This document is a translation of the Japanese language original for information purposes and is prepared as a guide for non-Japanese shareholders. In the event of a discrepancy, the Japanese original version shall prevail.

May 29, 2015

NOTICE OF
THE 150TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholder:

It is our pleasure to invite you to the 150th Ordinary General Meeting of Shareholders of Nitto Denko Corporation (hereinafter "the Company") to be held as indicated below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or electronically (e.g. over the Internet). Please review the attached reference materials for the general meeting of shareholders and exercise your voting rights as per the instructions from page 3.

Sincerely,

Hideo Takasaki, President
Nitto Denko Corporation
1-1-2 Shimohozumi, Ibaraki, Osaka, Japan 567-0041
(Head Office: 4-20, Ofuka-cho, Kita-ku, Osaka, Japan 530-0011)

Date: June 19, 2015 (Friday) at 10:00 a.m. (Reception desk opens at 9:00 a.m.)

Place: 3-1 Ofuka-cho, Kita-ku, Osaka, Japan
Grand Front Osaka, Knowledge Capital Congrès Convention Center (North Building B2F)
Please note that the aforementioned location is different from last year.

Meeting Agenda

Items to be reported:

1. The Business Report, the Consolidated and Non-Consolidated Financial Statements for the 150th term (from April 1, 2014 to March 31, 2015)
2. Auditing results of consolidated financial statements by Accounting Auditors and the Board of Corporate Auditors

Items to be resolved:

Item 1: Approval of the proposed dividends from surplus

Item 2: Approval of the payment of bonus for Directors

Item 3: Election of nine Directors

Item 4: Election of two Corporate Auditors

Item 5: Revision of compensation for Directors

Item 6: Determination of the amount of compensation provided as stock options to Directors and related details

◆ Any revisions for reference materials for the general meeting of shareholders, Business Report, consolidated financial statements and financial statements shall be reported in our IR Information website (http://www.nitto.com/ir/).

◆ This English translation of this notice can be referred on our IR Information website (English version) at [http://www.nitto.com/ir/].

■ When attending, you must present the enclosed Voting Rights Exercise Form to the receptionist at the meeting. We also ask you to bring this notice with you to the meeting as a way of saving resources.

■ The “Cool Biz” (light clothing) dress code will be followed at the meeting. Shareholders are encouraged to wear clothing made of lighter materials.

Instructions Concerning the Exercise of Voting Rights

I. Methods of exercise of voting rights

1 Attending the meeting
Please present the Voting Rights Exercise Form to the receptionist at the meeting.
Date of the meeting: June 19, 2015 (Friday) at 10:00 a.m.

2 Mailing the Voting Rights Exercise Form
Please mail the Voting Rights Exercise Form after indicating your approval or disapproval of each item.
Deadline for mail arrival: June 18, 2015 (Thursday) at 5:00 p.m.

3 Voting by Internet (Personal computer or mobile phone)
Please input approval or disapproval of each item on the Site for the Exercise of Voting Rights: http://www.evote.jp/ (Japanese only). [Please refer to the next page for details.]
Deadline for voting: June 18, 2015 (Thursday) at 5:00 p.m.

* When you exercise your voting rights by the Voting Rights Exercise Form and you do not indicate your approval or disapproval, this will be handled as approval.

II. To institutional investors (Information on the voting right electric exercise platform)

The Company participates in the voting right electric exercise platform operated by ICJ Co., Ltd.
If a nominal owner including a management trust bank (including a standing proxy) previously applies for the use of this platform, this platform may also be used in addition to the exercise of voting rights via above-mentioned Internet as a method to exercise voting rights by electric means for the general meeting of shareholders of the Company. Please note that the deadline for voting is June 18, 2015 (Thursday) at 5:00 p.m., which is the same as the deadline for voting by Internet.

III. Treatment of multiple exercises of voting rights

1. In the event of multiple voting by the Voting Rights Exercise Form or by electronic means (via the Internet), the final vote shall be considered as the effective exercise of your voting rights.
2. In the event of voting via the Internet, even if the Voting Rights Exercise Form is returned, the online vote shall be considered as the effective exercise of your voting rights.

Instructions concerning the exercise of voting rights via the Internet

If you wish to vote via the Internet, you may do so by accessing the following Site for Exercise of Voting Rights designated by the Company by using a personal computer or mobile phone.

URL of the Site for the Exercise of Voting Rights: http://www.evote.jp/ (Japanese only)

The site is unavailable during the hours of 2:00 a.m. to 5:00 a.m. each day.

Please note that any costs arising from using the Site for the Exercise of Voting Rights, including connection fees to Internet providers and telecom rates charged by telecommunications carriers, will be the burden of the shareholder.

- If you have any questions regarding the exercise of voting rights via the Internet, please contact the following number.

  Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division (Help Desk)

  Tel: 0120-173-027 (toll-free)

  Office hours: 9:00 a.m. to 9:00 p.m.

Reference Materials for the General Meeting of Shareholders

Item 1: Approval of the proposed dividends from surplus

The Company places the stable profit return to shareholders as one of the most important management issues, and before providing dividends, we comprehensively assess the profit conditions and the dividend payout ratio, and also consider the improvement of the financial conditions, prior investment for technical innovation and business development, and retained earnings. Proposed dividends for the 150th term is as shown below. Since we have paid interim dividends of 55 yen per share, the amount of dividends per year shall be 120 yen per share, an increase of 20 yen compared to the previous term.

Matters concerning year-end dividends

(1) Type of dividends assets
    Money

(2) Matters concerning distribution of dividends assets and the total amount
    65 yen per share of our common stock: total amount of 10,734,356,360 yen

(3) Effective date of distribution of dividends
    June 22, 2015

Item 2: Approval of the payment of bonus for Directors

The Company proposes to provide the total amount of 251.5 million yen as bonus based on the results of this business year for five Directors of seven Directors excluding two Outside Directors as of the end of this business year. The Company would like to ask the shareholders to leave the specific amount for each person and payment date and method to the Board of Directors.

Item 3: Election of nine Directors

At the close of this Ordinary General Meeting of Shareholders, the tenures of all seven present members of the Board of Directors will expire and Mr.Yoichiro Sakuma and Mr. Toshihiko Omote will retire.

With a view to strengthening the management structure and corporate governance, we hereby propose the appointment of nine Directors, an increase in the number of Directors by two (of which one is an Outside Director).

The candidates are as below, with five nominated for re-election and four for new appointment:

Candidate number	Name	Current position and areas of responsibility in the Company	
1	Yukio Nagira	Representative Director, Chairman	Reelection
2	Hideo Takasaki	Representative Director, President	Reelection
3	Toru Takeuchi	Director, Senior Vice President, CFO (Group Chief Financial Officer) General Manager of Corporate Strategy Sector and General Manager of Corporate Finance & Accounting Division Areas of responsibility Corporate Strategy (Corporate Strategy/Finance and Accounting/Legal and General Affairs) Area Business [East Asia/South Asia] CSR, Corporate Governance and Export Control	Reelection
4	Toshiyuki Umehara	Senior Vice President, General Manager of Automotive Products Sector Areas of responsibility Automotive Products and Corporate Business Development	New election
5	Tsutomu Nishioka	Vice President, CTO (Group Chief Technology Officer) General Manager of Corporate Technology Sector and General Manager of Tajiku (New Business) Creation Management Division Areas of responsibility Corporate Technology (R&D), Intellectual Property, Tajiku (New Business) Creation, Medical and Membrane	New election
6	Yasushi Nakahira	Vice President, General Manager of Functional Base Products Sector and Deputy General Manager of Sales Management Sector Areas of responsibility Functional Base Products, Sales Management, Logistics and Sales Back Office	New election
7	Yoichiro Furuse	Outside Director	Reelection Independent Director Candidate for Outside Director
8	Koushi Mizukoshi	Outside Director	Reelection Independent Director Candidate for Outside Director
9	Takashi Hatchoji		New election Independent Director Candidate for Outside Director

Candidate number

1 Yukio Nagira (Date of birth: January 28, 1948)

Number of Company's shares owned:	25,200
For reelection	
Conflict of interest between the Company and the candidate:	None
Important posts concurrently held:	None

