Date: April 30, 2015

Summary of Consolidated Financial Statements of Fiscal 2014 (12 months ended March 31, 2015 (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		
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Date of the General shareholders' meeting June 19, 2015
Estimated starting date of dividend paying June 22, 2015
Filing date of financial statements June 19, 2015
Preparation of supplementary explanatory materials: Yes
Holding of 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 Fiscal 2014 (April 1, 2014 through March 31, 2015)

(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	%
Fiscal 2014	825,243	10.1	106,734	47.2	105,947	50.0	78,028	49.5	77,876	50.1	108,098	49.1
Fiscal 2013	749,504	–	72,503	–	70,642	–	52,188	–	51,892	–	72,518	–

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the parent company	Net income to total Assets	Operating income to revenue
	Yen	Yen	%	%	%
Fiscal 2014	471.75	470.85	13.7	12.9	12.9
Fiscal 2013	314.59	313.92	10.5	9.3	9.7

(Reference) Equity in earnings of affiliates: (Fiscal 2014) -465 million yen (Fiscal 2013) -302 million yen

(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	Equity attributable to owners of the parent company per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2015	855,433	615,776	612,016	71.5	3,705.96
March 31, 2014	783,583	524,552	521,385	66.5	3,159.87

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2015	119,481	-53,857	-68,966	214,559
March 31, 2014	78,444	-15,893	-18,131	203,446

2. Dividends

Record Date	Dividends per share					Dividends total (Annual)	Dividend payout ratio (Consolidated)	Dividends to equity attributable to owners of the parent company (Consolidated)
	1Q	2Q	3Q	Year-end	Annual			
	yen	yen	yen	yen	yen	Millions of yen	%	%
March, 2014	−	50.00	−	50.00	100.00	16,488	31.8	3.3
March, 2015	−	55.00	−	65.00	120.00	19,812	25.4	3.5
(Forecast) March, 2016	−	65.00	−	65.00	130.00		24.2	

3. Forecast of Fiscal 2015 (April 1, 2015 through March 31, 2016)

(% 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
Annual	870,000	5.4	120,000	12.4	120,000	13.3	88,700	13.7	88,700	13.9	537.11

4. Others

(1) Changes in significant subsidiaries during this fiscal year: 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)
   March, 2015: 173,758,428 March, 2014: 173,758,428
2. Number of treasury stock at the end of the period
   March, 2015: 8,614,484 March, 2014: 8,756,529
3. Average number of outstanding shares during the period (cumulative from the beginning of the period)
   Fiscal 2014: 165,079,644 Fiscal 2013: 164,950,973

(Reference) Non-consolidated financial results of Fiscal 2014 (April 1, 2014 through March 31, 2015)

(1) Operating results (% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2014	514,460	4.1	51,873	33.7	68,184	57.8	43,977	40.7
Fiscal 2013	493,985	5.0	38,784	-1.5	43,212	-6.0	31,251	-3.7

	Net income per share - Basic	Net income per share -Diluted
	yen	yen
Fiscal 2014	266.40	265.89
Fiscal 2013	189.46	189.06

(2) Financial position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	yen
March 31, 2015	565,874	377,460	66.6	2,281.05
March 31, 2014	557,916	349,247	62.5	2,112.08

(Reference) Shareholders' equity: (March 31, 2015) 376,700 million yen (March 31, 2014) 348,496 million yen

- Information regarding the implementation of audit procedures

These financial results are not subject to audit procedures. Thus, at the time of disclosure of these financial results, the financial statement audit 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 “1. Analysis of Business Results and Financial Position (1) Analysis of business results” on page 2 of the attached documents to the summary of financial statements for the suppositions that from the assumptions for forecasts 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)

Index

1. Analysis of Business Results and Financial Position

(1) Analysis of business results

1. Summary of the fiscal year

Summary of overall business

During the fiscal year ended March 31, 2015, the U.S. economy remained solid owing primarily to a continued pickup in corporate performance and consumer spending along with improvement in the employment environment, while European and Chinese economies showed a mild recovery at best. The Japanese economy registered a consistent recovery overall, driven by improved corporate earnings and expanding capital expenditures, despite a consumer spending slowdown in reaction to last-minute orders prior to the consumption tax hike in April.

