Date: July 31, 2014

Summary of Consolidated Financial Statements for the first quarter ended June 30, 2014 (IFRS basis)

Listed company name: **Nitto Denko Corporation**
Stock exchange listing: First Section of Tokyo Stock Exchange
Code Number: 6988 URL http://www.nitto.com/
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Filing date of quarterly financial statements: August 7, 2014
Estimated starting date of dividend paying: ---
Preparation of supplementary explanatory materials: Yes
Holding of quarterly earnings release conference: Yes (for investment analysts and institutional investors)

(All monetary values noted herein are rounded down to the nearest million yen)

1. Consolidated financial results of the first quarter ended June 30, 2014 (April 1, 2014 through June 30, 2014)

(1) Operating results (% of change from same period in the previous year)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter ended June 30, 2014	185,910	3.7	19,313	11.0	19,207	11.3	12,106	6.3	12,064	6.8	11,733	△42.2
First quarter ended June 30, 2013	179,255	–	17,402	–	17,259	–	11,388	–	11,294	–	20,285	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter ended June 30, 2014	73.11	72.98
First quarter ended June 30, 2013	68.50	68.33

(2) Financial position

	Total assets	Total equity	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company to total assets
	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2014	746,029	528,066	524,851	70.4
March 31, 2014	783,583	524,552	521,385	66.5

2. Dividends

Record Date	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
March, 2014	–	50.00	–	50.00	100.00
March, 2015	–				
March, 2015 (Forecast)		50.00	–	50.00	100.00

(Note) Revision of dividend forecast in the current quarter: No

3. Forecast for fiscal year ending March 31, 2015 (April 1, 2014 through March 31, 2015)

(% of change from same period in the previous year)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
First half	385,000	5.4	43,000	24.9	43,000	27.5	30,000	28.3	30,000	28.8	181.87
Annual	780,000	4.1	78,000	7.6	78,000	10.4	57,000	9.2	57,000	9.8	345.56

(Note) Revision of consolidated forecast in the current quarter: No

This is the first announcement to the public of the first-half earnings.

The annual earnings forecast remain unchanged from the previous forecast.

If it is necessary to revise the annual earnings forecast, the revision will be disclosed at the time of the announcement of the financial results for the second quarter.

4. Others

(1) Changes in significant subsidiaries during the first quarter ended June 30, 2014: No

(2) Changes in accounting policies applied and changes in accounting estimates

1. Changes in accounting policies required by IFRS: No
2. Changes in accounting policies other than the above: No
3. Changes in accounting estimates: No

(3) Number of shares outstanding (Common stock)

1. Number of shares outstanding at the end of the period (including treasury stock)
   June 30, 2014: 173,758,428　　March 31, 2014: 173,758,428
2. Number of treasury stock at the end of the period
   June 30, 2014: 8,711,732　　March 31, 2014: 8,756,529
3. Average number of outstanding shares during the period (cumulative from the beginning of the period)
   April-June 2014: 165,017,291　　April-June 2013: 164,891,826

- Information regarding implementation of quarterly review procedures

These quarterly financial results are not subject to quarterly review procedures based on the Financial Instruments and Exchange Act. Thus, at the time of disclosure of these financial results, the quarterly financial statement review procedures based on the Financial Instruments and Exchange Law have not been completed.

- Explanations for adequate utilization of the forecast and other special matters

The forward-looking statements shown in this report, including the forecast, are prepared based on information available to the Company and on certain assumptions deemed reasonable as of the issuing date of the report. Consequently, the statements herein do not constitute promises regarding actual results by the Company. Actual results may differ materially from forecasted figures due to various unknown factors. Please refer to the section of “Explanation of forecasts and other projections” on page 5 of the attached document for the suppositions that form the basis of assumptions in the forecast and cautions concerning the use thereof.

From the fiscal year ending March 31, 2015, the Company introduced the International Financial Reporting Standards (IFRS) to prepare its consolidated financial statements accordingly. The consolidated financial data for the year ended March 31, 2014 is also presented based on the IFRS.

(Attached Documents)

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1. Qualitative Information Regarding Quarterly Settlement of Accounts

(1) Explanation of operating results

During the first quarter ended June 30, 2014, economic conditions were mixed among different geographic regions: the U.S. economy showed signs of a pickup as the employment environment and consumer spending improved, whereas the Chinese and other emerging economies demonstrated general symptoms of a slowdown as their financial and real estate markets suffered from instability. The Japanese economy, on the other hand, experienced at best a mild recovery overall, despite the fact that the forex markets were rather stable and the repercussions of last-minute orders prior to the consumption tax rate hike were not as significant as expected.

Under such an economic environment, the Nitto Group ("the Group") kicked off the fiscal year by positioning it as the "year to soar with passion to the new phase" with a view toward pushing through structural reform to quickly adapt to the fast-changing operating environment, while at the same time implementing growth strategies to create new businesses and reinforce the business structure. In the mainstay electronics market, the Group focused on expanding sales by offering a wide variety of products in order to capture the growing demand for smartphones and other devices in China. In the automobile market, the Group achieved steady sales growth by promoting finely tuned *San-shin* activities in each region as automobile unit production grew.

As a result, revenue increased by 3.7% from the same period of the previous year (changes hereafter are given in comparison with the same period of the previous year) to 185,910 million yen. Operating income increased by 11.0% to 19,313 million yen, income before income taxes increased by 11.3% to 19,207 million yen, net income increased by 6.3% to 12,106 million yen, and net income attributable to owners of the parent company increased by 6.8% to12,064 million yen.

All of the data in these consolidated financial statements are presented on the basis of the International Financial Reporting Standards (IFRS). The data for the first quarter ended June 30, 2013, and the fiscal year ended March 31, 2014, that were previously presented under the Japanese Generally Accepted Accounting Principles (GAAP) have also been adjusted here to comply with IFRS.

Summary of results by segments

a. Industrial Tape

Sales to the automobile industry fared well as the newly introduced global account management has taken effect and *San-shin* activities have begun to bear fruits in Europe, the Americas, and other regions amid growth in the number of automobiles produced worldwide. Sales to the electronics industry, which is driven by smartphones and tablet PCs, were brisk thanks to the aggressive omnidirectional approach to customers of double-sided adhesive tape and sealing products. Sales of conventional double-sided adhesive tape, which is used for a broad range of industrial applications, and fluoroplastics products that offer superior heat resistance remained firm. Sales to the housing industry were affected by the repercussions of last-minute orders prior to the consumption tax rate hike, but the magnitude of this was limited.

As a result, revenue was 73,206 million yen (up 4.8%) and operating income was 4,601 million yen (up 27.4%).

b. Optronics

In the customer market for information fine materials, the FIFA World Cup in Brazil boosted the demand for LCD TVs, and demand for larger panels grew as high-resolution 4K TVs made their market debut. Accordingly, the Group tapped into its proprietary roll-to-panel production system in order to capture the growing demand for optical films. With regard to optical films for smartphone and tablet PC panels, on the other hand, some major customers adjusted their production, but the Group was nonetheless able to benefit from growing demand on the back of the introduction of a high-speed telecommunications system in China. Sales of transparent electro-conductive films for touch panels were affected by production adjustment of tablet PCs by customers, but performed well for smartphones made by Chinese manufacturers. Sales of flexible printed circuits were also robust, driven chiefly by LCD displays for smartphones by Chinese manufacturers. In processing materials, various types of tape used for downstream processing in semiconductor fabrication sold favorably, as the semiconductor market was buoyed up by the rapid expansion of the smartphone market.

As a result, revenue was 112,958 million yen (up 3.3%) and operating income was 15,793 million yen (down 8.8%).

c. Medical & Membrane

In medical products, inventory adjustment of Bisono tape, a type of transdermal therapeutic patch for hypertension treatment, continued. A U.S. Group company in the oligonucleotide field suffered from the repercussions of concentrated orders for small-scale synthesis of oligonucleotides in the preceding quarter. Sales of membrane products (reverse osmosis membranes) were strong, as the Group was able to capitalize on the demand for general industrial applications, including applications for boiler feed water, in China, and successfully took replacement orders for its seawater desalination membrane modules.

