

## Summary of Consolidated Financial Statements for the third quarter ended December 31, 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/>  
 Company Representative: Hideo Takasaki, President  
 Contact Person: Jun Yamashita, General Manager, Corporate Planning Dept.  
 Phone: +81-6-7632-2101

Filing date of quarterly financial statements: February 13, 2015

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 third quarter ended December 31, 2014 (April 1, 2014 through December 31, 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	%
Third quarter ended December 31, 2014	623,614	10.5	82,365	46.7	81,693	49.4	56,922	48.6	56,891	49.2	91,517	40.9
Third quarter ended December 31, 2013	564,345	—	56,137	—	54,664	—	38,298	—	38,121	—	64,955	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter ended December 31, 2014	344.68	344.07
Third quarter ended December 31, 2013	231.13	230.62

#### (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	%
December 31, 2014	855,011	599,129	595,484	69.6
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	—	55.00	—	—	—
March, 2015 (Forecast)	—	—	—	55.00	110.00

(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	%	
Annual	825,000	10.1	100,000	37.9	99,000	40.1	72,000	38.0	72,000	38.7	436.15

(Note) Revision of consolidated forecast in the current quarter: Yes

4. Others

(1) Changes in significant subsidiaries during the third quarter ended December 31, 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)  
December 31, 2014: 173,758,428                      March 31, 2014: 173,758,428
2. Number of treasury stock at the end of the period  
December 31, 2014: 8,614,812                      March 31, 2014: 8,756,529
3. Average number of outstanding shares during the period (cumulative from the beginning of the period)  
April-December 2014: 165,058,191                      April-December 2013: 164,936,062

- 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 “(3)Explanation of forecasts and other projections” on page 6 of the attached documents to the summary of financial statements for the suppositions that form the assumptions for 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.

(Reference) Consolidated financial results of the third quarter (three months) ended December 31, 2014

(October 1, 2014 through December 31, 2014)

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

(% 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	%
Third quarter ended December 31, 2014	230,097	15.5	39,276	80.9	39,117	86.8	26,484	77.5	26,333	77.5	48,027	49.8
Third quarter ended December 31, 2013	199,226	—	21,709	—	20,946	—	14,918	—	14,834	—	32,068	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter ended December 31, 2014	159.50	159.23
Third quarter ended December 31, 2013	89.93	89.75

(Attached Documents)

Index

1. Qualitative Information Regarding Quarterly Settlement of Accounts.....	2
(1) Explanation of operating results .....	2
(2) Explanation of financial position .....	6
(3) Explanation of forecasts and other projections .....	6
2. Other Information.....	6
(1) Changes in significant subsidiaries during the nine months ended December 31, 2014 .....	6
(2) Changes in accounting policies applied and changes in accounting estimates.....	6
3. Quarterly Consolidated Financial Statements.....	7
(1) Quarterly consolidated statements of financial position .....	7
(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income .....	9
(3) Quarterly consolidated statements of changes in equity .....	11
(4) Quarterly consolidated statements of cash flows .....	12
(5) Notes on quarterly consolidated financial statements .....	13
(Notes on going concern assumption) .....	13
(Notes on quarterly consolidated financial statements) .....	13
(Segment information).....	15
(Bonds).....	16
(Employee benefits).....	16
(Impairment losses) .....	16
(Significant subsequent events) .....	16
(First-time adoption of International Financial Reporting Standards [IFRS]) .....	17

## 1. Qualitative Information Regarding Quarterly Settlement of Accounts

### (1) Explanation of operating results

During the first nine months of the year ending March 31, 2015 (April 1, 2014 through December 31, 2014), the U.S. economy remained solid, owing primarily to a pickup in consumer spending on the back of improvement in the job market, while European countries and emerging countries, including China, showed a decelerating trend. The Japanese economy benefited from postponement of the scheduled consumption tax hike, but the sharp fall of the yen rendered its outlook uncertain.