Within this kind of economic environment, the Nitto Group ("the Group") kicked off the year under review by positioning it as a "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 existing business structure. In the mainstay electronics market, the Group catered to expansion of the smartphone market by offering new value in the form of optical films from the Information Fine Materials Sector. For automotive products, "*San-shin* (three 'new') activities," which constitute the Group's proprietary marketing strategy for finding new applications, developing new products, and creating new demands, proved successful not only in Japan, but also globally. In a bid to sustain growth going forward, the Group established its fifth R&D center in Qingdao, China, in October 2014, following the establishment of centers in Japan, the U.S., Singapore, and Switzerland. Now that a five-zone global R&D setup is in place, the Group hopes to accelerate creation of new business themes by tapping into the unique advantages offered by each regional R&D center. Meanwhile, in the U.S., clinical trial studies for cirrhosis patients began in September 2014 as part of a steady effort to release a new anti-fibrosis drug with a molecular targeting DDS (drug delivery system).

As a result, revenue increased by 10.1% from the previous year (changes hereafter are given in comparison with the previous year) to 825,243 million yen. Operating income increased by 47.2% to 106,734 million yen, income before income taxes increased by 50.0% to 105,947 million yen, net income increased by 49.5% to 78,028 million yen, and net income attributable to owners of the parent company increased by 50.1% to 77,876 million yen.

Summary of results by segment

(Industrial Tape)

In the automotive industry, the Group was able to keep growing ahead of the increase in unit automobile production, as we began to see the fruits of *San-shin* activities in the global arena. Some of the businesses that performed particularly well were lamps' inner pressure controlling materials for China and paint protection films for Europe. Also worth mentioning is the renovation of the Automotive Technical Center (ATC) within the Toyohashi Plant in Aichi Prefecture, which was carried out in a bid to combine our material and evaluation technologies for integrated solutions that better cater to the ongoing shift toward lighter-weight, electronic automobiles. Sales to the electronics industry were driven primarily by double-sided adhesive tapes for smartphone panel modules and waterproof/sound-passing functional products. For general-purpose double-sided adhesive tapes, which are used for a broad range of industrial applications, adverse conditions in the European market were offset by orders from East Asian countries, including Japan. Meanwhile, protective materials, processing materials, and heat-resistant fluoroplastic products for the housing & construction materials market and electronics market all fared well.

As a result, revenue grew by 7.7% to 316,608 million yen and operating income grew by 14.1% to 20,387 million yen.

(Optronics)

For information fine materials, new smartphone and tablet PC releases, larger-sized panels used in those new models, and customers' production ramp-ups on the back of healthy sales sustained the excellent performance of our optical films for those product categories. Optical films for LCD TVs also gave a strong showing owing to special demands triggered by the FIFA World Cup and the shift toward demands for larger-sized panels following the market debut of 4K TVs. Meanwhile, sales of transparent electro-conductive films for touch panels were sluggish overall, as they sold well to Chinese customers but production by other major customers did not grow as expected. Sales of flexible printed circuits remained robust as the number of smartphone models using them for their displays grew throughout the year and the number of such circuits used for each unit increased due to expansion of the high-capacity HDD market. For processing materials, tapes used for downstream processing in semiconductor fabrication sold favorably, as the semiconductor market was buoyed by continued expansion of the smartphone market.

As a result, revenue grew by 12.2% to 509,285 million yen and operating income grew by 54.3% to 84,455 million yen.

(Medical & Membrane)

For medical products, an attempt was made to offset the earnings decline in Japan due to the NHI price revision of transdermal therapeutic patches and the government's promotion of generic use by boosting orders at a U.S. group company in the oligonucleotide field. Nonetheless, medical product revenues were weak overall. Sales of membrane products (polymer separation membranes), on the other hand, remained strong, as we were able to receive orders for high-value-added ultrapure water projects from the semiconductor and LCD panel markets, in addition to a steady inflow of replacement orders for boiler feed water membranes and waste water recovery membranes in China and South Asia.