As a result, revenue was 8,879 million yen (up 4.0%) and operating income was 259 million yen (up 258.7%).

(Reference) Segment Information (Yen in Millions)

		First quarter ended June 30, 2013 (April 1, 2013 through June 30, 2013)	First quarter ended June 30, 2014 (April 1, 2014 through June 30, 2014)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Functional base products	45,636	46,347	101.6
	Automotive products	24,195	26,859	111.0
	Total	69,832	73,206	104.8
	Operating income	3,613	4,601	127.4
Optronics	Information fine materials	90,663	90,547	99.9
	Flexible printed circuits	13,645	16,609	121.7
	Processing materials	5,079	5,801	114.2
	Total	109,388	112,958	103.3
	Operating income	17,323	15,793	91.2
Medical & Membrane	Medical products	3,478	3,386	97.4
	Membrane products	5,057	5,492	108.6
	Total	8,536	8,879	104.0
	Operating income	72	259	358.7
Corporate/Elimination	Revenue	△8,501	△9,134	-
	Operating income	△3,606	△1,341	-
Total	Revenue	179,255	185,910	103.7
	Operating income	17,402	19,313	111.0

* The Company has presented its consolidated financial data in accordance with the International Financial Reporting Standards (IFRS) effective from the first quarter ended June 30, 2014. Figures for the first quarter ended June 30, 2013 prepared in accordance with the Japanese accounting standards and disclosed in the previous fiscal year have been converted into IFRS-based figures here. With the changes in the management structure that have been made during the fiscal year under review, partial changes have been made to reporting segments. Such changes have also been reflected in the figures for the first quarter ended June 30, 2013.

(2) Explanation of financial position

The financial position at the end of the first quarter ended June 30, 2014 was as follows.

Compared with the end of the fiscal year ended March 31, 2014, total assets decreased by 37,554 million yen to 746,029 million yen. Total equity increased by 3,514 million yen to 528,066 million yen. As a result, the ratio of equity attributable to owners of the parent company to total assets changed from 66.5% at the end of the fiscal year ended March 31, 2014 to 70.4% at the end of the first quarter ended June 30, 2014.

The main changes in assets were a decrease in cash and deposits of 41,488 million yen. In liabilities, there was a decrease in bonds and borrowings of 50,483 million yen following the redemption of bonds.

(3) Explanation of forecasts and other projections

No changes have been made to the consolidated forecasts for the first half ending September 30, 2014, or the full year ending March 31, 2015, since the announcement in the consolidated financial statements on April 30, 2014.

2. Other Information

(1) Changes in significant subsidiaries during the three months ended June 30, 2014

Not applicable.

(2) Changes in accounting policies applied and changes in accounting estimates

Not applicable.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated statements of financial position

(Yen in Millions)

	April 1, 2013 (Date of transition to IFRS)	March 31, 2014	June 30, 2014
(Assets)			
Current assets			
Cash and cash equivalents	152,275	203,446	161,958
Trade and other receivables	163,595	171,310	163,929
Inventories	83,575	86,264	92,207
Other financial assets	65,257	5,818	5,466
Other current assets	7,600	7,829	12,315
Total current assets	472,304	474,669	435,877
Non-current assets			
Property, plant and equipment	213,391	247,835	248,833
Intangible assets	10,966	14,984	15,346
Goodwill	3,052	4,560	4,535
Investments accounted for using equity method	1,724	441	426
Financial assets	9,313	10,978	11,339
Deferred tax assets	31,375	29,324	28,739
Other non-current assets	525	790	930
Total non-current assets	270,350	308,914	310,152
Total assets	742,654	783,583	746,029

(Yen in Millions)

	April 1, 2013 (Date of transition to IFRS)	March 31, 2014	June 30, 2014
Liabilities and equity			
(Liabilities)			
Current liabilities			
Trade and other payables	105,830	104,919	109,324
Bonds and borrowings	11,137	56,694	6,211
Income tax payables	13,915	7,513	9,336
Other financial liabilities	19,111	14,648	16,237
Other current liabilities	28,495	31,818	34,589
Total current liabilities	178,490	215,594	175,699
Non-current liabilities			
Bonds and borrowings	50,987	3,510	3,502
Other financial liabilities	192	307	207
Defined benefit liabilities	41,493	33,723	33,074
Deferred tax liabilities	1,258	2,082	1,853
Other non-current liabilities	2,821	3,813	3,625
Total non-current liabilities	96,753	43,436	42,263
Total liabilities	275,243	259,030	217,962
(Equity)			
Equity attributable to owners of the parent company			
Share capital	26,783	26,783	26,783
Capital surplus	56,944	56,958	56,895
Retained earnings	413,674	450,741	454,555
Treasury stock	△32,405	△31,746	△31,584
Other components of equity	263	18,647	18,200
Total equity attributable to owners of the parent company	465,259	521,385	524,851
Non-controlling interests	2,151	3,167	3,215
Total equity	467,411	524,552	528,066
Total liabilities and equity	742,654	783,583	746,029

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

(Quarterly consolidated statements of income)

(Yen in Millions)

	First quarter ended June 30, 2013 (April 1, 2013 through June 30, 2013)	First quarter ended June 30, 2014 (April 1, 2014 through June 30, 2014)
Revenue	179,255	185,910
Cost of sales	125,748	131,893
Gross profit	53,506	54,017
Selling, general and administrative expenses	26,092	27,656
Research and development expenses	6,982	7,060
Other income	1,254	1,667
Other expenses	4,282	1,653
Operating income	17,402	19,313
Financial income	208	273
Financial expenses	348	366
Equity in losses of affiliates	3	13
Income before income taxes	17,259	19,207
Income tax expenses	5,870	7,101
Net income	11,388	12,106
Net income attributable to:		
Owners of the parent company	11,294	12,064
Non-controlling interests	93	42
Total	11,388	12,106
Earnings per share attributable to owners of the parent company		
Basic earnings per share (yen)	68.50	73.11
Diluted earnings per share (yen)	68.33	72.98

(Quarterly consolidated statements of comprehensive income)

(Yen in Millions)

	First quarter ended June 30, 2013 (April 1, 2013 through June 30, 2013)	First quarter ended June 30, 2014 (April 1, 2014 through June 30, 2014)
Net income	11,388	12,106
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on financial assets measured at fair value through other comprehensive income	412	249
Items that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	7,192	△723
Net gain (loss) in fair value of cash flow hedges	1,277	103
Share of other comprehensive income of associates accounted for using equity method	14	△1
Total other comprehensive income	8,896	△372
Total comprehensive income	20,285	11,733
Total comprehensive income attributable to:		
Owners of the parent company	20,162	11,617
Non-controlling interests	122	116
Total	20,285	11,733

(3) Quarterly consolidated statements of changes in equity

For the first quarter ended June 30, 2013 (April 1, 2013 through June 30, 2013)

(Yen in Millions)

	Equity attributable to owners of the parent company							
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total	Non-controlling interests	Total equity
Balance as of April 1, 2013	26,783	56,944	413,674	△32,405	263	465,259	2,151	467,411
Net income	-	-	11,294	-	-	11,294	93	11,388
Other comprehensive income	-	-	-	-	8,867	8,867	28	8,896
Total comprehensive income	-	-	11,294	-	8,867	20,162	122	20,285
Share-based payment transactions	-	△89	-	-	-	△89	-	△89
Dividends	-	-	△8,240	-	-	△8,240	△42	△8,283
Changes in treasury stock	-	9	-	448	-	457	-	457
Other increase or decrease	-	-	-	-	-	-	61	61
Total transactions with owners	-	△80	△8,240	448	-	△7,873	18	△7,854
Balance as of June 30, 2013	26,783	56,863	416,728	△31,957	9,130	477,549	2,292	479,841

For the first quarter ended June 30, 2014 (April 1, 2014 through June 30, 2014)

(Yen in Millions)