In this economic environment, the Nitto Group (“the Group”) began in the first half of the current fiscal year the full-scale delivery of its new information fine materials line, which sold briskly thanks to the expansion of smartphone and tablet PC sales among key customers. Automotive products, on the other hand, continued to grow faster than unit automotive production as a result of “*San-shin* (three “new”) activities,” which constitute a proprietary marketing strategy for finding new applications, developing new products, and creating new demands. For functional base products, Group company Nitoms, Inc. made a bid to expand business and enhance its corporate brand image in the end-user market by launching a Colocolo® Floor Clean roller, which can pick up even small pieces of dirt, and interior masking tape, which serves as an easy solution for decorating for walls and furniture, in the expanding do-it-yourself (DIY) market. The Group is also making constant efforts to improve productivity by streamlining its manufacturing process and increasing yields.

As a result, revenue increased by 10.5% compared to the same period of the previous year (changes hereafter are given in comparison with the same period of the previous year) to 623,614 million yen. Operating income increased by 46.7% to 82,365 million yen, income before income taxes increased by 49.4% to 81,693 million yen, net income increased by 48.6% to 56,922 million yen, and net income attributable to owners of the parent company increased by 49.2% to 56,891 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 third quarter ended December 31, 2013, the first nine months of the year ended March 31, 2014, 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

In the automotive industry, unit production decreased in Japan due to the consumption tax hike, but was nearly in line with expectations in other markets. By item, products for reducing NVH (Noise, Vibration, and Harshness), such as foam sealing materials, paint protection films, and inner pressure controlling materials for lamps, fared well. For electronics applications, double-sided adhesive tapes and sealing products performed briskly, boosted by the shift toward larger smartphone screens, as well as an expanded customer base made possible by “*San-shin* activities.” The deteriorating market in Europe affected sales of general-purpose double-sided adhesive tapes, which are used for a broad range of industrial applications, but protective materials, processing materials, and heat-resistant fluoroplastic products for the housing & construction materials market and electronics market performed well.

As a result, revenue grew by 6.4% to 235,044 million yen, and operating income grew by 2.0% to 14,594 million yen.

##### b. Optronics

Among information fine materials, optical films for LCD TVs fared well owing to the special demands triggered by the FIFA World Cup earlier this fiscal year and the shift in demands toward larger-sized panels following the market debut of 4K and 8K TVs. Optical films for smartphone and tablet PC panels drove performance strongly owing to the launch of new products, favorable sales of smartphone and tablet PC models that incorporate those new products, and growing demands for larger panels. Sales of transparent electro-conductive films for touch panels performed well for Chinese customers, but remained slow for other major customer groups. Sales of flexible printed circuits continued to be robust as the number of such components used for each unit increased due to expansion of the high-capacity HDD market and demands for smartphone displays. In processing materials, tapes used for downstream processing in semiconductor fabrication sold favorably, as the semiconductor market was buoyed by ongoing expansion of the smartphone market.

As a result, revenue grew by 13.5% to 389,669 million yen and operating income grew by 51.8% to 65,127 million yen.

##### c. Medical & Membrane

Among medical products, a U.S. Group company in the oligonucleotide field experienced strong orders for its products, but transdermal therapeutic patch sales were affected in Japan by the NHI price revision and the government’s promotion of generic use. Overall, medical product revenues were sluggish. Based on a successful model in the U.S., the Tohoku Plant (Osaki City, Miyagi Prefecture) will commence a small-scale oligonucleotide synthesis service in March 2015. Sales of membrane products (polymer separation membranes) remained strong as orders for ultrapure water applications increased in the booming semiconductor and LCD markets, in addition to the steady inflow of new and replacement orders for boiler feed water membranes and waste water recovery membranes in China and South Asia.

As a result, revenue grew by 8.8% to 29,355 million yen and operating income decreased by 41.0% to 804 million yen.