Brief profile

April 1971	Joined Nitto Denko Corporation
June 1998	Director
June 2001	Executive Managing Director
June 2003	Director, Executive Vice President
June 2007	Director, Senior Executive Vice President
April 2008	Representative Director, President
April 2014	Representative Director, Chairman (present)

Candidate number

2 Hideo Takasaki (Date of birth: August 11, 1953)

Number of Company's shares owned:	10,200
For reelection	
Conflict of interest between the Company and the candidate:	None
Important posts concurrently held:	None

Brief profile

April 1978	Joined Nitto Denko Corporation
June 2008	Director, Vice President
June 2010	Director, Senior Vice President
June 2011	Director, Executive Vice President
June 2013	Director, Senior Executive Vice President
April 2014	Representative Director, President (present)

Candidate number

3 Toru Takeuchi (Date of birth: January 1, 1959)

Number of Company's shares owned:	5,500
For reelection	
Conflict of interest between the Company and the candidate:	None
Important posts concurrently held:	None

Brief profile

April 1981	Joined Nitto Denko Corporation
June 2010	Vice President, General Manager of Corporate Accounting Division, Corporate Sector
June 2011	Director, Vice President, CFO
June 2014	Director, Senior Vice President, CFO (present)

Candidate number

4 Toshiyuki Umehara (Date of birth: September 3, 1957)

Number of Company's shares owned:	1,000
For new election	
Conflict of interest between the Company and the candidate:	None
Important posts concurrently held:	None

Brief profile

April 1984	Joined Nitto Denko Corporation
April 2008	General Manager of Optical Division, Optical Business Headquarters
June 2010	Vice President, General Manager of Optical Sector
June 2013	Senior Vice President, General Manager of Information Fine Materials Sector and Deputy General Manager of Functional Base Products Sector
April 2014	Senior Vice President, General Manager of Corporate Strategy Management Division, Corporate Sector, and General Manager of Procurement Business Division
June 2014	Senior Vice President, CIO (Group Chief Information Officer) General Manager of Corporate Strategy Management Division, Corporate Sector, General Manager of IT Management Division, General Manager of Procurement Business Division
Aug. 2014	Senior Vice President, CIO, General Manager of Corporate Strategy Management Division, Corporate Sector, General Manager of IT Management Division
April 2015	Senior Vice President, General Manager of Automotive Products Sector (present)

Candidate number

5 **Tsutomu Nishioka** (Date of birth: December 16, 1962)

Number of Company's shares owned:	1,800
For new election	
Conflict of interest between the Company and the candidate:	None
Important posts concurrently held:	None

Brief profile

April 1985	Joined Nitto Denko Corporation
July 2011	General Manager of Information and Communication Technology Division
June 2012	Vice President, General Manager of Information and Communication Technology Sector
April 2013	Vice President, Deputy CTO, Deputy General Manager of Corporate Technology Sector
June 2014	Vice President, CTO, General Manager of Corporate Technology Sector
April 2015	Vice President, CTO, General Manager of Corporate Technology Sector and General Manager of Tajiku (New Business) Creation Management Division (present)

Candidate number

6 **Yasushi Nakahira** (Date of birth: December 3, 1957)

Number of Company's shares owned:	14,900
For new election	
Conflict of interest between the Company and the candidate:	None
Important posts concurrently held:	None

Brief profile

April 1981	Joined Nitto Denko Corporation
July 2005	General Manager of Large Projects, Optical Division
July 2007	President of Nitto Europe NV
April 2011	General Manager of Membrane Division
June 2013	Vice President, General Manager of Membrane Division
Oct. 2013	Vice President, General Manager of Functional Base Products Sector
April 2015	Vice President, General Manager of Functional Base Products Sector and Deputy General Manager of Sales Management Sector (present)

Candidate number

7 Yoichiro Furuse (Date of birth: November 4, 1941)

Number of Company's shares owned:	2,000
For reelection	
Independent Director	
Candidate for Outside Director	
Conflict of interest between the Company and the candidate:	None
Important posts concurrently held:	None
Number of attendance at meetings of the Board of Directors:	12/12
Number of years in service (At the close of this Meeting):	8 years

Brief profile

April 1964	Joined Sumitomo Bank, Ltd.
June 1989	Director of Sumitomo Bank, Ltd.
Oct. 1993	Executive Director of Sumitomo Bank, Ltd. (retired in June 1996)
June 1996	Senior Managing Director of Mazda Motor Corporation (retired in June 2000)
June 2001	Director of Sanyo Electric Co., Ltd.
June 2002	Representative Director and Vice President of Sanyo Electric Co., Ltd. (retired in October 2005)
Jan. 2006	Representative Director of Evanston Corporation (present)
June 2007	Director of Nitto Denko Corporation (present)
Sep. 2012	Director of Akindo Sushiro Co., Ltd. (present)

Notes for the candidate for the Outside Director

1) Reason for nomination as a candidate for the Outside Director

In this fiscal year, Mr. Furuse participated in all of the Board of Directors meetings (12 times) and made useful comments based on his deep insight about management, which was cultivated through his service as director and representative director at listed companies, and extensive experience.

The Company believes that his insight and experience can continue to be reflected in the management of the Company. Hence, we propose the appointment of him as an Outside Director.

2) Limited Liability Agreement

The Company has executed an agreement with Mr. Furuse to limit his liability to the limit stipulated in laws and regulations, and the Company intends to extend the agreement when he is reappointed.

3) Base of judgment on independence

The Company stipulates "Criteria for election of Independent Outside Directors and Outside Corporate Auditors" (please refer to page 17 for the content of this guideline) and selects candidates for Outside Directors based on the said guideline. The Company designated Mr. Furuse as an Independent Director stipulated by Tokyo Stock Exchange and reported such designation to the Exchange.

Candidate number

8 Koushi Mizukoshi (Date of birth: September 1, 1938)

Number of Company’s shares owned:	0
For reelection	
Independent Director	
Candidate for Outside Director	
Conflict of interest between the Company and the candidate:	None
Important posts concurrently held:	None
Number of attendance at meetings of the Board of Directors:	12/12
Number of years in service (At the close of this Meeting):	4 years

Brief profile

April 1961	Joined Kobe Steel, Ltd.
June 1989	Director of Kobe Steel, Ltd.
April 1999	President of Kobe Steel, Ltd.
April 2004	Chairman of Kobe Steel, Ltd.
Nov. 2004	Chairman of the Kobe Chamber of Commerce and Industry (retired in November 2010)
May 2005	Vice Chairman of Kansai Economic Federation (retired in May 2010)
June 2009	Senior Adviser of Kobe Steel, Ltd.
April 2011	Honorary Adviser of Kobe Steel, Ltd. (present)
June 2011	Director of Nitto Denko Corporation (present)

Notes for the candidate for the Outside Director

1) Reason for nomination as a candidate for the Outside Director
In this fiscal year, Mr. Mizukoshi participated in all of the Board of Directors meetings (12 times) and made useful comments based on his deep insight about management, which was cultivated through his service as representative director at listed companies and as Chairman of the Kobe Chamber of Commerce and Industry, and extensive experience.
The Company believes that his insight and experience can continue to be reflected in the management of the Company. Hence, we propose the appointment of him as an Outside Director.

2) Limited Liability Agreement
The Company has executed an agreement with Mr. Mizukoshi to limit his liability to the limit stipulated in laws and regulations, and the Company intends to extend the agreement when he is reappointed.

3) Base of judgment on independence
The Company stipulates “Criteria for election of Independent Outside Directors and Outside Corporate Auditors” (please refer to page 17 for the content of this guideline) and selects candidates for Outside Directors based on the said guideline. The Company designated Mr. Mizukoshi as an Independent Director stipulated by Tokyo Stock Exchange and reported such designation to the Exchange.