	Equity attributable to owners of the parent company							
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total	Non-controlling interests	Total equity
Balance as of April 1, 2014	26,783	56,958	450,741	△31,746	18,647	521,385	3,167	524,552
Net income	-	-	12,064	-	-	12,064	42	12,106
Other comprehensive income	-	-	-	-	△446	△446	73	△372
Total comprehensive income	-	-	12,064	-	△446	11,617	116	11,733
Share-based payment transactions	-	△71	-	-	-	△71	-	△71
Dividends	-	-	△8,250	-	-	△8,250	△64	△8,314
Changes in treasury stock	-	8	-	162	-	170	-	170
Other increase or decrease	-	-	-	-	-	-	△3	△3
Total transactions with owners	-	△63	△8,250	162	-	△8,151	△68	△8,219
Balance as of June 30, 2014	26,873	56,895	454,555	△31,584	18,200	524,851	3,215	528,066

(4) Quarterly consolidated statements of cash flows

(Yen in Millions)

	First quarter ended June 30, 2013 (April 1, 2013 through June 30, 2013)	First quarter ended June 30, 2014 (April 1, 2014 through June 30, 2014)
Cash flows from operating activities		
Income before income taxes	17,259	19,207
Depreciation and amortization	9,932	11,196
Increase (decrease) in defined benefit liabilities	445	△709
Decrease (increase) in trade and other receivables	6,231	7,111
Decrease (increase) in inventories	△5,108	△6,213
Increase (decrease) in trade and other payables	△206	3,944
Interest and dividend income	148	196
Interest expenses paid	△328	△474
Income taxes (paid) refunded	△12,858	△5,108
Others	△6,379	△938
Net cash provided by operating activities	9,136	28,212
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	△14,484	△11,153
Proceeds from sale of property, plant and equipment and intangible assets	114	11
Decrease (increase) in time deposits	641	602
Others	△2,034	△33
Net cash provided by (used in) investing activities	△15,763	△10,572
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	811	△399
Redemption of bonds	-	△50,000
Decrease (increase) in treasury stock	325	48
Cash dividends paid	△8,240	△8,250
Others	△42	△129
Net cash provided by (used in) financing activities	△7,146	△58,731
Effect of exchange rate changes on cash and cash equivalents	2,893	△396
Net increase (decrease) in cash and cash equivalents	△10,880	△41,488
Cash and cash equivalents at the beginning of the period	152,275	203,446
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	608	-
Cash and cash equivalents at the end of the period	142,003	161,958

(5) Notes on quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes on quarterly consolidated financial statements)

1. Reporting entity

Nitto Denko Corporation (the "Company") is a corporation domiciled in Japan. These quarterly consolidated financial statements are composed of those concerning the Company and its associates (the "Group"). With its base in the Industrial Tape and Optronics segments, the Group engages in businesses related to those segments and deals in a broad range of products. For details, please see "Note: Segment information."

2. Basis of preparations

(1) Accounting standards complied with

These quarterly consolidated financial statements have been prepared in accordance with IFRS 34 Interim Financial Reporting, pursuant to the provisions set forth in Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements, etc. (Cabinet Office Ordinance No. 64 of 2007), as they satisfy all of the requirements for a "Specified Company" prescribed in Article 1-2, Paragraph 1, Item (i), (a) – (c) and (d)-3 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28 of 1976).

The Group has adopted IFRS starting from the fiscal year ending March 31, 2015 (April 1, 2014 through March 31, 2015), and consolidated financial statements for that year are the Group's first such statements to be prepared in accordance with IFRS. The Group's IFRS transition date is April 1, 2013, and the Group has adopted IFRS 1 *First-time Adoption of International Financial Reporting Standards*. Please see "Note: First-time adoption of IFRS, Disclosure of transition to IFRS" for the impact of the transition from Japanese accounting standards to IFRS.

(2) Basis of measurement

These quarterly consolidated financial statements have been prepared on a historical cost basis, with the exception of some financial assets, financial liabilities, employee benefits, etc., which are measured at fair value as stated in "3. Significant accounting policies" below.

(3) Presentation currency and units used

These quarterly consolidated financial statements are presented in Japanese yen, with figures less than one million yen being rounded down.

(4) Significant accounting estimates and judgments

When preparing these quarterly consolidated financial statements, management makes judgments, estimates, and assumptions that affect the application of accounting policies and carrying amounts of assets, liabilities, revenue, and expenses. As such, actual results may differ from these estimates. Estimates and underlying assumptions are continuously reviewed. The impact of revisions to accounting estimates are recognized for the period in which the estimate is revised as well as in future periods.

Significant estimates and judgments made by management are as follows.

- Assessment of recoverability of goodwill, intangible assets, and long-lived assets
- Assessment of recoverability of deferred tax assets
- Measurement of defined benefit liabilities

3. Significant accounting policies

Unless otherwise stated, significant accounting policies adopted in these quarterly consolidated financial statements are the same as those adopted in all periods presented in those statements (including consolidated statements of financial position at the IFRS transition date).

Since the IFRS transition date, the Group has implemented early adoption of IFRS 9 *Financial Instruments* (published in November 2009, amended in October 2010 and December 2011).

(1) Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities which controlled by the Group. An entity is considered controlled if the Group has exposure or rights to variable returns from involvement with the entity and has the ability to use power over that entity to affect those returns. The Group consolidates subsidiaries from the date when control over the subsidiaries has been obtained and ceases to consolidate subsidiaries when control over them has been lost.

The Group uses the acquisition method to account for business combinations. A consideration transferred for acquisition of a subsidiary is the fair value of the transferred assets, liabilities incurred, and equity interests that the Group has issued. A consideration transferred includes the fair value of assets or liabilities that have arisen from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets that have been acquired and liabilities that have been assumed as a result of a business combination are measured at fair value on the initial acquisition date. On an acquisition-by-acquisition basis, the Group recognizes non-controlling interests in the acquiree either at fair value or by the proportionate share of non-controlling interests in the acquiree's net assets.

The Group recognizes goodwill as any value of the consideration transferred, amount of non-controlling interests in the acquiree, and fair value on the acquisition date of the equity interest of the acquiree previously held by the Group that is in excess of the fair value of the Group's interests in the identifiable net assets acquired from the acquiree. If, in the case of a bargain purchase, the purchased amount is less than the fair value of net assets of the acquired subsidiary, the difference is recognized as net profit or loss.

All balances, transactions, and unrealized gains arising from the transactions among subsidiaries are eliminated. Unrealized losses, too, are eliminated except in the case of impairment to the transferred assets.

(b) Associates

Associates are entities over which the Group has significant influence, but do not have control to govern the financial and operating policies. Normally, the Group holds between 20% and 50% of the voting rights in such entities. Investments in associates are initially recognized as acquisition costs and are subsequently accounted for using the equity method.

(2) Segment reporting

Reportable segments are components of business activities that earn revenue and incur expenses, including transactions with other reportable segments.

Financial information of each reportable segment is reported in a way that is consistent with internal reports submitted to the supreme management decision-making body. The supreme management decision-making body is responsible for resource allocation and performance evaluation of each reportable segment. In the Group, the board of directors is the supreme management decision-making body that makes strategic decisions.

(3) Foreign currency translation

(a) Foreign currency transactions

Items in financial statements of each entity within the Group are measured using the currencies in the primary economic environment in which each entity engages in operating activities (the "functional currency").

Foreign currency transactions are translated into functional currencies using the exchange rates prevailing on the dates of transactions or, when remeasuring any items in financial statements, the exchange rate prevailing on the dates of remeasurement. Exchange differences arising from such transactions and any exchange differences that may arise when translating monetary assets and liabilities denominated in foreign currencies using the prevailing exchange rates on the reporting date are recognized as net profit or loss.

(b) Foreign operations

Foreign operations that use functional currencies different from presentation currencies translate assets and liabilities (including goodwill arising from acquisitions and adjustment of fair value) into Japanese yen at the prevailing exchange rates on the reporting date, and translate revenue and expenses into Japanese yen at the average exchange rate.

Exchange differences arising from translating the financial statements of foreign operations are included in other components of equity.

(4) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, and other highly liquid short-term investments due within three months from the deposit date.