## (Reference) Segment Information (nine months)

(Yen in Millions)

		Third quarter ended December 31, 2013 (April 1, 2013 through December 31, 2013) Revenue	Third quarter ended December 31, 2014 (April 1, 2014 through December 31, 2014) Revenue	Y-o-Y (%)
Industrial Tape	Functional base products	146,366	152,198	104.0
	Automotive products	74,544	82,846	111.1
	Total	220,911	235,044	106.4
	Operating income	14,307	14,594	102.0
Optronics	Information fine materials	287,123	317,119	110.4
	Flexible printed circuits	41,151	55,031	133.7
	Processing materials	15,123	17,518	115.8
	Total	343,398	389,669	113.5
	Operating income	42,894	65,127	151.8
Medical & Membrane	Medical products	11,883	11,601	97.6
	Membrane products	15,089	17,753	117.7
	Total	26,973	29,355	108.8
	Operating income	1,363	804	59.0
Corporate/Elimination	Revenue	-26,937	-30,455	-
	Operating income	-2,427	1,838	-
Total	Revenue	564,345	623,614	110.5
	Operating income	56,137	82,365	146.7

\* 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 third quarter ended December 31, 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 third quarter ended December 31, 2013.

(Reference) Segment Information (three months)

(Yen in Millions)

		Third quarter ended December 31, 2013 (October 1, 2013 through December 31, 2013) Revenue	Third quarter ended December 31, 2014 (October 1, 2014 through December 31, 2014) Revenue	Y-o-Y (%)
Industrial Tape	Functional base products	51,571	55,437	107.5
	Automotive products	26,072	29,336	112.5
	Total	77,643	84,774	109.2
	Operating income	6,111	5,975	97.8
Optronics	Information fine materials	103,177	119,864	116.2
	Flexible printed circuits	13,693	20,605	150.5
	Processing materials	5,059	5,790	114.4
	Total	121,930	146,259	120.0
	Operating income	13,957	31,083	222.7
Medical & Membrane	Medical products	4,194	3,874	92.4
	Membrane products	4,928	6,731	136.6
	Total	9,122	10,606	116.3
	Operating income	890	548	61.6
Corporate/Elimination	Revenue	-9,471	-11,542	-
	Operating income	749	1,667	222.6
Total	Revenue	199,226	230,097	115.5
	Operating income	21,709	39,276	180.9

\* 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 third quarter ended December 31, 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 third quarter ended December 31, 2013.

(Reference) Segment Information (annual forecast)

(Yen in Millions)

		Forecasts of fiscal year ending March 31, 2015 (As of October 31, 2014)	
		Revenue	Y-o-Y (%)
Industrial Tape	Functional base products	200,000	103.8
	Automotive products	112,900	111.5
	Total	312,900	106.5
	Operating income	18,800	105.3
Optronics	Information fine materials	412,800	109.2
	Flexible printed circuits	74,700	134.5
	Processing materials	23,300	116.0
	Total	510,800	112.6
	Operating income	79,800	145.8
Medical & Membrane	Medical products	16,700	96.1
	Membrane products	24,500	120.3
	Total	41,200	109.2
	Operating income	1,600	61.1
Corporate/Elimination	Revenue	-39,900	-
	Operating income	-200	-
Total	Revenue	825,000	110.1
	Operating income	100,000	137.9



(2) Explanation of financial position

The financial position at the end of the third quarter ended December 31, 2014 was as follows.

Compared with the end of the fiscal year ended March 31, 2014, total assets increased by 71,428 million yen to 855,011 million yen, and total liabilities decreased by 3,148 million yen to 255,882 million yen. Total equity increased by 74,576 million yen to 599,129 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 69.6% at the end of the third quarter ended December 31, 2014.

The main changes in assets were a decrease in cash equivalents of 8,246 million yen, increase in trade and other receivables of 43,603 million yen, inventories of 10,386 million yen, property, plant and equipment of 15,517 million yen. In liabilities, there was a decrease in bonds and borrowings of 47,090 million yen following the redemption of bonds.

(3) Explanation of forecasts and other projections

The economic outlook from the fourth quarter on is expected to remain highly uncertain as destabilizing factors, such as deceleration of European and Chinese economies, continue to linger, although it is hoped that the economic expansion in the U.S. will spill over to other regions. The outlook for the Group's mainstay electronics and automobile industries also cannot be viewed optimistically. Meanwhile, the Group has revised its consolidated forecasts for the full year ending March 31, 2015, now that both sales and income for the first nine months of the year outperformed earlier expectations. The Group assumes a currency exchange rate of 118 yen against the U.S. dollar from the fourth quarter onwards.