As a result, revenue grew by 8.2% to 40,829 million yen and operating income decreased by 16.3% to 2,193 million yen.

(Reference) Segment Information (Yen in Millions)

		Fiscal 2013 (April 1, 2013 through March 31, 2014)	Fiscal 2014 (April 1, 2014 through March 31, 2015)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Functional base products	192,602	202,900	105.3
	Automotive products	101,299	113,707	112.2
	Total	293,901	316,608	107.7
	Operating income	17,860	20,387	114.1
Optronics	Information fine materials	378,123	413,279	109.3
	Flexible printed circuits	55,535	73,217	131.8
	Processing materials	20,094	22,788	113.4
	Total	453,753	509,285	112.2
	Operating income	54,738	84,455	154.3
Medical & Membrane	Medical products	17,381	16,379	94.2
	Membrane products	20,364	24,449	120.1
	Total	37,745	40,829	108.2
	Operating income	2,620	2,193	83.7
Corporate/Elimination	Revenue	-35,896	-41,479	-
	Operating income	-2,716	-302	-
Total	Revenue	749,504	825,243	110.1
	Operating income	72,503	106,734	147.2

* 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 fiscal year ended March 31, 2014 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 fiscal year ended March 31, 2014.

2. Projection for the next term

In terms of the global economic outlook for the fiscal year ending March 31, 2016 (April 1, 2015 through March 31, 2016), the European economy is expected to show a very modest recovery, but a U.S. interest rate hike anticipated sometime in 2015 warrants that continued attention be paid to the course of the global economy. The Chinese economy is expected to slow down going forward, but the pace of declining growth should be mitigated as the Chinese government underpins its economic environment. Some economies, including Brazil, are expected to decelerate. The Japanese economy, on the other hand, looks set to perform solidly on the back of an uptick in consumer spending, among other changes. Based on this outlook, the Group will take the following measures in markets in which it is currently playing.

In Industrial Tape, the Group will strive to capture growing demands in the automobile sector, particularly those for European and American auto manufacturers. In the electronics sector, the Group will respond to growing demands in emerging countries and elsewhere.

In Information Fine Materials, the smartphone market is forecasted to continue growing mainly in emerging countries, although market demands for tablet PCs and other products are expected to decline. For flexible printed circuits, demand for HDDs is expected to slow down, but smartphones and wearable terminals should help to expand the market, with the result that the market can be expected to perform briskly overall.

In Medical & Membrane, amid increasingly intense competition in target markets, the Group plans to drive business expansion by reinforcing the business base while simultaneously promoting initiatives in new fields.

Assuming a currency exchange rate of 118.4 yen per U.S. dollar, the Group's earnings projections for the fiscal year ending March 31, 2016 are as follows.

Revenue	870,000 million yen (up 5.4%)
Operating income	120,000 million yen (up 12.4%)
Income before income taxes	120,000 million yen (up 13.3%)
Net income	88,700 million yen (up 13.7%)

The results forecasts above are forward-looking statements determined by the Company based on information currently available to it, and thus include risks and uncertainties. Please note that actual results may vary materially from these projections.

(2) Analysis of consolidated financial position

Cash and cash equivalents (hereinafter, “Cash”) was 214,559 million yen at the end of the fiscal year ended March 31, 2015, an increase of 11,113 million yen compared with the end of the fiscal year ended March 31, 2014. The main factors for changes by each cash flow activity were as follows.

(Cash flow from operating activities)

Cash increased by 119,481 million yen as a result of operating activities (an increase of 78,444 million yen in the previous fiscal year).

The main factors responsible for the increase were income before income taxes of 105,947 million yen and depreciation and amortization of 45,662 million yen, while the main offsetting decrease was paid or refunded income taxes of 17,495 million yen.

(Cash flow from investing activities)

Cash decreased by 53,857 million yen as a result of investing activities (a decrease of 15,893 million yen in the previous fiscal year).

The main factor responsible for the decrease was the purchase of property, plant and equipment and intangible assets of 53,329 million yen.