Candidate number

9 Takashi Hatchoji (Date of birth: January 27, 1947)

Number of Company's shares owned:	0
For new election	
Independent Director	
Candidate for Outside Director	
Conflict of interest between the Company and the candidate:	None
Important posts concurrently held:	None

Brief profile

April 1970	Joined Hitachi, Ltd.
June 2003	Vice President and Executive Officer of Hitachi, Ltd.
April 2004	Senior Vice President and Executive Officer of Hitachi, Ltd.
April 2006	Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd. (retired in March 2007)
June 2007	President and Representative Director of Hitachi Research Institute (retired in March 2009)
April 2009	Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd. (retired in March 2011)
April 2011	Chairman of the Board of Hitachi America, Ltd. (retired in March 2015)
June 2011	Director of Hitachi, Ltd. (scheduled to retire in June 2015)

Notes for the candidate for the Outside Director

1) Reason for nomination as a candidate for the Outside Director

   In addition to serving as Representative Executive Officer and Director of a listed company, Mr. Hatchoji has also gained rich experience in the field of global corporate management by being appointed overseas.

   The Company expects him to provide us with advice and proposals on the overall management of the Company including those related to further global development of the Company based on his extensive experience overseas. Hence, we propose the appointment of him as an Outside Director.

2) Limited Liability Agreement

   The Company intends to execute an agreement with Mr. Hatchoji to limit his liability to the limit stipulated in laws and regulations when he is appointed.

3) Base of judgment on independence

   The Company stipulates "Criteria for election of Independent Outside Directors and Outside Corporate Auditors" (please refer to page 17 for the content of this guideline) and selects candidates for Outside Directors based on the said guideline. The Company intends to designate Mr. Hatchoji as an Independent Director stipulated by Tokyo Stock Exchange and to report such designation to the Exchange.

Item 4: Election of two Corporate Auditors

At the close of this Ordinary General Meeting of Shareholders, the tenure of Mr. Masakazu Toyoda (Outside Corporate Auditor) will expire. Accordingly, we propose the appointment of Mr. Toyoda.
In addition, Mr. Kenji Ueki will retire at the close of this Ordinary General Meeting of Shareholders. Hence, we propose the appointment of one new Corporate Auditor. The candidate is not to be appointed as a substitute for the retiring Corporate Auditor. His tenure will be up to the close of the last Ordinary General Meeting of Shareholders that will be held within four business years after the appointment.
The candidates are as below and consent of the Board of Corporate Auditors has been obtained for the submission of this item.

Candidate number	Name	Current position and areas of responsibility in the Company
1	Masami Kanzaki	Executive Vice President, General Manager of Sales Management Sector New election Areas of responsibility Sales Management, Logistics and Sales Back Office
2	Masakazu Toyoda	Outside Corporate Auditor Reelection Independent Corporate Auditor Candidate for Outside Corporate Auditor

Candidate number

1 Masami Kanzaki (Date of birth: December 7, 1953)

Number of Company's shares owned:	2,000
For new election	
Conflict of interest between the Company and the candidate:	None
Important posts concurrently held:	None

Brief profile

April 1978	Joined Nitto Denko Corporation
May 2005	Representative Director of Nitto Shinko Corporation
June 2008	Vice President of the Company, Representative Director of Nitto Shinko Corporation
June 2009	Vice President, Deputy General Manager of Sales Sector, Manager of Tokyo Sales Branch of the Company
April 2010	Vice President, CIO, General Manager of IT Management Division, Corporate Sector
June 2011	Senior Vice President, CIO, General Manager of IT Management Division, Corporate Sector
June 2013	Executive Vice President, CIO, General Manager of IT Management Division, Corporate Sector
June 2014	Executive Vice President, General Manager of Sales Management Sector (present)

Candidate number

2 Masakazu Toyoda (Date of birth: June 28, 1949)

Number of Company's shares owned:	0
For reelection	
Independent Corporate Auditor	
Candidate for Outside Corporate Auditor	
Conflict of interest between the Company and the candidate:	None
Important posts concurrently held:	None
Number of attendance at meetings of the Board of Directors:	12/12
Number of attendance at meetings of the Board of Corporate Auditors:	12/12
Number of years in service (At the close of this Meeting):	4 years

Brief profile

April 1973	Joined the Ministry of International Trade and Industry (Currently the Ministry of Economy, Trade and Industry)
Aug. 2003	Director-General, Commerce and Information Policy Bureau, METI
July 2006	Director-General, Trade Policy Bureau, METI
July 2007	Vice-Minister for International Affairs, METI
July 2008	Retired from METI
Aug. 2008	Secretary General of the Cabinet Secretariat's Strategic Headquarters for Space Policy (retired in August 2010)
Nov. 2008	Special Advisor to the Cabinet (retired in August 2010)
June 2010	Outside Statutory Auditor of Murata Manufacturing Co., Ltd. (present)
July 2010	Chairman & CEO of The Institute of Energy Economics, Japan (present)
June 2011	Corporate Auditor of Nitto Denko Corporation (present)
March 2015	Outside Director of CANON ELECTRONICS INC. (present)

Notes for the candidate for the Outside Corporate Auditor

1) Reason for nomination as a candidate for the Outside Corporate Auditor
In this fiscal year, Mr. Toyoda participated in all of the Board of Directors meetings (12 times) and all of the Board of Corporate Auditors meetings (12 times), and his deep insight and extensive experience in the fields of the economy and international trade are expected to be reflected to the auditing of the Company.
The Company believes that his insight and experience can continue to be reflected in the auditing of the Company. Hence, we propose the appointment of him as an Outside Corporate Auditor.

2) Limited Liability Agreement
The Company has executed an agreement with Mr. Toyoda to limit his liability to the limit stipulated in laws and regulations, and the Company intends to extend the agreement when he is reappointed.

3) Base of judgment on independence
The Company stipulates "Criteria for election of Independent Outside Directors and Outside Corporate Auditors" (please refer to page 17 for the content of this guideline) and selects candidates for Outside Corporate Auditors based on the said guideline. The Company designated Mr. Toyoda as an Independent Corporate Auditor stipulated by Tokyo Stock Exchange and reported such designation to the Exchange.

Item 5: Revision of compensation for Directors

The current amount of total compensation for Directors has remained unchanged “up to 30 million yen per month (out of which up to 2 million yen is allocated to Outside Directors)” since it was so approved at the 143rd Ordinary General Meeting of Shareholders in 2008. Subject to the approval of the Item 3 as proposed, however, the number of Outside Directors will increase. Hence, we propose to revise the amount of monthly compensation for Outside Directors to “up to 3 million yen.” The total amount of compensation for Directors will remain unchanged “up to 30 million yen per month.”

The number of Directors is currently 7 (including 2 Outside Directors). If Item 3 is approved as proposed, the number of Directors will increase to 9 (including 3 Outside Directors). The above proposed compensation amount does not include the amount of employee’s salaries for Directors who are also employees, as before.

Item 6: Determination of the amount of compensation provided as stock options to Directors and related details

In 2004, the Company abolished retirement benefits paid in cash to Directors and Corporate Vice Presidents and introduced an equity-based compensation stock option system as a replacement. As the stock options are granted as a way to effectively grant stocks in kind, those who are qualified can set aside an amount equal to the grant during a year while they are in service and acquire the stock by exercising their right after retirement.

With respect to the above-mentioned grant, it is proposed that the amount and related details of the equity-based compensation stock options that are planned to be granted to Directors in the current fiscal year be approved. Further, those who are granted the Warrants will not include the Outside Directors.

(1) Amount of compensation provided as stock options

The compensation for Directors is “up to 30 million yen per month (out of which up to 3 million yen is allocated to Outside Directors),” subject to the approval of Item 5 as proposed. Separate from this maximum compensation amount, Warrants up to 141 million yen (this will be the amount calculated by the fair value at the time of issuing the Warrants) will be issued as equity-based compensation stock options for a period of 1 year from the date of this Ordinary General Meeting of Shareholders. The number of Directors eligible to receive the Warrants will be 6, excluding the number of Outside Directors, on condition that Item 3 is approved.

(2) Details of Warrants as stock option compensation

The details of the Warrants to be issued as equity-based compensation stock options within the extent of the above amount shall be as follows, and the specific matters concerning the issuance shall be determined by a resolution of the Board of Directors regarding the issuance of Warrants.

1) Total number of the Warrants and class and number of underlying shares that are subject to the Warrants

Total number of the Warrants: Up to 178 units

Class and number of underlying shares that are the subject of Warrants:

100 shares of common stock per Warrant

(Maximum total number of shares: 17,800 shares)

In the event that the Company merges, undergoes corporate separation, or splits or consolidates its common stock and it becomes appropriate to change the number of shares, the Company shall make any adjustment deemed necessary.