(5) Notes and accounts receivable-trade

Notes and accounts receivable-trade are amounts received from customers for sale of goods or provision of services in the ordinary course of business. If their collections are expected within a year, or beyond that time but still within a normal operating cycle, notes and accounts receivable-trade are classified as current assets. Otherwise, they are classified as non-current assets.

Notes and accounts receivable-trade are initially capitalized at fair value, and are subsequently measured at amortized cost using the effective interest method and capitalized after deducting allowance for doubtful debts.

(6) Inventories

Inventories are measured at the lower of acquisition cost and net realizable value. Acquisition cost is calculated using the average method. The acquisition cost of finished goods and works in process comprises the raw materials costs, direct labor costs, other direct costs, and related production overhead (based on normal production capacity). Net realizable value is the estimated selling price in the ordinary course of business minus the related variable selling cost.

(7) Property, plant and equipment

All property, plant and equipment are presented at acquisition cost less accumulated depreciation and accumulated impairment losses. Such acquisition cost includes costs directly incidental to acquisition of the asset and borrowing costs directly attributable to acquisition, construction, or production of qualifying assets.

Costs that may be incurred after acquisition are either included in the book value of the asset or, if deemed appropriate, recognized as a separate asset in cases where it is probable that future economic benefits associated with the asset will flow to the Group, and such costs can be reasonably estimated. The Group derecognizes any replaced portions at their book value. Other repair and maintenance costs are expensed in the consolidated statements of income for the accounting period in which such costs are incurred.

Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives below. The depreciable amount is calculated as the cost of each asset less its residual value.

- Buildings and structures: 15 – 30 years
- Machinery, equipment, and vehicles: 5 – 10 years

The residual value and estimated useful lives of assets are reviewed at the end of each reporting period, and are changed if deemed necessary.

(8) Intangible assets and goodwill

(a) Capitalized development costs

Costs that may be incurred during the development process (or the development stage of an internal project) are capitalized only when all of the following may be verified.

- Technological feasibility of completing products under development so that they may be used or sold
- Intentions of the entity to complete products under development and then using or selling them
- Capability to use or sell products under development
- Likelihood of products under development creating future economic benefits
- Availability of appropriate technological, financial, and other resources that may be necessary for completing products under development and then using or selling them
- Capability to reliably measure costs arising from products under development during the development period

The initially recognized amount of capitalized development costs is the sum of costs that have been incurred from the date when intangible assets have first satisfied all of the abovementioned conditions for recognition up until completion of development.

After initial recognition, capitalized development costs are reported at acquisition cost less accumulated amortization and accumulated impairment losses. If capitalized development costs are not recognized, development costs are recognized as costs when incurred.

Capitalized development costs are amortized using the straight-line method over their estimated useful lives.

(b) Intangible assets acquired in a business combination (goodwill and other intangible assets)

Please see "Note 3. Significant accounting policies, (1) Basis of consolidation" for measurement of goodwill at initial recognition. Goodwill is measured as acquisition cost less accumulated impairment losses.

Goodwill is not amortized and is tested for impairment. See "Note 3. Significant accounting policies, (9) Impairment for non-financial assets" for information on impairment.

Intangible assets that have been acquired in a business combination and are recognized separately from goodwill are initially recognized at the fair value of the acquisition date and amortized using the straight-line method over their estimated useful lives.

(c) Other intangible assets separately acquired

Other intangible assets that have been separately acquired are capitalized at acquisition cost less accumulated amortization and accumulated impairment losses and include software, patent rights, etc. Intangible assets separately acquired are depreciated using the straight-line method over their estimated useful lives.

(9) Impairment for non-financial assets

The Group determines whether or not there is any impairment for all property, plant and equipment and intangible assets when there exist any signs that indicate a possibility of their book value not being recovered due to some event or change in circumstances. Impairment loss is recognized if the book value of an asset exceeds the recoverable amount. The recoverable amount is the fair value of an asset less its cost to sell or its value in use, whichever is higher. In calculating an asset's value in use, estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. For the purpose of determining the amount of impairment, assets are grouped into the smallest units (cash-generating units) for which individually identifiable cash flows exist.

Intangible assets whose useful lives cannot be determined and intangible assets that have yet to become usable are not amortized, but are instead subject to impairment tests in which the recoverable amount of assets is estimated and compared with their book value annually.

Goodwill is subject to impairment tests annually, and its book value is its acquisition cost less accumulated impairment losses. Goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergies arising from the business combination on account of impairment tests.

With regard to property, plant and equipment and intangible assets, excluding goodwill, for which impairment was previously recognized, the possibility of their impairment being reversed at the end of each reporting period is evaluated.

(10) Non-derivative financial assets

The Group initially recognizes notes and accounts receivable-trade and other receivables on the dates when they are incurred. The Group recognizes all other non-derivative financial assets on the transaction dates when the Group becomes a contracting party of the financial instruments in question.

(a) Financial assets measured at amortized cost

Financial assets are classified as "financial assets measured at amortized cost" only when the following two requirements are met:

- The foregoing financial assets are held within a Group business model whose objective is to hold the assets so that contractual cash flows may be collected from the assets.
- The contractual terms of the foregoing financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially recognized at fair value, which includes transaction costs directly attributable to acquisition of such financial assets. Financial assets are measured at amortized cost after the fact using the effective interest method, and the amount after deducting impairment losses is capitalized as the book value.

(b) Financial assets measured at fair value

Financial assets that fail to satisfy either of the two requirements above are classified as financial assets measured at fair value. Please note that the Group has made an irreversible choice where changes in fair value of investments in any other capitalized financial instruments are recognized via other comprehensive income, rather than via net profit or loss.

Financial assets measured at fair value are initially recognized at fair value. The Group includes in fair value any transaction costs directly attributable to acquisition of such financial assets, except for financial assets measured at fair value via net profit or loss.

With regard to financial assets measured at fair value via other comprehensive income, gains or losses attributable to changes in realized fair value and recognized impairment losses are not reclassified to net profit or loss. However, dividend income from the foregoing investments is recognized as "financial income" as a part of net profit or loss, except in cases where it is clear that such dividends are repaying the investment principal.

(c) Derecognition of financial assets

The Group derecognizes a financial asset when the rights to cash flows from the financial asset expire or when the financial asset is handed over and the Group transfers nearly all of the risks and rewards of ownership of the financial asset.

(11) Impairment of financial assets

At the end of each reporting period, the Group determines whether or not there is objective evidence of impairment of financial assets measured at amortized cost. Impairment losses of financial assets are recognized when there is objective evidence of impairment as a result of one or more events occurring subsequent to initial recognition of such financial assets ("loss events") and when it is reliably estimated that such loss events have a negative influence on the estimated future cash flows of such financial assets or financial asset groups.

The Group uses the following to judge whether or not objective evidence of impairment losses exist:

- Significant financial difficulty of the issuer or borrower
- Breach of contract, such as a default or delinquency in interest or principal payments
- High possibility of the issuer going bankrupt or entering financial reorganization.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the decrease and impairment had been recognized, the previously recognized impairment loss is reversed.

(12) Derivative financial instruments and hedge accounting

The Group designates certain derivative instruments as cash flow hedges in order to hedge foreign exchange risk, interest risk, etc. in the future.

At the inception of a transaction, the Group formally documents the relationship between the hedging instrument and the hedged item, and the risk management objective and strategies for undertaking various hedges. At the inception of the hedge, as well as on an ongoing basis, the Group formally documents its assessment of whether derivatives used for hedge transactions can be highly effective in offsetting changes in cash flows of the hedged item. The Group also verifies that forecast transactions are highly probable, in order to apply cash flow hedges to such forecast transactions.

・ Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges and satisfy relevant requirements is recognized in other components of equity. The ineffective portion is recognized in net profit or loss in the consolidated statements of income.

Any amount incurred with respect to hedging instruments that is recognized in other components of equity is reclassified to net profit or loss in the period when hedged items affect profit or loss. When forecast transactions to be hedged can give rise to recognition of non-financial assets, any amount that has been recognized as other comprehensive income is reclassified and included in initial measurement of the acquisition cost of the asset.