(Cash flow from financing activities)

Cash decreased by 68,966 million yen as a result of financing activities (a decrease of 18,131 million yen in the previous fiscal year).

The main factors responsible for the decrease were bond redemption of 50,000 million yen and cash dividend payments of 17,328 million yen.

The following table shows the changes in the Group’s cash flow indices:

	March, 2014	March, 2015
Ratio of equity attributable to owners of the parent company to total assets (%)	66.5	71.5
Ratio of equity attributable to owners of the parent company on a market value basis (%)	104.1	155.0
Ratio of liabilities with interest to cash flow (year)	0.8	0.1
Interest coverage ratio	82.8	148.5

(Note) 1 Respective indices are obtained by calculating the financial results on a consolidated basis with the following formulae.

Ratio of equity attributable to owners of the parent company to total assets

: Equity attributable to owners of the parent company / total assets

Ratio of equity attributable to owners of the parent company on a market value basis

: total market value of shares / total assets

Ratio of liabilities with interest to cash flow: liabilities with interest / cash flow from operating activities

Interest coverage ratio: cash flow from operating activities / interest payment

2 Total market value of shares is obtained by multiplying the closing price of a share at the end of the year by the number of shares issued at the end of the year, after deduction of treasury stock.

3 Cash flow from operating activities used here are those included in the consolidated statements of cash flows.

4 Liabilities with interest represent all the liabilities included in the consolidated statements of financial position for which interest is paid.

(3) Dividend policy, dividends at year-end

The Company’s dividend policy is, in principle, to ensure a stable and fair return to its shareholders. At the same time, it is essential to make proactive upfront investments in R&D and production in order to stay ahead of rapid technological innovation and to meet customer demands in a timely manner. Accordingly, dividends to the shareholders are determined by taking into account various factors, including the Company’s financial position, profit level, and payout ratio.

Given the fact that a record-high profit level has been achieved, the Company has decided to pay 65 yen per share for the year-end dividend, an increase of 10 yen from the interim dividend, to make the full-year total 120 yen per share, an increase of 20 yen from the previous year. The Company plans to pay a full-year dividend of 130 yen per share, an increase of 10 yen from the previous year, for the next fiscal year by taking into account projected earnings, capital expenditure plans, and other factors.

2. Nitto Denko Group Operations

Disclosure omitted because there are no significant changes from the "Group Business Network (Contents of Business)" and "Description of Related Companies" in the latest financial statements (submitted on June 20, 2014).

3. Management Policy

(1) Basic management policy

With the Group's first centennial anniversary in 2018 fast approaching, January 2014 saw the Group establish the new brand slogan of "Innovation for Customers," which is a symbolic representation of the Group's new Corporate Philosophy and its underlying thoughts. Guided by its Mission to "Contribute to customers' value creation with innovative ideas," which forms a core of the Corporate Philosophy, all employees across the globe will unite as one to dedicate themselves more than ever to maximizing corporate value.

The Group has two basic management strategies: the Global Niche Top™* strategy, whereby it aims to gain a top share in the global market by identifying growth markets and targeting niche areas of those markets in which it can apply proprietary technologies, and the Area Niche Top™* strategy, whereby it aims to gain the top market share in geographic regions through products that are geared to each region's distinctive needs. The Group will maximize both of these strategies to expand its business.

Under these policies, the Group will strive to contribute to customers' value creation through innovative ideas, and endeavor to become a centennial company that continuously grows on a global scale.

(2) Mid- and long-term business strategies

The global economy is changing on a daily basis, although it has regained a certain level of stability. Signs of major changes in the industrial structure are appearing in the form of business consolidation, for instance, which requires the Group to identify points of change and respond to them more quickly than ever. Amid these circumstances, the Group kicked off the new Mid-Term Management Plan Nitto-2017 for the three years starting in fiscal 2015 in a bid to sustain its growth into the future, through which it will pursue the following three key points.