2) Amount to be paid upon exercise of the Warrants

The amount to be paid for one underlying share of the Warrants (exercise value) shall be 1 yen.

3) Period during which the Warrants can be exercised

The Company shall separately determine the period of 30 years or less from the day following the issue date of the Warrants.

4) Conditions for the exercise of the Warrants

Regardless of the provisions described in 3) above, in principle, a holder of the Warrants shall be able to exercise these Warrants only for a period separately determined from the day following the holder's retirement from the position as Director of the Company.

(Reference) The Company's View on Independence of Outside Directors and Outside Corporate Auditors

In order to ensure the independence of Outside Directors and Outside Corporate Auditors, the Company has established its "Criteria for election of Independent Outside Directors and Outside Corporate Auditors" as described below:

1. The Outside Director/Outside Corporate Auditor is not, nor has been an executing person (Director, Corporate Auditor, Corporate Vice President or any other employee) of the Company or the Group.
2. The Outside Director/Outside Corporate Auditor is not an important executing person (director, corporate auditor, accounting advisor, executive officer or executive director, or any other important employee) of a major shareholder of the Company (a shareholder holding 10% or more of the voting rights of the Company).
3. The Outside Director/Outside Corporate Auditor is not an important executing person of a company of which the Company is a major shareholder.
4. The Outside Director/Outside Corporate Auditor is not an important executing person of a major counterparty of the Company (a counterparty for which the amount of payment or receipt for transactions with the Company for the latest fiscal year exceeds 2% of consolidated gross sales).
5. The Outside Director/Outside Corporate Auditor is not an important executing person of a major financial institution of the Company (a financial institution to which the Group's aggregate amount of loans payable for the latest fiscal year exceeds 2% of consolidated total assets).
6. The Outside Director/Outside Corporate Auditor is not a legal professional, accounting and tax professional, consultant, or research and education specialist who receives a large amount of compensation or donation (for the latest fiscal year, 10 million yen or more in the case of an individual and more than 2% of consolidated gross sales in the case of a corporation or an organization) from the Company.
7. The Outside Director/Outside Corporate Auditor does not have a kinship (being a relative within the third degree of kinship or a relative living together) with an executing person of the Company or the Group.
8. In addition to the above, the Outside Director/Outside Corporate Auditor does not have any interest that is reasonably considered to give rise to any doubt on the independence as an independent outside director or independent outside corporate auditor or to a conflict of interest with shareholders of the Company.

Business Report for the 150th Fiscal Term

—For Fiscal Year of 2014 (April 1, 2014 to March 31, 2015)—

1. Overview of business operations of the Nitto Denko Group

(1) Operating progress and results

During the fiscal year ended March 31, 2015, while the U.S. economy performed steadily on the back of recovery of corporate performance, growth in consumer spending and improvement in the job situation, the European and Chinese economies grew only modestly. The Japanese economy as a whole remained on a recovery trend, since improvement in corporate earnings and expansion of capital investment more than offset the slowdown of consumer spending, which was caused by the repercussion of the surge in demand ahead of the consumption tax hike.

In such an economic environment, the Group positioned the fiscal year as a “year to soar with passion to the new phase” and tried to make great strides by working on the structural reform to respond quickly to the changing environment as well as strengthening the business structure by creating new businesses.

In the Group’s mainstay market, the electronics industry, the Group introduced its new product, optical films, in the expanding smartphone market and provided new value to its customers. In the area of automotive products, the Group’s “*San-shin* (‘three new’) activities,” which constitute a proprietary marketing strategy for finding new applications, developing new products, and creating new demands, proved successful not only in Japan, but also globally. The Group also focused on the area of research and development to achieve sustainable growth and established a new R&D facility in Qingdao City of China in October 2014. As a result, the Group’s R&D facilities now cover the five important regions of the world: Japan, the U.S., Europe, China and South Asia; and the Group has finally established an R&D structure that can generate new themes by taking advantage of the respective characteristics of these regions. In the medical area, progress has been made in commercializing a drug for treating fibrosis in liver that uses a molecular targeting DDS (Drug Delivery System), as its clinical trial started in the U.S. in September 2014.

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, and net income attributable to owners of the parent company increased by 50.1% to 77,876 million yen.

Note: From the fiscal year ended March 31, 2015, the Nitto Denko Group has implemented the International Financial Reporting Standards (IFRS) to prepare its consolidated financial statements (date of transition to IFRS: April 1, 2013). Accordingly, the financial data for the fiscal year ended March 31, 2014 is also presented based on the IFRS.

(2) Summary of operations by segment

[Industrial Tape] Composition of revenue 36.5%

Major products: Functional base products (e.g. Bonding and joining products, Protection products), Automotive products

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. Sales were particularly strong in the areas of inner pressure controlling material for automotive lamps in China and paint protection films in Europe. The Group also upgraded its Automotive Technical Center at Toyohashi Plant, where it conducts vehicle body evaluation and makes proposals for the purpose of providing more integrated solutions to customers. These solutions do not only encompass materials technology from a manufacturer's perspective but also evaluate technology to address requirements for vehicle weight reduction and incorporation of electronic systems.

Sales to the electronics industry performed favorably centering on double-sided adhesive tape for smartphone panel modules and waterproof/sound-passing functional products. Sales of general-purpose double-sided adhesive tapes, which are used for a broad range of industry applications, were firm, as the adverse conditions in the European market were offset by orders from East Asian countries including Japan. Protective materials, processing materials and heat-resistant fluoroplastic products for the housing and construction materials market and electronics market performed well.

As a result of the above, revenue was 316,608 million yen (up 7.7%) and operating income was 20,387 million yen (up 14.1%).

[Optronics] Composition of revenue 58.8%

Major products: Information fine materials, Semiconductor related materials, Flexible printed circuits, Processing materials

Among information fine materials, optical films for smartphone and tablet PC panels fared well owing to the introduction of new products, a shift in demand toward larger-sized panels and production increase effect thanks to favorable sales. Optical film for TVs also showed steady performance, thanks to the special demands triggered by the FIFA World Cup earlier this fiscal year and growing demands for larger panels following the market debut of 4K TVs. On the other hand, sales of transparent electro-conductive films for touch panels performed well for Chinese firms but remained slow for other major customer groups, as a result of overall sluggish production growth. Sales of flexible printed circuits continued to be robust as the Group expanded the range of applicable models for smartphone displays throughout the year, and also because the number of such components used for each unit increased due to expansion of the high-capacity HDD market. 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 of the above, revenue was 509,285 million yen (up 12.2%) and operating income was 84,455 million yen (up 54.3%).

[Medical & Membrane] Composition of revenue 4.7%

Major products: Medical related products, Membrane products

For medical products, while profitability fell in Japan as transdermal therapeutic patch sales were affected by the NHI price revision and the government's promotion of generic use, a U.S. Group company in the oligonucleotide field experienced strong orders for its products. But overall, medical product revenues were sluggish. Sales of membrane products (polymer separation membranes) remained strong thanks to the steady inflow of replacement orders for boiler feed water membranes and waste water recovery membranes in China and South Asia, in addition to highly-value-added orders for ultrapure water projects in the semiconductor and LCD panel markets.

As a result of the above, revenue was 40,829 million yen (up 8.2%) and operating income was 2,193 million yen (down 16.3%).

(Unit: millions of yen)

Business segment	FY2014 (150th term)		FY2013 (149th term)
	Revenue (year-on-year change)		Revenue
Industrial Tape	316,608	(up 7.7%)	293,901
Optronics	509,285	(up 12.2%)	453,753
Medical & Membrane	40,829	(up 8.2%)	37,745
Eliminations and corporate	(41,479)	–	(35,896)
Total	825,243	(up 10.1%)	749,504

Notes:

1. 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. The breakdown of composition of revenue stated above is calculated excluding eliminations and corporate.

(3) Capital investment

The Group invested a total of 56,721 million yen in plant and equipment during the fiscal year under review.