Hedge accounting is discontinued prospectively for the future when the hedging instrument expires or is sold, or the hedge no longer meets the criteria for hedge accounting. Any amount incurred with respect to hedging instruments that have already been recognized under other components of equity is continually capitalized until forecast transactions are eventually recognized in net profit or loss. When forecast transactions are no longer expected to occur, the amount incurred with respect to hedging instruments that is recognized in other components of equity is immediately recognized in net profit or loss.

(13) Notes and accounts payable-trade

Notes and accounts payable-trade are payment obligations for goods or services received from suppliers in the ordinary course of business, and are classified as current liabilities if they are due within a year or beyond that time but still within a normal operating cycle. Otherwise, they are classified as non-current liabilities. At initial recognition, notes and accounts payable-trade are capitalized at fair value and are subsequently measured at amortized cost using the effective interest method.

(14) Bonds and borrowings

At initial recognition, bonds and borrowings are capitalized at fair value after deducting transaction costs incurred and are subsequently measured at amortized cost using the effective interest method over the amortization period or borrowing period.

(15) Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis, and are recognized as an expense when the related services are provided. For bonus and paid absence payments, a liability is recognized for the amount expected to be paid in accordance with the relevant systems if the Group has a legal or constructive obligation to pay this amount and the obligation can be estimated reliably.

(b) Long-term employee benefits

The Group provides its employees and retirees with post-employment benefit plans, which comprise defined benefit plans and defined contribution plans.

Obligations for defined benefit plans are recognized as the present value of defined benefit obligations at the end of each reporting period less the fair value of any plan assets. Qualified actuaries use the projected unit credit method to calculate defined benefit obligations annually. The present value of defined benefit obligations is calculated by discounting estimated future cash outflows based on the market yields of high quality corporate bonds that have a maturity approximating the estimated dates for payments of obligations and are denominated in the currencies in which such payments are made.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income during the period when such gains and losses have arisen.

Following the changes in pension plans, past service costs incurred are immediately recognized in net profit or loss.

With regard to defined contribution plans, the Group pays contributions to publicly or privately managed pension insurance plans. So long as the Group pays contributions, the Group will not be obliged to make additional payments. Such contributions are recognized as employee benefit obligations on the due date.

(16) Provisions

A provision is recognized when the Group has a reasonably estimable legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. A provision is measured as the present value of costs that are deemed necessary to settle obligations using a pre-tax discount rate that reflects the market valuation of the time value of money and the risks specific to the obligations. Any increases in provisions that may have taken place over time are recognized as finance costs.

(17) Share capital

Common stock is classified as equity.

Any incremental cost directly attributable to issuance of new stock (common stock) or stock options is reported under equity as a deduction from after-tax gain.

When any company within the Group purchases the Company's share capital (treasury stock), any consideration paid, including directly related incremental costs, is deducted from capital attributable to the Company's shareholders until such stock is cancelled or reissued.

(18) Stock bonus plans

The Group maintains a stock bonus plan as equity-settled, share-based compensation. Under this plan, the Group receives services from directors, vice presidents, and employees in consideration of its capitalized financial instruments (options). The fair value of such options is assessed using the Black-Scholes model, and the fair value of services received in exchange for granting such options is recognized as costs over the vesting period.

Such recognized costs are adjusted when a difference has arisen between the estimated vesting period and the actual vesting period.

(19) Revenue recognition

Revenue comprises considerations that the Group receives through sale of goods, etc. in the ordinary course of its business or the fair value of its receivables.

The Group recognizes revenue from the sale of goods when the Group has transferred to the customer the significant risks and rewards of ownership of the goods sold, does not retain continuing managerial involvement or substantial control over the goods sold, is likely to receive economic benefit related to such transactions, and is capable of reliably measuring the amounts of costs incurred and revenue received in relation to such transactions. Specifically, the Group recognizes revenue when delivery of goods to customers is completed.

Revenue is measured at fair value of considerations that are normally determined by contracts between the Group and the buyer or user of the Group's assets and that the Group has received or may be able to receive. Discounts and rebates are rationally estimated based on past experience and are deducted from sales.

(20) Government subsidies

When conditions for receiving subsidies are satisfied and receipt of such subsidies is reasonably assured, subsidy income is measured and recognized at fair value. Subsidies to costs incurred are capitalized as revenue in the same business year within which such costs have been incurred. Subsidies to acquisition of assets are regularly capitalized as other revenue over the useful life of such assets, and unearned subsidy income is capitalized as deferred revenue under liabilities.

(21) Finance income and finance costs

Finance income mainly comprises interest income and dividend income. Interest income is recognized when accrued using the effective interest method. Dividend income is recognized as of the time that the Group's right to receive payment is established.

Finance costs mainly comprise interest expenses. Borrowing costs not directly attributable to acquisition, construction, or manufacturing of qualifying assets are recognized as incurred using the effective interest method.

(22) Income tax

Income tax costs comprise current income tax and deferred income tax. These are recognized under net profit or loss, except for items that are recognized in other comprehensive income or directly recognized in equity.

Current income tax costs are calculated using the tax rates enacted or substantially enacted as of the end of each reporting period in countries where the Company and its subsidiaries operate and generate taxable income.

Deferred tax assets and liabilities are recognized for temporary differences between the tax bases of assets and liabilities and the book values for consolidated financial statements in accordance with the asset and liability approach. However, deferred tax assets and liabilities are not capitalized for the following temporary differences:

- Those that have arisen from initial recognition of goodwill
- Those that have arisen from initial recognition of assets or liabilities in transactions (excluding business combinations) that do not affect accounting profit and loss or taxable income (tax loss)
- Taxable temporary differences associated with investments in subsidiaries and associates for which timing of reversal may be controlled and which will probably not reverse in the foreseeable future

The book value of deferred tax assets is reviewed annually, and such value is reduced for the portion that is likely to be unable to earn taxable income sufficient to use all or part of deferred tax assets. Unrecognized deferred tax assets are revaluated annually, and recognized to the extent that it is likely that deferred tax assets may be recovered due to future taxable income.

Deferred tax assets and liabilities are measured using the tax rates enacted or substantially enacted by the end of each reporting period and are expected to apply to the period in which related deferred tax assets are realized or in which deferred tax liabilities are settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when deferred tax assets and liabilities are related to income tax imposed by the same taxation authorities on the same or different taxable entities who intend to settle current tax assets and liabilities on a net basis.

Income tax for each quarter is calculated based on the estimated annual average effective tax rates.

(23) Dividend paid

Dividends paid to the owners of the parent company are recognized as liabilities in the Group's consolidated financial statements with approval from the owners of the parent company.

(24) Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to the owners of the parent company by the weighted average number of ordinary shares outstanding during the fiscal year ending March 31, 2015. Diluted earnings per share are calculated by adjusting the effects of all dilutive potential ordinary shares.

(Segment information)

Information regarding revenue, income, or loss by segments

First quarter ended June 30, 2013 (April 1, 2013 through June 30, 2013) (Yen in Millions)

	Industrial Tape	Optronics	Medical & Membrane	Total	Adjustment*	Figures in consolidated statements of income
Revenue from outside customers	64,374	106,502	8,028	178,904	350	179,255
Inter-segment revenue	5,458	2,886	507	8,852	△8,852	—
Total segment revenue	69,832	109,388	8,536	187,756	△8,501	179,255
Total operating profit (loss)	3,613	17,323	72	21,009	△3,606	17,402
Financial income						208
Financial expenses						△348
Equity in losses of affiliates						△3
Income before income taxes						17,259

(Note) With the changes in the management structure that have been made during the fiscal year under review, partial changes have been made to reporting segments.
Such changes have also been reflected in the figures for the year ended March 31, 2014.