1) Business growth

While reinforcing and further developing its existing business base, the Group will continue to develop businesses in growing and changing regional markets the world over by promoting the Area Niche Top™ strategy, along with the Global Niche Top™ strategy. The Group will also focus on creating and nurturing new businesses that underpin future growth in the domains of "Green, Clean, and Fine" (environment, new energy, and life sciences). As a part of this initiative, a new R&D center – the fourth of its kind outside of Japan – was established within the Qingdao Industrial Technology Research Institute in October 2014, and a plan is underway to establish a facility in October 2015 that will conduct integrated R&D and human resources development within the Ibaraki Office, with a view toward bringing about innovation across the globe. Meanwhile, a *Tajiku* (New Business) Creation Management Division was established in April 2015 under the direct management of the President in a bid to accelerate and foster the development of new businesses.

2) Qualitative improvement

As the Group strengthens and expands its business, it will also work to increase the value it delivers to stakeholders through initiatives such as "creating a safe workplace," "reducing the environmental impact of business activities," "supplying environmentally-friendly products," "pursuing higher quality levels to exceed customer satisfaction," and "conducting activities that contribute to society." Under the Corporate Philosophy, the Group will also foster a strong corporate culture, and strive to be an entity that is highly admired and trusted by society and that continues to grow into the future.

3) Human resources development

The Group will train global leader candidates across the world to sustain further business growth. While handing down its unique culture and ethos, the Group will expand a training program that helps each employee to develop his or her unique personality traits and build a framework that enables a diverse range of employees to play an active role in the global arena while giving full play to their individual skills.

(3) Key issues to be addressed by the company

To achieve further growth, the Group recognizes that it is important to take one step ahead to address the rapidly changing industrial structure and introduce a greater number of global initiatives.

It is with this recognition that the Group will tap into its collective strength to accelerate the creation of new businesses across the globe and, by maintaining close connections with each geographic region of the world, build business models (covering development, procurement, production, sales, distribution, and administration) that are optimized for each region.

The Group will implement the following key initiatives in each business segment accordingly.

- Industrial Tape

In the functional base products business, the Group will selectively pursue strategies within growth areas in order to sustain business growth over the mid- and long-term. In the automotive products business, the Car Electronics and Electric Business Promotion Department, which was established in January 2015, will take the lead in capturing emerging demands for next-generation products and responding to the future progress of the automotive industry as a whole.

- Optronics

In the information fine materials business, the Group will continue to achieve positive differentiation by making a series of new launches, in addition to continued efforts to improve earnings power through cost reduction programs, etc. The Group aims to further expand the flexible printed circuits business and processing materials business by promoting sales of LED illumination materials.

- Medical & Membrane

In the medical business, the Group will increase its efforts in the international market and shoot for renewed growth in the oligonucleotide field. In the membrane business (reverse osmosis membrane), the Group will continue to build a strong business base, while also targeting development of new applications through global activities.

* Global Niche Top and Area Niche Top are trademarks of the Company.

4. Basic approach to selection of accounting standards

For the purposes of improving international comparability of financial information and unification of accounting within the Group, the Group introduced the International Financial Reporting Standards (IFRS) from the first quarter of the year ended March 2015 in order to prepare its consolidated financial statements accordingly.

5. Consolidated Financial Statements

(1) Consolidated statements of financial position

(Yen in Millions)

	April 1, 2013 (Date of transition to IFRS)	March 31, 2014	March 31, 2015
(Assets)			
Current assets			
Cash and cash equivalents	152,275	203,446	214,559
Trade and other receivables	163,595	171,310	191,074
Inventories	83,575	86,264	93,448
Other financial assets	65,257	5,818	7,726
Other current assets	7,600	7,829	12,437
Total current assets	472,304	474,669	519,246
Non-current assets			
Property, plant and equipment	213,391	247,835	268,601
Goodwill	3,052	4,560	2,966
Intangible assets	10,966	14,984	12,837
Investments accounted for using equity method	1,724	441	284
Financial assets	9,313	10,978	12,737
Deferred tax assets	31,375	29,324	30,231
Other non-current assets	525	790	8,527
Total non-current assets	270,350	308,914	336,186
Total assets	742,654	783,583	855,433

(Yen in Millions)