Of this total, 31,799 million yen was invested on a domestic basis for capital investment for production facility improvement of information fine materials at the Onomichi Plant and for production facility improvement of industrial tape and safety related investment at the Toyohashi Plant and the Kanto Plant.

For overseas group companies, a total of 24,922 million yen was invested for capital investment to improve production facilities for information fine materials in South Korea and China and to improve production facilities for industrial tape in China and Europe.

(4) Financing

During the fiscal year under review, sales of information fine materials and flexible printed circuits were the driving force behind the Group's financial performance. The Group's business expanded mainly in East Asia, where the said products are being manufactured, and working capital increased. The Company's profit grew at a faster pace partly by virtue of the cheaper yen from the middle of the year, making cash flow strong. As a result, the Company repaid straight bonds totaling 50,000 million yen, which was due in June 2014, with cash on hand, and group-wide interest-bearing debts decreased by 51,019 million yen to 9,185 million yen.

(5) Key issues to be addressed

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 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.

(6) Trends in operating results and assets

Item	Japan GAAP				IFRS	
	FY2010 (146th term)	FY2011 (147th term)	FY2012 (148th term)	FY2013 (149th term)	FY2013 (149th term)	FY2014 (150th term)
Revenue (million yen)	638,556	607,639	671,253	749,835	749,504	825,243
Operating income (million yen)	85,245	56,491	68,482	72,254	72,503	106,734
Ordinary income (million yen)	85,143	58,436	67,182	71,658	—	—
Net income attributable to owners of the parent company (million yen)	55,743	31,066	43,696	51,018	51,892	77,876
Basic earnings per share (yen)	337.36	188.90	265.48	309.29	314.59	471.75
Dividend payout ratio (%)	26.7	52.9	37.7	32.3	31.8	25.4
ROA (Ratio of profit attributable to owners of the parent company to total assets) (%)	8.7	4.8	6.3	6.7	6.8	9.5
ROE (Return on equity attributable to owners of the parent company) (%)	13.9	7.3	9.5	10.1	10.5	13.7
Operating income to revenue (%)	13.3	9.3	10.2	9.6	9.7	12.9
Total assets (million yen)	653,961	651,908	740,949	781,352	783,583	855,433
Total equity (million yen)	419,673	435,935	491,105	527,299	524,552	615,776
Equity attributable to owners of the parent company per share (yen)	2,540.30	2,635.91	2,961.90	3,172.03	3,159.87	3,705.96
Ratio of equity attributable to owners of the parent company to total assets (%)	63.9	66.5	65.9	67.0	66.5	71.5
Depreciation and amortization (million yen)	39,940	36,806	36,467	43,188	43,223	45,662
Capital investment (million yen)	26,882	33,758	49,807	75,814	75,814	56,721
Research and Development Costs (million yen)	21,949	25,003	27,573	28,573	28,444	28,240
Exchange rate (average rate) (yen / 1 US dollar)	86.34	78.89	82.42	99.93	99.93	109.00

Notes:

1. Effective from the fiscal year ended March 31, 2014, the Company and some of its consolidated subsidiaries changed the method of recognition of revenue to one based on the time of delivery to customers from the prior one which was based mainly on the time of shipment. The figures for the fiscal year ended March 31, 2013, are those after the retrospective application of the change.
2. From the fiscal year ended March 31, 2015, the Nitto Denko Group has implemented the International Financial Reporting Standards (IFRS) to prepare its consolidated financial statements (date of transition to IFRS: April 1, 2013). Accordingly, the financial data for the fiscal year ended March 31, 2014 is also presented based on the IFRS.
3. Trends in operating results and assets are presented based on the International Financial Reporting Standards (IFRS). The term based on the Japanese standard for "Revenue" is "Net sales," "Net income attributable to owners of the parent company" is "Net income," "Basic earnings per share" is "Net income per share," "Total assets" is "Total assets," "Total equity" is "Net assets," "Equity attributable to owners of the parent company per share" is "Net assets per share," "Ratio of equity attributable to owners of the parent company to total assets" is "Shareholders' equity to total assets," "Return on equity attributable to owners of the parent company" is "Return on equity" and "Ratio of profit attributable to owners of the parent company to total assets" is "Return on total assets."
4. "Dividend payout ratio" is calculated based on a tentative dividend amount whose payment is subject to the approval of Item 1 for the 150th general meeting of shareholders as proposed.

(7) Status of major subsidiaries (as of March 31, 2015)

Corporate name	Capital	Company's stake	Main business
Nissho Corporation	in million yen 500	% 100.0	Production, processing and sales of industrial tapes
Nitto Europe NV	in thousand euro 97,351	100.0	Production, processing and sales of industrial tapes
Nitto Americas, Inc.	in thousand US dollars 1,024	100.0	Administration of the Group companies in the U.S.
Nitto Denko (China) Investment Co., Ltd.	in thousand RMB 925,394	100.0	Administration of the Group companies in China
Nitto Denko (Suzhou) Co., Ltd.	in thousand RMB 370,902	100.0 (65.8)	Production, processing and sales of optronics
Taiwan Nitto Optical Co., Ltd.	in thousand NT$ 568,003	100.0 (3.6)	Production, processing and sales of optronics
Korea Nitto Optical Co., Ltd.	in million won 84,365	97.6	Production, processing and sales of optronics
Korea Optical Hightech Co., Ltd.	in million won 22,000	89.1	Production, processing and sales of optronics
Nitto Denko (HK) Co., Ltd.	in thousand HK$ 13,826	100.0	Sales of industrial tapes, optronics
Shanghai Nitto Optical Co., Ltd.	in thousand RMB 89,981	100.0 (24.5)	Production, processing and sales of optronics
Shenzhen Nitto Optical Co., Ltd.	in thousand RMB 304,697	100.0	Production, processing and sales of optronics
Nitto Denko Material (Thailand) Co., Ltd.	in thousand Thai Baht 460,000	100.0 (39.4)	Production, processing and sales of optronics

Note: Figures in parenthesis in "Company's stake" indicate the percentage of indirect stake.

(8) Principal offices of the Group (as of March 31, 2015)

<table>
<tr><td rowspan="3">Nitto Denko Corporation</td><td>Head office</td><td>Kita-ku, Osaka</td></tr>
<tr><td>Offices (Plants/ Laboratory)</td><td>Tohoku Plant (Osaki, Miyagi), Kanto Plant (Fukaya, Saitama), Toyohashi Plant (Toyohashi, Aichi), Kameyama Plant (Kameyama, Mie), Shiga Plant (Kusatsu, Shiga), Ibaraki Laboratory (Ibaraki, Osaka), Onomichi Plant (Onomichi, Hiroshima)</td></tr>
<tr><td>Branches</td><td>Tokyo Sales Branch (Shinagawa-ku, Tokyo), Nagoya Sales Branch (Naka-ku, Nagoya), Osaka Sales Branch (Kita-ku, Osaka), Kyushu Sales Branch (Hakata-ku, Fukuoka)</td></tr>
<tr><td>Nissho Corporation</td><td colspan="2">Kita-ku, Osaka</td></tr>
<tr><td>Nitto Europe NV</td><td colspan="2">Genk, Belgium</td></tr>
<tr><td>Nitto Denko (Suzhou) Co., Ltd.</td><td colspan="2">Suzhou, China</td></tr>
<tr><td>Taiwan Nitto Optical Co., Ltd.</td><td colspan="2">Taichung, Taiwan</td></tr>
<tr><td>Korea Nitto Optical Co., Ltd.</td><td colspan="2">Pyeongtaek, South Korea</td></tr>
<tr><td>Korea Optical Hightech Co., Ltd.</td><td colspan="2">Gumi, South Korea</td></tr>
<tr><td>Nitto Denko (HK) Co., Ltd.</td><td colspan="2">Hong Kong, China</td></tr>
<tr><td>Shanghai Nitto Optical Co., Ltd.</td><td colspan="2">Shanghai, China</td></tr>
<tr><td>Shenzhen Nitto Optical Co., Ltd.</td><td colspan="2">Shenzhen, China</td></tr>
<tr><td>Nitto Denko Material (Thailand) Co., Ltd.</td><td colspan="2">Ayutthaya, Thailand</td></tr>
</table>

(9) Employees of the Group and the Company (as of March 31, 2015)

	Number of employees	Changes from the end of the previous year
Group	27,160	+546
Company	5,059	-33

Note: The number of employees does not include Directors (those who are classified as employees) and temporary workers.