Revision of consolidated forecasts for the fiscal year ending March 31, 2015 (April 1, 2014, through March 31, 2015)

	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
Previous forecast (A)	805,000	88,000	87,000	64,000	64,000	387.76
Revised forecast (B)	825,000	100,000	99,000	72,000	72,000	436.15
Difference (B) – (A)	20,000	12,000	12,000	8,000	8,000	---
Rate of change (%)	2.48	13.64	13.79	12.50	12.50	---
(Reference) Consolidated business results for the fiscal year ended March 31, 2014	749,504	72,503	70,642	52,188	51,892	314.59

The above results and forecasts are forward-looking statements determined by the Company based on currently available information that may include risks and uncertainties. Please be aware that actual results may vary significantly due to various factors.

2. Other Information

(1) Changes in significant subsidiaries during the nine months ended December 31, 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	December 31, 2014
(Assets)			
Current assets			
Cash and cash equivalents	152,275	203,446	195,200
Trade and other receivables	163,595	171,310	214,914
Inventories	83,575	86,264	96,651
Other financial assets	65,257	5,818	5,738
Other current assets	7,600	7,829	11,686
Total current assets	472,304	474,669	524,191
Non-current assets			
Property, plant and equipment	213,391	247,835	263,352
Goodwill	3,052	4,560	3,191
Intangible assets	10,966	14,984	13,513
Investments accounted for using equity method	1,724	441	512
Financial assets	9,313	10,978	12,262
Deferred tax assets	31,375	29,324	29,541
Other non-current assets	525	790	8,445
Total non-current assets	270,350	308,914	330,819
Total assets	742,654	783,583	855,011

(Yen in Millions)

	April 1, 2013 (Date of transition to IFRS)	March 31, 2014	December 31, 2014
<b>Liabilities and equity</b>			
<b>(Liabilities)</b>			
Current liabilities			
Trade and other payables	105,830	104,919	124,625
Bonds and borrowings	11,137	56,694	10,114
Income tax payables	13,915	7,513	19,222
Other financial liabilities	19,111	14,648	21,202
Other current liabilities	28,495	31,818	38,700
<b>Total current liabilities</b>	<b>178,490</b>	<b>215,594</b>	<b>213,864</b>
Non-current liabilities			
Bonds and borrowings	50,987	3,510	3,000
Other financial liabilities	192	307	1,368
Defined benefit liabilities	41,493	33,723	33,542
Deferred tax liabilities	1,258	2,082	627
Other non-current liabilities	2,821	3,813	3,479
<b>Total non-current liabilities</b>	<b>96,753</b>	<b>43,436</b>	<b>42,018</b>
<b>Total liabilities</b>	<b>275,243</b>	<b>259,030</b>	<b>255,882</b>
<b>(Equity)</b>			
Equity attributable to owners of the parent company			
Share capital	26,783	26,783	26,783
Capital surplus	56,944	56,958	56,712
Retained earnings	413,674	450,741	489,311
Treasury stock	-32,405	-31,746	-31,233
Other components of equity	263	18,647	53,909
<b>Total equity attributable to owners of the parent company</b>	<b>465,259</b>	<b>521,385</b>	<b>595,484</b>
Non-controlling interests	2,151	3,167	3,644
<b>Total equity</b>	<b>467,411</b>	<b>524,552</b>	<b>599,129</b>
<b>Total liabilities and equity</b>	<b>742,654</b>	<b>783,583</b>	<b>855,011</b>

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income  
 (Quarterly consolidated statements of income)  
 (For the third quarter ended December 31, 2014)

(Yen in Millions)