Major products for each segment

Business segment	Major products
Industrial Tape	Functional base products (bonding and joining products, protective materials, etc.), automotive products
Optronics	Information fine materials, semiconductor-related materials, flexible printed circuits, processing materials
Medical & Membrane	Medical products, membrane products

First quarter ended June 30, 2014 (April 1, 2014 through June 30, 2014) (Yen in Millions)

	Industrial Tape	Optronics	Medical & Membrane	Total	Adjustment*	Figures in consolidated statements of income
Revenue from outside customers	67,717	109,472	8,364	185,554	355	185,910
Inter-segment revenue	5,489	3,486	515	9,490	△9,490	－
Total segment revenue	73,206	112,958	8,879	195,045	△9,134	185,910
Total operating profit (loss)	4,601	15,793	259	20,655	△1,341	19,313
Financial income						273
Financial expenses						△366
Equity in losses of affiliates						△13
Income before income taxes						19,207

Major products for each segment

Business segment	Major products
Industrial Tape	Functional base products (bonding and joining products, protective materials, etc.), automotive products
Optronics	Information fine materials, semiconductor-related materials, flexible printed circuits, processing materials
Medical & Membrane	Medical products, membrane products

(Bonds)

The company has redeemed the 1st unsecured straight corporate bond amounting to 50 billion yen, (Coupon rate is 1.23% per annum, and the date of maturity is June 3, 2014) during the first quarter ended June 30, 2014.

(Significant subsequent events)

As of July 1, 2014, the Company has settled portions of the defined benefit corporate pension scheme to shift to the defined contribution pension plan. The financial effects of this change on the results of the following fiscal year are currently being calculated.

(First-time adoption of International Financial Reporting Standards [IFRS])

Disclosure of transition to IFRS

These quarterly consolidated financial statements are the Group's first to be prepared in accordance with IFRS.

The significant accounting policies stated in Note 3 have been adopted in preparing the quarterly consolidated financial statements for the first quarter ended June 30, 2014 (April 1, 2014 through June 30, 2014) and the first quarter ended June 30, 2013 (April 1, 2013 through June 30, 2013), consolidated financial statements for the fiscal year ended March 31, 2014 (April 1, 2013 through March 31, 2014), and the consolidated statements of financial position on the IFRS transition date (April 1, 2013).

(a) IFRS 1 exemptions

Upon transition from the Japanese GAAP to IFRS, the Group has applied the following exemptions.

(1) Business combinations

IFRS 3 may be applied either retroactively or prospectively. The Group has elected not to retroactively apply IFRS 3 to business combinations that occurred prior to the IFRS transition date. Accordingly, business combinations that occurred prior to the IFRS transition date are not restated here.

(2) Translation differences for foreign operations

IFRS 1 permits an entity to elect to either reset all accumulated translation differences for foreign operations to zero at the IFRS transition date or recalculate such translation differences retroactively to the time of foundation or acquisition of subsidiaries, etc. The Group has elected to reset all accumulated translation differences for its foreign operations to zero at the IFRS transition date.

(3) Share-based payment transactions

IFRS 1 permits an entity to elect not to apply IFRS 2 *Share-based Payment* to capitalized financial instruments that were granted after November 7, 2002, and vested prior to the IFRS transition date. Accordingly, the Group applies IFRS 2 only to stock options that were not vested as of the IFRS transition date.

(4) Designation of previously recognized financial instruments

IFRS 1 permits an entity to designate financial instruments in accordance with IFRS 9 *Financial Instruments* based on the facts and circumstances existing on the IFRS transition date. Accordingly, the Group designates financial instruments that it holds based on the circumstances at the time of the IFRS transition date.

(b) Adjustments made on account of the transition from the Japanese GAAP to IFRS

The Group has made necessary adjustments to its consolidated financial statements prepared in accordance with the Japanese GAAP in the course of the preparing its consolidated statements of financial position in accordance with IFRS.

The impact of the transition is shown in the table below.

In the table, items not affecting retained earnings or comprehensive income are included in "Reclassification" of the reconciliation, while items affecting retained earnings or comprehensive income are included in "Differences in recognition and measurement."

(1) Reconciliation of equity as of the transition date (April 1, 2013)

(Yen in Millions)

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	217,095	-64,820	–	152,275		Cash and cash equivalents
Notes and accounts receivable-trade	160,786	2,809	–	163,595		Trade and other receivables
Merchandise and finished goods	23,057	-23,057	–	–		
Works in process	43,176	-43,176	–	–		
Raw materials and supplies	17,337	-17,337	–	–		
	–	83,571	4	83,575	C, D	Inventories
Deferred tax assets	10,722	-10,722	–	–		
	–	65,257	–	65,257		Other financial assets
Other (Current assets)	11,672	-4,072	–	7,600		Other current assets
Allowance for doubtful accounts	-825	825	–	–		
Total current assets	483,022	-10,722	4	472,304		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	213,391	–	–	213,391		Property, plant and equipment
Intangible assets						
Goodwill	3,052	–	–	3,052	A	Goodwill
Other (Intangible assets)	10,910	–	55	10,966	B	Intangible assets
Investments securities	8,040	-6,315	–	1,724		Investments accounted for using equity method
	–	9,313	–	9,313		Financial assets
Deferred tax assets	19,932	10,722	720	31,375	F	Deferred tax assets
Other (Investments and other assets)	3,655	-3,129	–	525		Other non-current assets
Allowance for doubtful accounts	-131	131	–	–		
Total non-current assets	258,851	10,722	775	270,350		Total non-current assets
Total assets	741,874	–	780	742,654		Total assets

(Yen in Millions)

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Liabilities and net assets						Liabilities and equity
Current liabilities						Current liabilities
Notes and accounts payable-trade	88,101	17,729	—	105,830		Trade and other payables
Short-term loans payable	11,137	—	—	11,137		Bonds and borrowings
Accounts payable-other	31,224	-31,224	—	—		
Accrued expenses	22,537	-22,537	—	—		
Income taxes payable	13,915	—	—	13,915		Income tax payables
Provision for directors' bonuses	308	-308	—	—		
Other (Current liabilities)	8,458	10,652	—	19,111		Other financial liabilities
	—	25,686	2,808	28,495	C, E	Other current liabilities
Total current liabilities	175,683	-1	2,808	178,490		Total current liabilities
Non-current liabilities						Non-current liabilities
Bonds payable	50,000	987	—	50,987		Bonds and borrowings
Long-term loans payable	987	-987	—	—		
Provision for retirement benefits	41,493	—	—	41,493	D	Defined benefit liabilities
Provision for directors' retirement benefits	374	-374	—	—		
Deferred tax liabilities	1,256	1	—	1,258	F	Deferred tax liabilities
Other (Non-current liabilities)	1,785	-1,592	—	192		Other financial liabilities
	—	1,966	854	2,821	E	Other non-current liabilities
Total non-current liabilities	95,897	1	854	96,753		Total non-current liabilities
Total liabilities	271,580	—	3,662	275,243		Total liabilities
Shareholders' equity						Equity attributable to owners of the parent company
Capital stock	26,783	—	—	26,783		Share capital
Capital surplus	56,170	773	—	56,944		Capital surplus
Retained earnings	437,301	—	-23,626	413,674	H	Retained earnings
Treasury stock	-32,405	—	—	-32,405		Treasury stock
Valuation difference on available-for-sale securities	1,901	-1,901	—	—		
Deferred gains or losses on hedges	-1,638	1,638	—	—		

Foreign currency translation adjustment	-2,282	2,282	—	—		
Remeasurements of defined benefit plans	-18,462	18,462	—	—		
	—	-20,481	20,745	263	D, G	Other components of equity
Subscription rights to shares	773	-773	—	—		
	468,141	—	-2,881	465,259		Total equity attributable to owners of the parent company
Minority interests	2,152	—	-0	2,151		Non-controlling interests
Total net assets	470,293	—	-2,882	467,411		Total equity
Total liabilities and net assets	741,874	—	780	742,654		Total liabilities and equity

(2) Reconciliation of equity for the first quarter ended June 30, 2013

(Yen in Millions)