(10) Major creditors (as of March 31, 2015)

(Unit: millions of yen)

Creditor	Balance at the end of the fiscal year
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,416
Nippon Life Insurance Company	3,000

2. Shareholders' equity (as of March 31, 2015)

(1)	Number of shares authorized to be issued:	400,000,000 shares
(2)	Number of shares issued	173,758,428 shares
	(Number of treasury stock held)	8,614,484 shares
(3)	Number of shareholders	35,014

(4) Major shareholders (Top 10)

Name	Number of shares held	Ownership percentage
	Thousands of shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,636	10.68
Japan Trustee Services Bank, Ltd. (Trust Account)	12,661	7.67
BNP Paribas Securities (Japan) Limited	3,438	2.08
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	2,498	1.51
Sompo Japan Nipponkoa Insurance Inc.	2,310	1.40
STATE STREET BANK AND TRUST COMPANY 505223	2,228	1.35
STATE STREET BANK WEST CLIENT - TREATY 505234	2,175	1.32
THE BANK OF NEW YORK MELLON SA/NV 10	2,116	1.28
Nippon Life Insurance Company	2,082	1.26
THE CHASE MANHATTAN BANK, N. A. LONDON SECS LENDING OMNIBUS ACCOUNT	2,049	1.24

Notes:

1. The Company holds treasury stock totaling 8,614,484 shares, but is not included in the above major shareholding parties.
2. The ownership percentage has been calculated based on the number of shares issued excluding treasury stock.
3. Although the reports on large scale shareholdings have been submitted as follows, the Company lists major shareholders above according to the shareholder register as of March 31, 2015.
   A total of five shareholders composed of Mitsubishi UFJ Financial Group, Inc. and its joint holders
   8,691,754 shares (as of November 11, 2013)
   A total of nine shareholders composed of BlackRock Japan Co., Ltd. and its joint holders
   11,253,475 shares (as of July 31, 2014)
   A total of three shareholders composed of Sumitomo Mitsui Trust Bank, Limited and its joint holders
   9,836,100 shares (as of November 14, 2014)
   A total of three shareholders composed of Nomura Securities Co., Ltd. and its joint holders
   11,370,831 shares (as of December 15, 2014)

3. Matters concerning the Warrants

(1) Summary of Warrants issued as compensation for executing duties and responsibilities and owned by officers of the Company at the end of this business year

- Number of the Warrants: 1,232 units (100 shares of common stock per unit)
- Class and number of underlying shares: Company's common stock: 123,200 shares
- Classified total of Warrants held by Directors

Classification	Type 1	Type 2
Exercise value (payment amount per unit at the time of exercise)	100 yen	100 yen
Exercise period	• 20 years from the day following the issuing date • 6 years from the day following the day they no longer serve as either of Directors, Corporate Vice Presidents, Corporate Auditors, Advisers or specific staff members (in principle)	• 30 years from the day following the issuing date • 10 days from the day following the day they no longer serve as Directors
Number of owners and units by classification		
Directors	1 person 63 units	5 persons 1,169 units

Notes:

1. Following the discontinuation of traditional retirement benefit in cash approved at the 139th ordinary general meeting of shareholders, issue of the above equity-based compensation stock options was approved as its replacement at the 139th ordinary general meeting of shareholders and onward.
2. Type 1 was approved at the 139th and 140th ordinary general meetings of shareholders under the former Commercial Code. Type 2 was approved at the 141st ordinary general meeting of shareholders and onward.
3. Outside Directors and Corporate Auditors are not eligible for the Warrants.

(2) Summary of Warrants issued as compensation for executing duties and responsibilities to the employees of the Company and the officers and the employees of the subsidiaries during this business year

Name	Warrants issued in August 2014
Number of the Warrants issued	212 units (100 shares of common stock per unit)
Class and number of underlying shares that are the subject to the Warrants	Company’s common stock: 21,200 shares
Exercise value (payment amount per unit at the time of exercise)	100 yen
Exercise period	August 2, 2014 through August 1, 2044 10 days from the day following the day when the Corporate Vice President of the Company no longer serves as Corporate Vice President (“Right Exercise Starting Day”). Provided, however, that if the Warrant owner is the Corporate Vice President of the Company and has an employment contract with the Company, the later of the day following the day the Warrant owner no longer serves as Corporate Vice President or the day following the said employment contract expires shall be the Right Exercise Starting Day.
Classified number of persons and units issued	
Employees of the Company (excluding those who also serve as Directors of the Company)	13 persons 212 units

Note: Following the discontinuation of traditional retirement benefit in cash approved at the 139th ordinary general meeting of shareholders, the Warrants were approved to be granted to the Directors and the Corporate Vice Presidents as its replacement by the Board of Directors of the Company.

4. Executives

(1) Directors and Corporate Auditors (as of March 31, 2015)

Name	Position, duties and significant concurrent positions	
Yukio Nagira	Representative Director Chairman	
Hideo Takasaki	Representative Director President	CEO (Group Chief Executive Officer), COO (Group Chief Operating Officer)
Yoichiro Sakuma	Director	Executive Vice President, the Whole Management System (Area Business [North and South Americas])
Toshihiko Omote	Director	Executive Vice President, the Whole Management System (Quality, Environment and Safety)
Toru Takeuchi	Director	Senior Vice President CFO (Group Chief Financial Officer) General Manager of Corporate Sector the Whole Management System (Area Business [Europe/East Asia/South Asia]) In charge of CSR, Corporate Governance and Export Control
Yoichiro Furuse	Outside Director	
Koushi Mizukoshi	Outside Director	
Kenji Ueki	Corporate Auditor (full-time service)	
Yoshihiro Taniguchi	Corporate Auditor (full-time service)	
Masashi Teranishi	Outside Corporate Auditor	
Masakazu Toyoda	Outside Corporate Auditor	
Mitsuhide Shiraki	Outside Corporate Auditor	

Notes:

1. Directors' "position and duties" were changed as follows on April 1, 2015.

Name	Position and Duties	
Yoichiro Sakuma	Director	Executive Vice President Area Business [North and South America]
Toshihiko Omote	Director	Executive Vice President CIO (Group Chief Information Officer) General Manager of Corporate Infrastructure Sector and General Manager of IT Management Division In charge of Corporate Infrastructure (IT/Procurement/Human Resources and Education)
Toru Takeuchi	Director	Senior Vice President CFO General Manager of Corporate Strategy Sector and General Manager of Corporate Finance & Accounting Division Corporate Strategy Management (Corporate Strategy Management/Corporate Finance and Accounting/Legal and General Affairs) Area Business [East Asia/South Asia] In charge of CSR, Corporate Governance and Export Control

2. Yoshihiro Taniguchi, the full-time Corporate Auditor, has had experiences in the Company's accounting and auditing departments over the years, having a broad range of knowledge in finance and accounting.
3. The Company designated all of the Outside Directors and Outside Corporate Auditors as Independent Directors/Auditors stipulated by Tokyo Stock Exchange and reported them to the Exchange.
4. The Company adopts the executive officer system. In addition to the aforementioned Directors, the following 16 persons take on the duties as indicated. The positions and duties are those as of April 1, 2015.