	Third quarter ended December 31, 2013 (April 1, 2013 through December 31, 2013)	Third quarter ended December 31, 2014 (April 1, 2014 through December 31, 2014)
Revenue	564,345	623,614
Cost of sales	405,042	435,909
Gross profit	159,303	187,704
Selling, general and administrative expenses	80,252	88,933
Research and development expenses	21,277	21,004
Other income	3,776	12,102
Other expenses	5,411	7,503
Operating income	56,137	82,365
Financial income	380	551
Financial expenses	1,787	790
Equity in losses of affiliates	66	432
Income before income taxes	54,664	81,693
Income tax expenses	16,365	24,771
Net income	38,298	56,922
Net income attributable to:		
Owners of the parent company	38,121	56,891
Non-controlling interests	177	31
Total	38,298	56,922
Earnings per share attributable to owners of the parent company		
Basic earnings per share (yen)	231.13	344.68
Diluted earnings per share (yen)	230.62	344.07

(Quarterly consolidated statements of comprehensive income)  
(For the third quarter ended December 31, 2014)

(Yen in Millions)

	Third quarter ended December 31, 2013 (April 1, 2013 through December 31, 2013)	Third quarter ended December 31, 2014 (April 1, 2014 through December 31, 2014)
Net income	38,298	56,922
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	1,155	713
Items that will be reclassified to profit or loss		
Reevaluation of defined benefit liability	-	-992
Exchange differences on translating foreign operations	24,164	35,179
Net gain (loss) in fair value of cash flow hedges	1,305	-323
Share of other comprehensive income of associates accounted for using equity method	30	18
Total other comprehensive income	<u>26,656</u>	<u>34,594</u>
Total comprehensive income	<u><u>64,955</u></u>	<u><u>91,517</u></u>
Total comprehensive income attributable to:		
Owners of the parent company	64,429	91,160
Non-controlling interests	<u>525</u>	<u>356</u>
Total	<u><u>64,955</u></u>	<u><u>91,517</u></u>

## (3) Quarterly consolidated statements of changes in equity

For the third quarter ended December 31, 2013 (April 1, 2013 through December 31, 2013)

(Yen in Millions)

	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
Balance as of April 1, 2013	26,783	56,944	413,674	-32,405	263	465,259	2,151	467,411
Net income	-	-	38,121	-	-	38,121	177	38,298
Other comprehensive income	-	-	-	-	26,308	26,308	348	26,656
Total comprehensive income	-	-	38,121	-	26,308	64,429	525	64,955
Share-based payment transactions	-	-25	-	-	-	-25	-	-25
Dividends	-	-	-16,488	-	-	-16,488	-43	-16,531
Changes in treasury stock	-	10	-	604	-	614	-	614
Other increase or decrease	-	-	-	-	-	-	353	353
Total transactions with owners	-	-15	-16,488	604	-	-15,899	310	-15,589
Balance as of December 31, 2013	26,783	56,928	435,307	-31,801	26,571	513,790	2,987	516,777

For the third quarter ended December 31, 2014 (April 1, 2014 through December 31, 2014)

(Yen in Millions)

	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
Balance as of April 1, 2014	26,783	56,958	450,741	-31,746	18,647	521,385	3,167	524,552
Net income	-	-	56,891	-	-	56,891	31	56,922
Other comprehensive income	-	-	-	-	34,269	34,269	325	34,594
Total comprehensive income	-	-	56,891	-	34,269	91,160	356	91,517
Share-based payment transactions	-	-21	-	-	-	-21	-	-21
Dividends	-	-	-17,328	-	-	-17,328	-66	-17,395
Changes in treasury stock	-	-9	-	512	-	503	-	503
Transfers from other components of equity to retained earnings	-	-	-992	-	992	-	-	-
Other increase or decrease	-	-214	-	-	-	-214	187	-27
Total transactions with owners	-	-245	-18,321	512	992	-17,061	120	-16,940
Balance as of December 31, 2014	26,783	56,712	489,311	-31,233	53,909	595,484	3,644	599,129

## (4) Quarterly consolidated statements of cash flows

(Yen in Millions)