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	206,410	-64,406	―	142,003		Cash and cash equivalents
Notes and accounts receivable-trade	158,648	3,437	―	162,086		Trade and other receivables
Merchandise and finished goods	25,537	-25,537	―	―		
Works in process	45,769	-45,769	―	―		
Raw materials and supplies	18,999	-18,999	―	―		
	―	90,306	-65	90,241	C,D	Inventories
	―	64,941	―	64,941		Other financial assets
Other (Current assets)	21,881	-12,237	―	9,644		Other current assets
Allowance for doubtful accounts	-416	416	―	―		
Total current assets	476,830	-7,847	-65	468,917		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	227,491	―	―	227,491		Property, plant and equipment
Intangible assets	17,856	-5,987	81	11,950	B	Intangible assets
	―	5,987	209	6,197	A	Goodwill
Other (Investments and other assets)	31,966	-31,966	―	―		
Allowance for doubtful accounts	-133	133	―	―		
	―	666	―	666		Investments accounted for using equity method
	―	10,556	―	10,556		Financial assets
	―	27,740	2,525	30,265	F	Deferred tax assets
	―	717	―	717		Other non-current assets
Total non-current assets	277,181	7,847	2,815	287,845		Total non-current assets
Total assets	754,011	―	2,750	756,762		Total assets

(Yen in Millions)

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Liabilities and net assets						Liabilities and equity
Current liabilities						Current liabilities
Notes and accounts payable-trade	89,471	17,437	—	106,908		Trade and other payables
Current portion of bonds	50,000	12,196	—	62,196		Bonds and borrowings
Short-term loans payable	12,196	-12,196	—	—		
Income taxes payable	4,478	—	2,587	7,065		Income taxes payable
Provision for directors' bonuses	112	-112	—	—		
Other (Current liabilities)	69,099	-44,956	—	24,142		Other financial liabilities
	—	27,631	2,797	30,429	C,E	Other current liabilities
Total current liabilities	225,358	-0	5,385	230,743		Total current liabilities
Non-current liabilities						Non-current liabilities
Long-term loans payable	1,001	—	—	1,001		Bonds and borrowings
Net defined benefit liabilities	40,285	—	672	40,958	D	Defined benefit liabilities
Provision for directors' retirement benefits	226	-226	—	—		
Other (Non-current liabilities)	3,030	-2,617	—	412		Other financial liabilities
	—	984	-2	982	F	Deferred tax liabilities
	—	1,859	963	2,822	E	Other non-current liabilities
Total non-current liabilities	44,543	0	1,633	46,177		Total non-current liabilities
Total liabilities	269,901	—	7,018	276,920		Total liabilities

(Yen in Millions)

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Shareholders' equity						Equity attributable to owners of the parent company
Capital stock	26,783	–	–	26,783		Share capital
Capital surplus	56,179	683	–	56,863		Capital surplus
Retained earnings	441,100	–	-24,372	416,728	H	Retained earnings
Treasury stock	-31,957	–	–	-31,957		Treasury stock
Valuation difference on available-for-sale securities	2,314	-2,314	–	–		
Deferred gains or losses on hedges	-361	361	–	–		
Foreign currency translation adjustment	4,895	-4,895	–	–		
Remeasurements of defined benefit plans	-17,815	17,815	–	–		
	–	-10,966	20,097	9,130	D,G	Other components of equity
Subscription rights to shares	683	-683	–	–		
	481,824	–	-4,274	477,549		Total equity attributable to owners of the parent company
Minority interests	2,285	–	6	2,292		Non-controlling interests
Total net assets	484,109	–	-4,268	479,841		Total equity
Total liabilities and net assets	754,011	–	2,750	756,762		Total liabilities and equity

(3) Reconciliation of equity for the fiscal year ended March 31, 2014

(Yen in Millions)

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Assets						Assets
Current assets						Current assets
Cash and deposits	208,816	-5,369	—	203,446		Cash and cash equivalents
Notes and accounts receivable-trade	167,939	3,371	—	171,310		Trade and other receivables
Merchandise and finished goods	26,374	-26,374	—	—		
Works in process	41,301	-41,301	—	—		
Raw materials and supplies	18,646	-18,646	—	—		
	—	86,322	-57	86,264	C,D	Inventories
Deferred tax assets	9,742	-9,742	—	—		
	—	5,818	—	5,818		Other financial assets
Other (Current assets)	12,092	-4,263	—	7,829		Other current assets
Allowance for doubtful accounts	-444	444	—	—		
Total current assets	484,468	-9,742	-57	474,669		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	247,835	—	—	247,835		Property, plant and equipment
Intangible assets						
Goodwill	3,504	—	1,056	4,560	A	Goodwill
Other (Intangible assets)	14,842	—	141	14,984	B	Intangible assets
Investments securities	7,799	-7,358	—	441		Investments accounted for using equity method
	—	10,978	—	10,978		Financial assets
Deferred tax assets	18,491	9,742	1,090	29,324	F	Deferred tax assets
Other (Investments and other assets)	4,531	-3,741	—	790		Other non-current assets
Allowance for doubtful accounts	-121	121	—	—		
Total non-current assets	296,883	9,742	2,288	308,914		Total non-current assets
Total assets	781,352	—	2,230	783,583		Total assets

(Yen in Millions)

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Liabilities and net assets						Liabilities and equity
Current liabilities						Current liabilities
Notes and accounts payable-trade	86,651	18,268	―	104,919		Trade and other payables
Short-term loans payable	6,694	50,000	―	56,694		Bonds and borrowings
Current portion of bonds	50,000	-50,000	―	―		
Accounts payable-other	32,217	-32,217	―	―		
Accrued expenses	24,381	-24,381	―	―		
Income taxes payable	7,513	―	―	7,513		Income tax payables
Provision for directors' bonuses	329	-329	―	―		
Other (Current liabilities)	4,653	9,994	―	14,648		Other financial liabilities
	―	28,659	3,158	31,818	C, E	Other current liabilities
Total current liabilities	212,441	-6	3,158	215,594		Total current liabilities
Non-current liabilities						Non-current liabilities
Long-term loans payable	3,510	―	―	-3,510		Bonds and borrowings
Net defined benefit liabilities	33,723	―	―	33,723	D	Defined benefit liabilities
Provision for directors' retirement benefits	267	-267	―	―		
Deferred tax liabilities	2,082	6	-6	2,082	F	Deferred tax liabilities
Other (Non-current liabilities)	2,026	-1,719	―	307		Other financial liabilities
	―	1,986	1,826	3,813	E	Other non-current liabilities
Total non-current liabilities	41,611	6	1,819	43,436		Total non-current liabilities
Total liabilities	254,052	―	4,978	259,030		Total liabilities

(Yen in Millions)

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Shareholders' equity						Equity attributable to owners of the parent company
Capital stock	26,783	—	—	26,783		Share capital
Capital surplus	56,164	750	43	56,958		Capital surplus
Retained earnings	471,831	—	-21,089	450,741	H	Retained earnings
Treasury stock	-31,746	—	—	-31,746		Treasury stock
Valuation difference on available-for-sale securities	2,533	-2,533	—	—		
Deferred gains or losses on hedges	-52	52	—	—		
Foreign currency translation adjustment	13,884	-13,884	—	—		
Remeasurements of defined benefit plans	-16,006	16,006	—	—		
	—	358	18,288	18,647	D, G	Other components of equity
Subscription rights to shares	750	-750	—	—		
	524,142	2,881	-2,757	521,385		Total equity attributable to owners of the parent company
Minority interests	3,157	—	9	3,167		Non-controlling interests
Total net assets	527,299	—	-2,747	524,552		Total equity
Total liabilities and net assets	781,352	—	2,230	783,583		Total liabilities and equity

(4) Reconciliation of comprehensive income for the first quarter ended June 30, 2013 (April 1, 2013 through June 30, 2013)

(Yen in Millions)

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Consolidated statements of income	—					Consolidated statements of income
Net sales	179,336	-81	—	179,255		Revenue
Cost of sales	125,948	-24	-175	125,748	C, D	Cost of sales
Gross profit	53,387	-57	175	53,506		Gross profit
Selling, general and administrative expenses	33,533	-6,989	-451	26,092	A ,C, D	Selling, general and administrative expenses
	—	6,989	-6	6,982	B	Research and development expenses
	—	1,254	—	1,254	E	Other income
	—	4,282	—	4,282	A, B	Other expenses
Operating income	19,854	-3,085	634	17,402		Operating income
Non-operating income	1,536	-1,402	-133	—		
	—	208	—	208		Financial income
Non-operating expenses	4,306	-4,306	—	—		
	—	241	106	348		Financial expenses
Extraordinary income	26	-26	—	—		
Extraordinary loss	245	-245	—	—		
	—	3	—	3		Equity in losses of affiliates
Income before income taxes	16,865	—	393	17,259		Income before income taxes
Income taxes	4,739	—	1,131	5,870	F	Income tax expenses
Income before minority interests	12,126	—	-737	11,388		Net income
						Net income attributable to:
Minority interests in income	86	—	7	93		Non-controlling interests
Net income	12,040	—	-745	11,294		Owners of the parent company