	April 1, 2013 (Date of transition to IFRS)	March 31, 2014	March 31, 2015
Liabilities and equity			
(Liabilities)			
Current liabilities			
Trade and other payables	105,830	104,919	108,110
Bonds and borrowings	11,137	56,694	6,185
Income tax payables	13,915	7,513	20,337
Other financial liabilities	19,111	14,648	20,445
Other current liabilities	28,495	31,818	42,340
Total current liabilities	178,490	215,594	197,420
Non-current liabilities			
Bonds and borrowings	50,987	3,510	3,000
Other financial liabilities	192	307	1,364
Defined benefit liabilities	41,493	33,723	34,042
Deferred tax liabilities	1,258	2,082	566
Other non-current liabilities	2,821	3,813	3,262
Total non-current liabilities	96,753	43,436	42,236
Total liabilities	275,243	259,030	239,656
(Equity)			
Equity attributable to owners of the parent company			
Share capital	26,783	26,783	26,783
Capital surplus	56,944	56,958	56,761
Retained earnings	413,674	450,741	508,564
Treasury stock	-32,405	-31,746	-31,232
Other components of equity	263	18,647	51,139
Total equity attributable to owners of the parent company	465,259	521,385	612,016
Non-controlling interests	2,151	3,167	3,760
Total equity	467,411	524,552	615,776
Total liabilities and equity	742,654	783,583	855,433

(2) Consolidated statements of income and consolidated statements of comprehensive income

(Consolidated statements of income)

(Yen in Millions)

	Fiscal 2013 (April 1, 2013 through March 31, 2014)	Fiscal 2014 (April 1, 2014 through March 31, 2015)
Revenue	749,504	825,243
Cost of sales	538,213	579,009
Gross profit	211,291	246,234
Selling, general and administrative expenses	108,027	114,939
Research and development expenses	28,444	28,240
Other income	4,807	12,684
Other expenses	7,123	9,004
Operating income	72,503	106,734
Financial income	593	700
Financial expenses	2,152	1,021
Equity in losses of affiliates	302	465
Income before income taxes	70,642	105,947
Income tax expenses	18,454	27,918
Net income	52,188	78,028
Net income attributable to:		
Owners of the parent company	51,892	77,876
Non-controlling interests	296	152
Total	52,188	78,028
Earnings per share attributable to owners of the parent company		
Basic earnings per share (yen)	314.59	471.75
Diluted earnings per share (yen)	313.92	470.85

(Consolidated statements of comprehensive income)

(Yen in Millions)

	Fiscal 2013 (April 1, 2013 through March 31, 2014)	Fiscal 2014 (April 1, 2014 through March 31, 2015)
Net income	52,188	78,028
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	631	1,340
Reevaluation of defined benefit liability	1,666	-2,896
Items that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	16,533	31,983
Net gain (loss) in fair value of cash flow hedges	1,585	-375
Share of other comprehensive income of associates accounted for using equity method	-87	16
Total other comprehensive income	20,329	30,070
Total comprehensive income	72,518	108,098
Total comprehensive income attributable to:		
Owners of the parent company	71,939	107,643
Non-controlling interests	578	454
Total	72,518	108,098

(3) Consolidated statements of changes in equity

Fiscal 2013 (April 1, 2013 through March 31, 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, 2013	26,783	56,944	413,674	-32,405	263	465,259	2,151	467,411
Net income	-	-	51,892	-	-	51,892	296	52,188
Other comprehensive income	-	-	-	-	20,047	20,047	282	20,329
Total comprehensive income	-	-	51,892	-	20,047	71,939	578	72,518
Share-based payment transactions	-	20	-	-	-	20	-	20
Dividends	-	-	-16,488	-	-	-16,488	-43	-16,532
Changes in treasury stock	-	-6	-	659	-	653	-	653
Transfers from other components of equity to retained earnings	-	-	1,663	-	-1,663	-	-	-
Other increase or decrease	-	-	-	-	-	-	481	481
Total transactions with owners	-	14	-14,825	659	-1,663	-15,814	437	-15,377
Balance as of March 31, 2014	26,783	56,958	450,741	-31,746	18,647	521,385	3,167	524,552