	Third quarter ended December 31, 2013 (April 1, 2013 through December 31, 2013)	Third quarter ended December 31, 2014 (April 1, 2014 through December 31, 2014)
Cash flows from operating activities		
Income before income taxes	54,664	81,693
Depreciation and amortization	31,760	34,078
Increase (decrease) in defined benefit liabilities	-303	-6,300
Decrease (increase) in trade and other receivables	-4,039	-25,792
Decrease (increase) in inventories	-3,429	-3,838
Increase (decrease) in trade and other payables	7,209	17,353
Interest and dividend income	369	470
Interest expenses paid	-786	-684
Income taxes (paid) refunded	-23,930	-14,644
Others	-10,785	-3,339
Net cash provided by operating activities	<u>50,728</u>	<u>78,996</u>
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-59,478	-38,118
Proceeds from sale of property, plant and equipment and intangible assets	590	528
Decrease (increase) in time deposits	10,736	545
Others	-2,339	-187
Net cash provided by (used in) investing activities	<u>-50,491</u>	<u>-37,232</u>
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,588	1,533
Redemption of bonds	-	-50,000
Decrease (increase) in treasury stock	462	392
Cash dividends paid	-16,488	-17,328
Others	-43	-69
Net cash provided by (used in) financing activities	<u>-12,480</u>	<u>-65,472</u>
Effect of exchange rate changes on cash and cash equivalents	9,772	15,462
Net increase (decrease) in cash and cash equivalents	<u>-2,469</u>	<u>-8,246</u>
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	<u><u>150,413</u></u>	<u><u>195,200</u></u>

- (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).

Please see the notes on quarterly consolidated financial statements for the first three months of the year ending March 31, 2015 (April 1, 2014 through June 30, 2014), for significant accounting policies adopted by the Group.

(Segment information)

Information regarding revenue, income, or loss by segments

Third quarter ended December 31, 2013 (April 1, 2013 through December 31, 2013)

(Yen in Millions)

	Industrial Tape	Optronics	Medical & Membrane	Total	Adjustment*	Figures in consolidated statements of income
Revenue from outside customers	204,341	333,240	25,654	563,236	1,109	564,345
Inter-segment revenue	16,569	10,157	1,319	28,046	-28,046	—
Total segment revenue	220,911	343,398	26,973	591,283	-26,937	564,345
Total operating profit (loss)	14,307	42,894	1,363	58,565	-2,427	56,137
Financial income						380
Financial expenses						-1,787
Equity in losses of affiliates						-66
Income before income taxes						54,664

(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

Third quarter ended December 31, 2014 (April 1, 2014 through December 31, 2014)

(Yen in Millions)

	Industrial Tape	Optronics	Medical & Membrane	Total	Adjustment*	Figures in consolidated statements of income
Revenue from outside customers	218,123	376,847	27,547	622,518	1,095	623,614
Inter-segment revenue	16,921	12,822	1,807	31,551	-31,551	—
Total segment revenue	235,044	389,669	29,355	654,069	-30,455	623,614
Total operating profit (loss)	14,594	65,127	804	80,527	1,838	82,365
Financial income						551
Financial expenses						-790
Equity in losses of affiliates						-432
Income before income taxes						81,693

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.

(Employee benefits)

As of July 1, 2014, the Company settled portions of the defined benefit corporate pension scheme to shift to the defined contribution pension plan, and the income of 4,088 million yen accrued as a result of this shift is recognized as "Other income."

(Impairment losses)

During the period under review, the Company reported an impairment loss of 4,718 million yen under "Other expenses." The main portion of this loss is attributable to the fact that the recoverable amount of its assets in the U.S. fell below the book value.

(Significant subsequent events)

Not applicable.