Name	Position and Duties	
Hongin Kim	Executive Vice President	Korea Business, Information Fine Materials
Masami Kanzaki	Executive Vice President	Sales Management, Logistics and Sales Back Office
Masahiko Arimoto	Executive Vice President	Procurement
Michio Yoshimoto	Senior Vice President	Legal, General Affairs and Export Control
Toshio Yamamoto	Senior Vice President	Human Resources and Education, Japan Plant Management
Toshiyuki Umehara	Senior Vice President	Automotive Products, Corporate Business Development
Kageshi Maruyama	Vice President	Corporate Business Development
Kazuyuki Okada	Vice President	Functional Base Products
Yasuhito Oowaki	Vice President	Quality, Environment and Safety Management, Environmental Management Strategy
Tsutomu Nishioka	Vice President	Corporate Technology (R&D), Intellectual Property, Tajiku (New Business) Creation, Medical and Membrane
Tomoo Sakamoto	Vice President	Manufacturing Engineering
Yasushi Nakahira	Vice President	Functional Base Products, Sales Management, Logistics and Sales Back Office
Tatsuya Osuka	Vice President	Information & Communication Technology
Yukihiro Iizuka	Vice President	Information Fine Materials
Sam Strijckmans	Vice President	Global Finance and Governance, Area Business [Europe]
Toshihiko Takayanagi	Vice President	Area Business [East Asia]

(2) Summary of liability limitation agreement

The Company has executed agreements with all of the Outside Directors and Outside Corporate Auditors to limit the compensation liability provided in Paragraph 1, Article 423 of the Companies Act, and the compensation limitation amount under these agreements are the amount determined under laws and regulations.

(3) Compensation, etc. paid to Directors and Corporate Auditors

(Unit: millions of yen)

Category	Director (including Outside Director)		Outside Director		Corporate Auditor (including Outside Corporate Auditor)		Outside Corporate Auditor	
	Number of payees	Amount of payment	Number of payees	Amount of payment	Number of payees	Amount of payment	Number of payees	Amount of payment
Compensation in cash	8	224	2	21	5	88	3	21
Bonus paid to Directors	5	251	-	-	-	-	-	-
Warrants (Equity-based compensation stock options)	6	89	-	-	-	-	-	-
Total		565		21		88		21

Notes:

1. The above includes 1 Director who retired upon the closure of the 149th general meeting of shareholders held on June 20, 2014.
2. The amount of employee’s salary (including bonus) for a Director who also holds an employee post is paid separately the above-mentioned compensation. Meanwhile, the amount of employee’s salary (including bonus) was not paid for the current term.
3. The limit of compensation for Directors is 30 million yen per month (approved at the 143rd general meeting of shareholders) and that for Corporate Auditors is 12 million yen per month (approved at the 139th general meeting of shareholders).
4. Bonus for Directors is a tentative amount and its payment is subject to the approval of the Item 2 for the 150th general meeting of shareholders as proposed.
5. Matters related to the Warrant (Equity-based compensation stock option) were approved at the 149th ordinary general meeting of shareholders.
6. In addition to the above compensations, etc., the Company paid retirement benefit of 8 million yen to one Director who retired. The payment was made during the fiscal year under review based on the resolution at the 139th ordinary general meeting of shareholders.

(4) Summary of policy to determine amount or calculation method of compensation for Directors and Corporate Auditors

1) Compensation for Directors

Compensation in cash, bonus and compensation by the Warrant, of Directors, are determined by the Representative Director(s) in accordance with the duties, responsibilities and performances of each Director within the range of the total amount approved by the general meetings of shareholders.

2) Compensation for Corporate Auditors

Compensation for Corporate Auditors is determined by consultation among Corporate Auditors in accordance with the duties and responsibilities of each Corporate Auditor within the range of the total amount of compensation for Corporate Auditors approved by the general meetings of shareholders.

(5) Major activities of Outside Directors and Outside Corporate Auditors

Name	Major activities	
1. Outside Directors		
Yoichiro Furuse	Participation	Board of Directors: 100% (12 times out of 12 times)
	Major comments	He mainly makes comments from the viewpoint of experienced corporate executive.
Koushi Mizukoshi	Participation	Board of Directors: 100% (12 times out of 12 times)
	Major comments	He mainly makes comments from the viewpoint of experienced corporate executive.
2. Outside Corporate Auditors		
Masashi Teranishi	Participation	Board of Directors: 100% (12 times out of 12 times) Board of Corporate Auditors: 100% (12 times out of 12 times)
	Major comments	He mainly makes comments based on his experience at financial institutions over many years and deep financial knowledge.
Masakazu Toyoda	Participation	Board of Directors: 100% (12 times out of 12 times) Board of Corporate Auditors: 100% (12 times out of 12 times)
	Major comments	He mainly makes comments based on his broad insight and extensive experience in the field of economy, trade and industry.
Mitsuhide Shiraki	Participation	Board of Directors: 100% (12 times out of 12 times) Board of Corporate Auditors: 100% (12 times out of 12 times)
	Major comments	He mainly makes comments based on his broad insight as a person with relevant knowledge and experience.

5. Accounting auditors

(1) Name of accounting auditor: KPMG AZSA LLC

(2) Amount of compensation for accounting auditor

(Unit: millions of yen)

1)	Amount of compensation as an accounting auditor for this business year	162
2)	Total amount of money and other asset interests to be paid by the Company and the subsidiaries of the Company	179

Notes:

1. The compensation for auditing as an accounting auditor under the Companies Act and the compensation for auditing under the Financial Instruments and Exchange Act have not been differentiated in the auditing agreement between the Accounting Auditor and the Company, and also cannot be materially differentiated, so the above figure is the total of these compensations.
2. The Company has paid to an accounting auditor compensation for the advisory services related to internal control following the implementation of the core system, which are services other than those stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Act (non-auditing work). The amount of said compensation is included in the figure stated above.

(3) Policy to determine dismissal or non-reelection of the accounting auditor

In addition to the dismissal of the Accounting Auditors by the Board of Corporate Auditors in accordance with the provision of Article 340 of the Companies Act, in principle, the Company does not reelect the Accounting Auditor, elects another relevant accounting auditor and brings the accounting auditor election agenda to the general meeting of shareholders upon consent or request of the Board of Corporate Auditors when the relevant execution of the business by the Accounting Auditor is deemed difficult or when problems are found for eligibility or creditworthiness of the Accounting Auditor based on the auditing standards. The Company also intends to determine election or non-election of the Accounting Auditor based on the number of years continued for auditing in addition to the factors mentioned above.

6. Internal Controls and Policies of the Company

(1) Basic Policy on Internal Control

The Company, in accordance with the provisions of Article 362 of the Companies Act and of Article 100 of the Ordinance for Enforcement of the Companies Act, defines the Company's basic policy on internal control as follows:

1) Internal controls to ensure that the exercise of duties by Directors and the employee complies with legal provisions and the Articles of Incorporation

   i) As the basis of a compliance system, corporate vision and guiding principles and a code of business conducts aimed at ensuring compliance with legal and ethical standards as an action standard are defined, and the code is issued and enforced to the entire staff not only of the Company but also of the whole Group. Directors take the lead in complying with legal and ethical standards.

   ii) In order to promote CSR activities, including the establishment of compliance and risk management system, a CSR Director is appointed and a CSR Committee chaired by the appointed Director is set up. In addition, an outside director system is adopted. By doing this, we will increase the transparency of the whole management system including the process of corporate decision-making. We will also establish a system to ensure the reasonableness, validity and effectiveness of the operational process and our businesses in general, including the internal control to maintain confidence in financial reporting.

   iii) Audit department, as an internal audit division, is established for conducting internal audits on each division of the Company and the Group companies to measure reasonableness and other aspects of operational processes and operations in general. In addition, departments specializing in environment, safety, quality and export management are established for coordinating with the audit department when conducting audits.

   iv) Under the internal reporting system for handling legal violations and ethical standards, a reporting channel is established in which to secure anonymity of informants, the direct recipient of information is an external institution. In addition, the Company establishes an in-house hotline window as well as a Legal and Ethical Compliance Committee including the CSR Director and Corporate Auditors, for handling non-compliance matters and preventing reoccurrence of any act of noncompliance.

2) Internal controls regarding retention and management of information associated with the exercise of Directors' duties

   All documents associated with the exercise of Directors' duties such as the minutes of the general meeting of shareholders, the Board of Directors meeting and the management strategy meeting and the collective decision-making document, in accordance with the regulations on document management and retention, are properly and surely retained and managed in the form of paper or electronic means, and if necessary is made available for viewing.