Fiscal 2014 (April 1, 2014 through March 31, 2015)

(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	-	-	77,876	-	-	77,876	152	78,028
Other comprehensive income	-	-	-	-	29,767	29,767	302	30,070
Total comprehensive income	-	-	77,876	-	29,767	107,643	454	108,098
Share-based payment transactions	-	29	-	-	-	29	-	29
Dividends	-	-	-17,328	-	-	-17,328	-67	-17,395
Changes in treasury stock	-	-11	-	513	-	502	-	502
Transfers from other components of equity to retained earnings	-	-	-2,724	-	2,724	-	-	-
Other increase or decrease	-	-214	-	-	-	-214	205	-9
Total transactions with owners	-	-196	-20,053	513	2,724	-17,011	138	-16,873
Balance as of March 31, 2015	26,783	56,761	508,564	-31,232	51,139	612,016	3,760	615,776

(4) Consolidated statements of cash flows

(Yen in Millions)

	Fiscal 2013 (April 1, 2013 through March 31, 2014)	Fiscal 2014 (April 1, 2014 through March 31, 2015)
Cash flows from operating activities		
Income before income taxes	70,642	105,947
Depreciation and amortization	43,223	45,662
Increase (decrease) in defined benefit liabilities	-1,415	-5,713
Decrease (increase) in trade and other receivables	1,482	-4,911
Decrease (increase) in inventories	716	-2,068
Increase (decrease) in trade and other payables	-2,930	-418
Interest and dividend income	378	537
Interest expenses paid	-942	-804
Income taxes (paid) refunded	-25,664	-17,495
Others	-7,046	-1,254
Net cash provided by operating activities	78,444	119,481
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-74,407	-53,329
Proceeds from sale of property, plant and equipment and intangible assets	728	562
Decrease (increase) in time deposits	60,277	-1,301
Others	-2,490	211
Net cash provided by (used in) investing activities	-15,893	-53,857
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	701	-1,423
Redemption of bonds	-	-50,000
Decrease (increase) in treasury stock	497	392
Cash dividends paid	-16,488	-17,328
Proceeds from long-term loans payable	3,000	-
Repayment of long-term loans payable	-6,000	-540
Others	158	-67
Net cash provided by (used in) financing activities	-18,131	-68,966
Effect of exchange rate changes on cash and cash equivalents	6,143	14,456
Net increase (decrease) in cash and cash equivalents	50,562	11,113
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	203,446	214,559

(5) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes on consolidated financial statements)

1. Reporting entity

Nitto Denko Corporation (the "Company") is a corporation domiciled in Japan. These 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, pursuant to the provision of Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28 of 1976), as they satisfy all the requirements for a "Specified Company" prescribed in Article 1-2 of the same ordinance.

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 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.

(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

Fiscal 2013 (April 1, 2013 through March 31, 2014) (Yen in Millions)

	Industrial Tape	Optronics	Medical & Membrane	Total	Adjustment*	Figures in consolidated statements of income
Revenue from outside customers	271,490	440,589	35,828	747,908	1,596	749,504
Inter-segment revenue	22,410	13,164	1,917	37,492	-37,492	—
Total segment revenue	293,901	453,753	37,745	785,401	-35,896	749,504
Total operating profit (loss)	17,860	54,738	2,620	75,219	-2,716	72,503
Financial income						593
Financial expenses						-2,152
Equity in losses of affiliates						-302
Income before income taxes						70,642
Segment assets	190,841	360,350	42,095	593,287	190,295	783,583
Other items:						
Depreciation and amortization	10,694	25,277	2,174	38,146	5,076	43,223
Increase in property, plant and equipment and intangible assets	12,967	52,058	3,978	69,004	6,909	75,914

(Note) 1. -2,716 million yen in adjustment of total operating profit (loss) includes corporate income (loss) and others not allocating to each segment.

2. 190,295 million yen in adjustment of segment assets includes cash and deposits, property, plant, and equipment and others not belonging in business segments.