(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 third quarter ended December 31, 2014 (April 1, 2014 through December 31, 2014), the third quarter ended December 31, 2013 (July 1, 2013 through December 31, 2013) and the third quarter ended December 31, 2013 (April 1, 2013 through December 31, 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 third quarter ended December 31, 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	204,903	-54,489	—	150,413		Cash and cash equivalents
Notes and accounts receivable-trade	177,326	3,257	—	180,584		Trade and other receivables
Merchandise and finished goods	26,019	-26,019	—	—		
Works in process	46,197	-46,197	—	—		
Raw materials and supplies	19,885	-19,885	—	—		
	—	92,102	-53	92,049	C,D	Inventories
	—	54,538	—	54,538		Other financial assets
Other (Current assets)	22,205	-12,958	—	9,246		Other current assets
Allowance for doubtful accounts	-401	401	—	—		
Total current assets	496,136	-9,250	-53	486,831		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment	247,469	—	—	247,469		Property, plant and equipment
Intangible assets	18,617	-4,001	127	14,743	B	Intangible assets
	—	4,001	774	4,775	A	Goodwill
Other (Investments and other assets)	32,769	-32,769	—	—		
Allowance for doubtful accounts	-130	130	—	—		
	—	854	—	854		Investments accounted for using equity method
	—	12,198	—	12,198		Financial assets
	—	27,966	2,087	30,053	F	Deferred tax assets
	—	870	—	870		Other non-current assets
Total non-current assets	298,725	9,250	2,989	310,966		Total non-current assets
Total assets	794,861	—	2,936	797,798		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	96,039	19,125	—	115,165		Trade and other payables
Current portion of bonds	50,000	15,573	—	65,573		Bonds and borrowings
Short-term loans payable	15,573	-15,573	—	—		
Income taxes payable	5,715	—	1,255	6,971		Income taxes payable
Provision for directors' bonuses	284	-284	—	—		
Other (Current liabilities)	63,016	-46,770	—	16,246		Other financial liabilities
	—	27,928	3,036	30,965	C,E	Other current liabilities
Total current liabilities	230,629	-0	4,292	234,922		Total current liabilities
Non-current liabilities						Non-current liabilities
Bonds	—	1,041	—	1,041		Bonds and borrowings
Long-term loans payable	1,041	-1,041	—	—		
Net defined benefit liabilities	36,606	—	2,018	38,624	D	Defined benefit liabilities
Provision for directors' retirement benefits	254	-254	—	—		
Other (Non-current liabilities)	4,348	-3,953	—	394		Other financial liabilities
	—	2,176	-9	2,167	F	Deferred tax liabilities
	—	2,031	1,838	3,870	E	Other non-current liabilities
Total non-current liabilities	42,250	0	3,847	46,098		Total non-current liabilities
Total liabilities	272,880	—	8,140	281,020		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	56,180	704	43	56,928		Capital surplus
Retained earnings	459,402	—	-24,094	435,307	H	Retained earnings
Treasury stock	-31,801	—	—	-31,801		Treasury stock
Valuation difference on available-for-sale securities	3,057	-3,057	—	—		
Deferred gains or losses on hedges	-332	332	—	—		
Foreign currency translation adjustment	21,564	-21,564	—	—		
Remeasurements of defined benefit plans	-16,526	16,526	—	—		
	—	7,762	18,808	26,571	D,G	Other components of equity
Subscription rights to shares	704	-704	—	—		
	519,032	—	-5,242	513,790		Total equity attributable to owners of the parent company
Minority interests	2,948	—	38	2,987		Non-controlling interests
Total net assets	521,981	—	-5,203	516,777		Total equity
Total liabilities and net assets	794,861	—	2,936	797,798		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	—	-2,757	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 third quarter ended December 31, 2013 (April 1, 2013 through December 31, 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	564,606	-260	—	564,345		Revenue
Cost of sales	405,644	-71	-531	405,042	C, D	Cost of sales
Gross profit	158,961	-138	531	159,303		Gross profit
Selling, general and administrative expenses	103,061	-21,359	-1,450	80,252	A, C, D	Selling, general and administrative expenses
	—	21,359	-81	21,277	B	Research and development expenses
	—	3,819	-43	3,776	E	Other income
	—	5,384	26	5,411	A, B	Other expenses
Operating income	55,899	-1,754	1,993	56,137		Operating income
Non-operating income	5,398	-4,207	-1,190	—		
	—	363	17	380		Financial income
Non-operating expenses	6,074	-6,074	—	—		
	—	1,467	319	1,787		Financial expenses
Extraordinary income	63	-63	—	—		
Extraordinary loss	1,122	-1,122	—	—		
	—	26	—	66		Equity in losses of affiliates
Income before income taxes	54,164	—	500	54,664		Income before income taxes
Income taxes	15,432	—	932	16,365	F	Income tax expenses
Income before minority interests	38,731	—	-432	38,298		Net income
						Net income attributable to:
Minority interests in income	142	—	34	177		Non-controlling interests
Net income	38,589	—	-467	38,121		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	38,731	—	-432	38,298		Net income
Other comprehensive income						Other comprehensive income
Valuation difference on available-for-sale securities	1,155	—	—	1,155		Net gain (loss) on financial assets measured at fair value through other comprehensive income
Deferred gains or losses on hedges	1,305	—	—	1,305		Net gain (loss) in fair value of cash flow hedges
Foreign currency translation adjustment	24,164	—	—	24,164		Exchange differences on translating foreign operations
Remeasurements of defined benefit plans	1,931	—	-1,931	—	D	
Share of other comprehensive income of associates accounted for using equity method	30	—	—	30		Share of other comprehensive income of associates accounted for using equity method
Total other comprehensive income	28,588	—	-1,931	26,656		Total other comprehensive income
Comprehensive income	67,319	—	-2,364	64,955		Total comprehensive income