(Yen in Millions)

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Consolidated statements of comprehensive income						Consolidated statements of comprehensive income
Income before minority interests	12,126	―	-737	11,388		Net income
Other comprehensive income						Other comprehensive income
Valuation difference on available-for-sale securities	412	―	―	412		Net gain (loss) on financial assets measured at fair value through other comprehensive income
Deferred gains or losses on hedges	1,277	―	―	1,277		Net gain (loss) in fair value of cash flow hedges
Foreign currency translation adjustment	7,192	―	―	7,192		Exchange differences on translating foreign operations
Remeasurements of defined benefit plans	647	―	-647	―	D	Remeasurement of defined benefit liabilities
Share of other comprehensive income of associates accounted for using equity method	14	―	―	14		Share of other comprehensive income of associates accounted for using equity method
Total other comprehensive income	9,544	―	-647	8,896		Total other comprehensive income
Comprehensive income	21,670	―	-1,385	20,285		Total comprehensive income

(5) Reconciliation of comprehensive income for the fiscal year ended March 31, 2014 (April 1, 2013 through March 31, 2014)

(Yen in Millions)

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Consolidated statements of income	―					Consolidated statements of income
Net sales	749,835	-330	―	749,504		Revenue
Cost of sales	539,051	-119	-718	538,213	C, D	Cost of sales
Gross profit	210,784	-211	718	211,291		Gross profit
Selling, general and administrative expenses	138,529	-28,573	-1,928	108,027	A, C, D	Selling, general and administrative expenses
	―	28,573	-128	28,444	B	Research and development expenses
	―	4,850	-43	4,807	E	Other income
	―	7,069	53	7,123	A, B	Other expenses
Operating income	72,254	-2,430	2,678	72,503		Operating income
Non-operating income	6,726	-5,457	-1,269	―		
	―	576	17	593		Financial income
Non-operating expenses	7,322	-7,322	―	―		
	―	1,725	426	2,152		Financial expenses
Extraordinary income	106	-106	―	―		
Extraordinary loss	2,123	-2,123	―	―		
		302	―	302		Equity in losses of affiliates
Income before income taxes	69,641	―	1,001	70,642		Income before income taxes
Income taxes	18,335	―	119	18,454	F	Income tax expenses
Income before minority interests	51,306	―	882	52,188		Net income
						Net income attributable to:
Minority interests in income	288	―	7	296		Non-controlling interests
Net income	51,018	―	874	51,892		Owners of the parent company

(Yen in Millions)

Presentation under the Japanese GAAP	JGAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Presentation under IFRS
Consolidated statements of comprehensive income						Consolidated statements of comprehensive income
Income before minority interests	51,306	—	882	52,188		Net income
Other comprehensive income						Other comprehensive income
Valuation difference on available-for-sale securities	631	—	—	631		Net gain (loss) on financial assets measured at fair value through other comprehensive income
Deferred gains or losses on hedges	1,585	—	—	1,585		Net gain (loss) in fair value of cash flow hedges
Foreign currency translation adjustment	16,533	—	—	16,533		Exchange differences on translating foreign operations
Remeasurements of defined benefit plans	2,445	—	-2,445	—	D	Remeasurement of defined benefit liabilities
Share of other comprehensive income of associates accounted for using equity method	-87	—	—	-87		Share of other comprehensive income of associates accounted for using equity method
Total other comprehensive income	21,108	—	-2,445	18,663		Total other comprehensive income
Comprehensive income	72,415	—	-1,562	70,852		Total comprehensive income

(6) Notes on reconciliation of equity and reconciliation of comprehensive income

(a) Notes on the reclassification

All deferred tax assets that were classified as current assets under the Japanese GAAP are classified as "Deferred tax assets" under non-current assets.

All deferred tax liabilities that were classified as current liabilities under the Japanese GAAP are classified as "Deferred tax liabilities" under non-current liabilities.

Under the Japanese GAAP, exchange differences were separately presented, but those arising from operating activities are included in "Other income" or "Other expenses," while those arising from financial activities are included in "Financial income" or "Financial expenses" under IFRS.

(b) Notes on differences in recognition and measurement

A. Goodwill

Because goodwill is amortized under the Japanese GAAP, but not under IFRS, amortization capitalized under the Japanese GAAP is reversed.

B. Development costs

Under the Japanese GAAP, development costs are fully expensed when they are incurred, but those satisfying certain requirements are capitalized as "Intangible assets" under IFRS.

C. Liabilities, etc. related to unused paid absences

Estimated liabilities, etc. related to unused paid absences at the Company and some of its subsidiaries that are not recognized under the Japanese GAAP are capitalized as "Other current liabilities" under IFRS.

D. Defined benefit liabilities

Under the Japanese GAAP, portions of actuarial differences in defined benefit liabilities that originate in the current period but are not expensed are recognized in other comprehensive income, but actuarial differences are immediately recognized through other comprehensive income under IFRS.

The balance of all actuarial differences at the beginning of the year, which was recognized in other comprehensive income under the Japanese GAAP, is directly recognized in "Retained earnings" under IFRS. Also, past service costs are recognized in other comprehensive income under the Japanese GAAP, but are expensed as incurred under IFRS. Accordingly, the balance of all past service costs at the beginning of the year that was recognized in other comprehensive income under the Japanese GAAP is directly recognized in "Retained earnings" under IFRS.

E. Government subsidies

Under the Japanese GAAP, government subsidies are recognized as income en bloc at the time of their receipt. Under IFRS, however, they are deferred and any liabilities arising from recognition of income on a straight-line basis over the useful lives of relevant assets are capitalized under "Other current liabilities" and "Other non-current liabilities."

F. Tax effects

Net deferred tax assets (deferred tax assets minus deferred tax liabilities) have changed due to the following.

- Adjustments A – E above
- Tax effects due to elimination of unrealized gains or losses are calculated using the effective tax rates of the acquired companies under the Japanese GAAP, but are calculated using those of the acquiring companies under IFRS.
- Under the Japanese GAAP, quarterly income tax is calculated by the same method as that for annual income tax, whereas quarterly income tax is calculated by a simplified method using the estimated annual average effective tax rates under IFRS.

G. Translation differences for foreign operations

Pursuant to the exemptions in IFRS 1 *First-time Adoption of International Financial Reporting Standards*, all accumulated translation differences for foreign operations are reset to zero on the IFRS transition date.

H. Retained earnings

The impact of the adoption of IFRS on retained earnings is as follows.

(Yen in Millions)

	April 1, 2013 (Date of transition to IFRS)	June 30, 2013	March 31, 2014
Adjustment for translation differences for foreign operations (see Note G)	-2,282	-2,282	-2,282
Adjustment for amortization of goodwill (see Note A)	—	209	1,056
Adjustment for immediate recognition and change in calculation methods of actuarial differences in defined benefits (see Note D)	-18,462	-18,136	-15,964
Adjustment for unused paid absences (see Note C)	-1,585	-1,549	-1,680
Adjustment for subsidy income (see Note E)	-724	-857	-1,545
Adjustment for tax effects on account of elimination of unrealized gains or losses (see Note F)	-612	-591	-579
Adjustment for income tax expenses (see Note F)	—	-1,099	—
Others	40	-63	-184
Total adjustment of retained earnings	-23,626	-24,372	-21,089

(7) Significant adjustments to consolidated statements of cash flows for the fiscal year ended March 31, 2014 (April 1, 2013 through March 31, 2014)

There are no significant differences between consolidated statements of cash flows disclosed under IFRS and those disclosed under the Japanese GAAP.