A/B)	7%	4%	3%	2%	1%

# III – 3. IFRS Adoption by Industrial Sector

	Land Transportation (1/59)	Construction (1/164)
①Adopted ②Decided to adopt	(20) Hitachi Transport System	
③Planning to adopt		(23) TOSHIBA PLANT SYSTEMS & SERVICES
Market capitalization (A)	JPY 0.2 trillion	JPY 0.1 trillion
Total market cap of industrial sector (B)	JPY 22.4 trillion	JPY 15.3 trillion
(A/B)	1%	1%

## 11 industrial sectors with no company transitioning to IFRS and size of industrial sector ( unit: companies )

Air Transportation	Mining	Insurance	Fishery, Agriculture & Forestry	Marine Transportation	Electric Power & Gas	Pulp & Paper	Warehousing & Harbor Transportation Services	Textiles & Apparels	Banks	Other Products
5	7	11	11	15	24	24	39	55	87	106

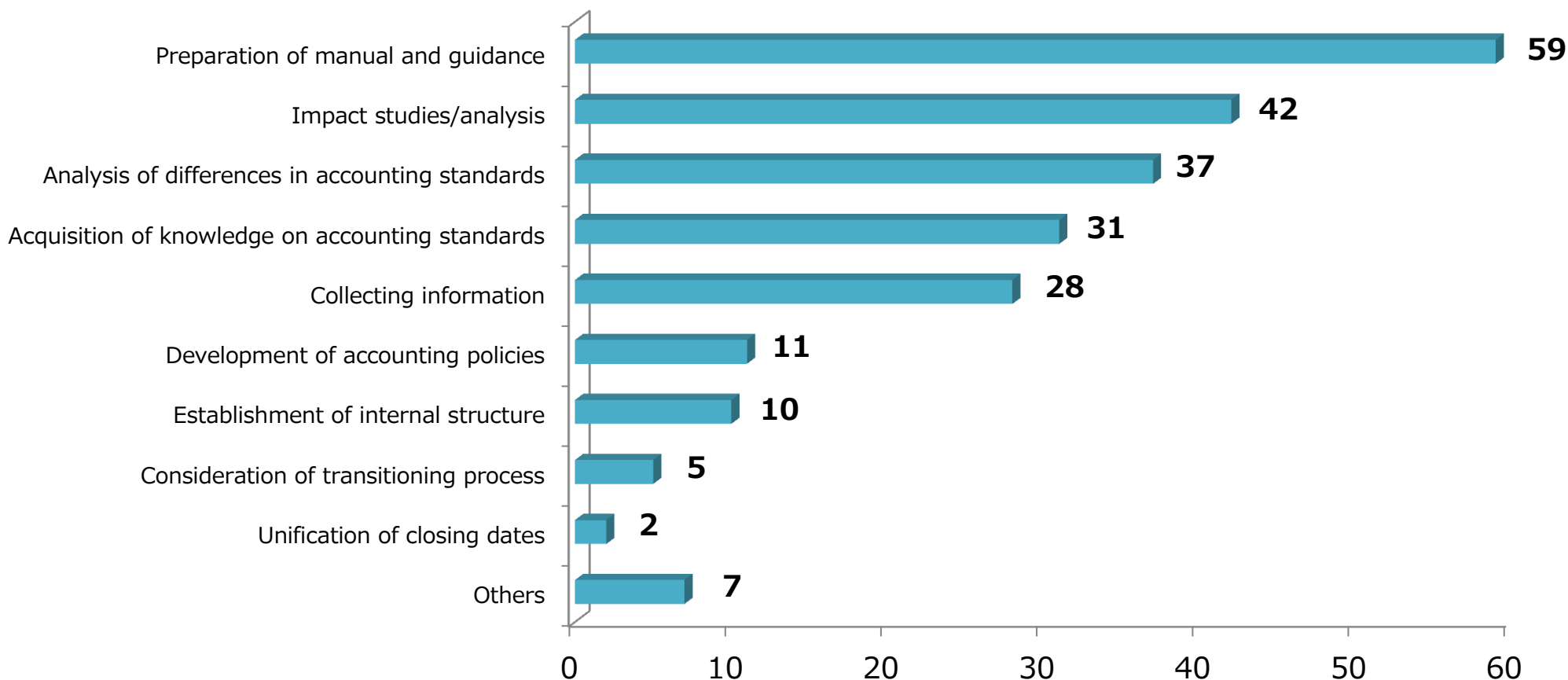
## III – 4. IFRS Adoption Date

- ✓ The scheduled adoption dates (including targeted) that "③ Companies planning to adopt IFRS (21 companies)" have described in their Basic Policy are as follows.

Adoption/Scheduled adoption date (including quarters within the range)	Companies that have adopted IFRS	Companies that have decided to adopt IFRS	Companies planning to adopt IFRS	Total
~ March 2015	60	–	–	60
April 2015 ~ March 2016	8	5	1	14
April 2016 ~ March 2017	–	15	7	22
April 2017 ~ March 2018	–	2	4	6
April 2018 ~ March 2019	–	1	5	6
April 2019 ~	–	–	1	1
No date provided	–	–	3	3
<b>Total</b>	<b>68</b>	<b>23</b>	<b>21</b>	<b>112</b>

# III – 5. Stage of Progress Among "④ Companies Considering IFRS Adoption"

✓ Of the 194 companies that were "considering IFRS adoption", 143 companies described concrete matters in its Basic Policy. Many described "Preparation of manual and guidance".



Note: Total exceeds 143 due to descriptions falling under multiple categories.