(5) Reconciliation of comprehensive income for the third quarter ended December 31, 2013 (October 1, 2013 through December 31, 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	199,295	-68	—	199,226		Revenue
Cost of sales	144,466	-18	-222	144,225	C, D	Cost of sales
Gross profit	54,828	-50	222	55,000		Gross profit
Selling, general and administrative expenses	35,255	-6,865	-544	27,845	A, C, D	Selling, general and administrative expenses
	—	6,865	-37	6,827	B	Research and development expenses
	—	1,284	-43	1,241	E	Other income
	—	-154	13	-140	A, B	Other expenses
Operating income	19,572	1,388	748	21,709		Operating income
Non-operating income	2,528	-1,403	-1,125	—		
	—	128	—	128		Financial income
Non-operating expenses	336	-336	—	—		
	—	745	106	852		Financial expenses
Extraordinary income	27	-27	—	—		
Extraordinary loss	363	-363	—	—		
	—	39	—	39		Equity in losses of affiliates
Income before income taxes	21,429	—	-483	20,946		Income before income taxes
Income taxes	6,354	—	-327	6,027	F	Income tax expenses
Income before minority interests	15,075	—	-156	14,918		Net income
						Net income attributable to:
Minority interests in income	54	—	29	83		Non-controlling interests
Net income	15,020	—	-185	14,834		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	15,075	—	-156	14,918		Net income
Other comprehensive income						Other comprehensive income
Valuation difference on available-for-sale securities	559	—	—	559		Net gain (loss) on financial assets measured at fair value through other comprehensive income
Deferred gains or losses on hedges	-382	—	—	-382		Net gain (loss) in fair value of cash flow hedges
Foreign currency translation adjustment	16,955	—	—	16,955		Exchange differences on translating foreign operations
Remeasurements of defined benefit plans	641	—	-641	—	D	
Share of other comprehensive income of associates accounted for using equity method	17	—	—	17		Share of other comprehensive income of associates accounted for using equity method
Total other comprehensive income	17,791	—	-641	17,149		Total other comprehensive income
Comprehensive income	32,866	—	-798	32,068		Total comprehensive income

(6) 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

(7) 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)	December 31, 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)	—	774	1,056
Adjustment for immediate recognition and change in calculation methods of actuarial differences in defined benefits (see Note D)	-18,462	-17,495	-15,964
Adjustment for unused paid absences (see Note C)	-1,585	-1,607	-1,680
Adjustment for subsidy income (see Note E)	-724	-1,915	-1,545
Adjustment for tax effects on account of elimination of unrealized gains or losses (see Note F)	-612	-586	-579
Adjustment for income tax expenses (see Note F)	—	-907	—
Others	40	-74	-92
Total adjustment of retained earnings	<u>-23,626</u>	<u>-24,094</u>	<u>-21,089</u>

(8) 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.