3. 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

Fiscal 2014 (April 1, 2014 through March 31, 2015) (Yen in Millions)

	Industrial Tape	Optronics	Medical & Membrane	Total	Adjustment*	Figures in consolidated statements of income
Revenue from outside customers	293,535	491,928	38,345	823,810	1,433	825,243
Inter-segment revenue	23,072	17,357	2,483	42,912	-42,912	—
Total segment revenue	316,608	509,285	40,829	866,722	-41,479	825,243
Total operating profit (loss)	20,387	84,455	2,193	107,036	-302	106,734
Financial income						700
Financial expenses						-1,021
Equity in losses of affiliates						-465
Income before income taxes						105,947
Segment assets	206,215	400,593	42,410	648,949	206,483	855,433
Other items:						
Depreciation and amortization	10,687	27,596	2,299	40,583	5,078	45,662
Impairment losses	983	-	78	1,062	4,399	5,461
Increase in property, plant and equipment and intangible assets	13,239	34,848	2,912	51,000	5,721	56,721

(Note) 1. -302 million yen in adjustment of total operating profit (loss) includes corporate income (loss) and others not allocating to each segment. Moreover, this adjustment includes 4,088 million yen income generated from the partial transition of the defined benefit pension plans to the defined contribution pension plans.

2. 206,483 million yen in adjustment of segment assets includes cash and deposits, property, plant, and equipment and others not belonging in business segments.

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

(Per share information)

Basic earnings per share and diluted earnings per share were calculated on the following basis.

	Fiscal 2013 (April 1, 2013 through March 31, 2014)	Fiscal 2014 (April 1, 2014 through March 31, 2015)
(1) Basic earnings per share	314.59 yen	471.75 yen
(Basis for calculation)		
Net income attributable to owners of the parent company	51,892 million yen	77,876 million yen
Average number of common shares	164,950 thousands of shares	165,079 thousands of shares
(2) Diluted earnings per share	313.92 yen	470.85 yen
(Basis for calculation)		
Increase in number of common stock upon exercise of the stock option	352 thousands of shares	317 thousands of shares

(Bonds)

The Company redeemed the 1st unsecured straight corporate bond amount to 50,000 million yen (Coupon rate: 1.23% per annum, Maturity date: June 3, 2014) during the year under review.

(Employee benefits)

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, and the income of 4,088 million yen accrued as a result of this shift is recognized as “Other income.”

(Impairment losses)

During the year under review, the Company reported impairment loss of 5,461 million yen, which is reported under “Other expenses.”

The main portion of this loss is attributable to goodwill and intangible assets associated with an investment project in the U.S., which are included in the Corporate segment. As it became no longer realistic to expect the originally forecast earnings after the decision to withdraw from that project, its book value has been reduced to the recoverable value, i.e., zero. The recoverable value was measured based on the fair value (estimated sales price, etc.) after cost of disposal.

Impairment loss has also been incurred for property, plant and equipment located in Japan and South America, which are reported under the Industrial Tape Business, as their originally expected earnings are no longer feasible.

(Significant subsequent events)

Not applicable.

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

Disclosure of transition to IFRS

These 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 consolidated financial statements for the fiscal year ended March 31, 2015 (April 1, 2014 through March 31, 2015), 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

(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	56,170	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 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

(3) 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	－	-779	1,666	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	－	-779	20,329		Total other comprehensive income
Comprehensive income	72,415	－	103	72,518		Total comprehensive income

(4) 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.

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)	March 31, 2014
Adjustment for translation differences for foreign operations (see Note G)	-2,282	-2,282
Adjustment for amortization of goodwill (see Note A)	—	1,056
Adjustment for immediate recognition and change in calculation methods of actuarial differences in defined benefits (see Note D)	-18,462	-15,964
Adjustment for unused paid absences (see Note C)	-1,585	-1,680
Adjustment for subsidy income (see Note E)	-724	-1,545
Adjustment for tax effects on account of elimination of unrealized gains or losses (see Note F)	-612	-579
Others	40	-92
Total adjustment of retained earnings	-23,626	-21,089

(5) 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.