3) Rules on managing the risk of loss and other internal controls

As the basis of the Company's risk management system, operational risks associated with business structuring or foreign business management, risks emerging from external factors such as exchange volatility and country risk, and risks associated with technological competitiveness including new technology development skills and intellectual property rights, are managed at all times and measured when necessary by the Board of Directors, Management Strategy Committee and each of the business executive organizations. With regard to risks associated with product quality/deficiency, environment, disaster and safety, correspondence to information security and antisocial forces, and risks related to compliance matters such as the Anti-trust Law, the Pharmaceutical Affairs Law and the Export Law, the designated responsible departments are empowered to periodically perform a thorough review of the key risks. These risks are monitored and measured respectively by departments and through various committee activities as well as projects organized as necessary. In the event of an unforeseen situation, the President, the CSR Director and Corporate Auditors are promptly notified, and the emergency headquarters is established under the President for preventing enlargement of damage, keeping any loss to a minimum, maintaining continuity of business and restoring operations as soon as possible.

4) Internal controls to ensure efficient execution of Directors' duties

i) As the basis of a system to ensure that the duties of Directors are exercised efficiently, the Board of Directors meeting is normally held on a monthly basis, and an extraordinary meeting is held when necessary. Internal decision-making rules are defined so that important matters related to specific management policies and strategies of the Company are, in accordance with the level of importance, discussed and approved at the Board of Directors meeting, the management strategy meeting (normally held monthly) and/or meetings held by each business executive division or through the collective decision-making system. Also operation systems utilizing IT technologies are positively implemented for securing an environment that enables efficient operational executions.

ii) Managers responsible for operational execution and the scope of their responsibilities as well as detailed operational procedures are provided respectively by the organization designated by the Board of Directors or under group decision-making rules.

5) Internal controls for ensuring appropriateness of operations in a corporate entity

i) As the basis of controls to secure appropriateness of operations in the Nitto Denko Group as a corporate entity, a code of business conducts aimed at ensuring compliance with legal and ethical standards is defined, and issued and enforced to the entire staff of group companies.

ii) For securing appropriateness of group-wide operations: group decision-making regulations and standards are developed to ensure that domestic and overseas group companies properly carry out decision-making on management and preliminary discussions and reporting, etc. regarding important matters with the Company; as well as a system is established under which Directors and Corporate Vice Presidents of the Company receive reports from group companies engaged in businesses supervised by these officers, and if necessary, take part in relevant decision-making, based on these regulations and standards. With regard to technological and financial matters, chief officers in responsible for each matter are appointed from among Directors and a system is set up under which these matters are conducted appropriately and efficiently on a group-wide basis.

iii) Corporate Auditors coordinate with the audit department in performing audits of each group company in accordance with the audit plan, and when deemed necessary may request at any time reports from Corporate Auditors, Directors and executive managements of any group company.

6) Matters concerning a staff appointment of which has been requested by a Corporate Auditor for assisting the Auditor, and matters concerning independence of the staff from Directors

i) An assistant to the Corporate Auditor is assigned in the audit department for assisting the duties of the Corporate Auditor. Election, transfer and evaluation of the assistant to the Corporate Auditor are determined based on concurrence from the full-time Corporate Auditor, and the assistant is independent from the Directors.

ii) The assistant to the Corporate Auditor does not hold concurrent responsibility for a position related to operational execution.

7) Internal controls on reporting to Corporate Auditors (or the board of Corporate Auditors), including reporting by Directors and the employees to Corporate Auditors (or the board of Corporate Auditors), and internal controls to ensure execution of effective audits by Corporate Auditors.

i) Directors and the employees in accordance with the audit plan provided for by Corporate Auditors (or the Board of Corporate Auditors), report any critical matters that may be influential to the operations or to the business results of the Company, to the Corporate Auditors. Regardless of the aforementioned, Corporate Auditors may at any time demand, as necessary, reports from Directors and the employees, and may also request attendance to important meetings as well as call for disclosure of the minutes of such meetings and of collective decision-making documents and various reports.

ii) Directors define an internal reporting system on compliance along with emergency/accident reporting system, and ensure that these systems are duly operated and maintained so that problems are promptly and properly reported to the Corporate Auditors.

iii) Corporate Auditors collaborate with Accounting Auditors, the audit department and others as well as exchange opinions and information with the Corporate Auditors of group companies to secure an environment in which audits can be performed effectively. Directors acknowledge and understand the importance and the usefulness of audits performed by the Corporate Auditors, and then promote effectiveness of the audit department and the internal auditing system.

(2) Policy on Corporate Dominance

The basic views of the Company on acquisition of substantial shares of the Company are as follows:
In case acquisition aimed at substantial shareholdings is to be made, the Company is in the opinion that the decision on whether or not to accept the acquisition should ultimately be left to the judgment of its shareholders. On the other hand however, the Company cannot deny the existence of corporate takeovers with unjust objectives such as sell-offs at high prices, and realize that it is obviously the responsibility of the management of the Company, to secure the basic principles and the brand of the Company and protect the interests of our shareholders and other stakeholders from such unjust parties.
At present, neither is the Company placed under any specific threat for acquisition of substantial shareholdings nor does the Company intend to define explicit defense measures against the advent of such a buyer (so-called takeover defense measures). Yet the Company, having assumed the management responsibility entrusted from its shareholders, is committed at all times to keep close watch over its stock transactions and shareholder movements, and will immediately take measures deemed most appropriate should there be any sign of a party with the intention to acquire substantial shares of Nitto Denko stocks.

Note: In the amounts of money and the number of shares in the Business Report, fractions below the shown figures are omitted. Percentages (%) are rounded to the nearest decimal point.

Consolidated Financial Statements

Consolidated Statements of Financial Position

(Unit: millions of yen)

	Amount	
	As of March 31, 2015	**As of March 31, 2014 (Reference)**
(Assets)		
Current assets	**519,246**	**474,669**
Cash and cash equivalents	214,559	203,446
Trade and other receivables	191,074	171,310
Inventories	93,448	86,264
Other financial assets	7,726	5,818
Other current assets	12,437	7,829
Non-current assets	**336,186**	**308,914**
Property, plant and equipment	268,601	247,835
Goodwill	2,966	4,560
Intangible assets	12,837	14,984
Investments accounted for using equity method	284	441
Financial assets	12,737	10,978
Deferred tax assets	30,231	29,324
Other non-current assets	8,527	790
Total assets	**855,433**	**783,583**

Consolidated Statements of Financial Position

(Unit: millions of yen)

	Amount	
	As of March 31, 2015	As of March 31, 2014 (Reference)
(Liabilities)		
Current liabilities	**197,420**	**215,594**
Trade and other payables	108,110	104,919
Bonds and borrowings	6,185	56,694
Income tax payables	20,337	7,513
Other financial liabilities	20,445	14,648
Other current liabilities	42,340	31,818
Non-current liabilities	**42,236**	**43,436**
Bonds and borrowings	3,000	3,510
Other financial liabilities	1,364	307
Defined benefit liabilities	34,042	33,723
Deferred tax liabilities	566	2,082
Other non-current liabilities	3,262	3,813
Total liabilities	**239,656**	**259,030**
(Equity)		
Equity attributable to owners of the parent company	**612,016**	**521,385**
Share capital	26,783	26,783
Capital surplus	56,761	56,958
Retained earnings	508,564	450,741
Treasury stock	(31,232)	(31,746)
Other components of equity	51,139	18,647
Non-controlling interests	**3,760**	**3,167**
Total equity	**615,776**	**524,552**
Total liabilities and equity	**855,433**	**783,583**

Consolidated Statements of Income

(Unit: millions of yen)

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

Consolidated Statements of Cash Flows (Reference)

(Unit: millions of yen)

		Amount	
		April 1, 2014 – March 31, 2015	April 1, 2013 – March 31, 2014
I	**Cash flows from operating activities**		
	Income before income taxes	105,947	70,642
	Depreciation and amortization	45,662	43,223
	Increase (decrease) in defined benefit liabilities	(5,713)	(1,415)
	Decrease (increase) in trade and other receivables	(4,911)	1,482
	Decrease (increase) in inventories	(2,068)	716
	Increase (decrease) in trade and other payables	(418)	(2,930)
	Interest and dividend income	537	378
	Interest expenses paid	(804)	(942)
	Income taxes (paid) refunded	(17,495)	(25,664)
	Others	(1,254)	(7,046)
	Net cash provided by (used in) operating activities	**119,481**	**78,444**
II	**Cash flows from investing activities**		
	Purchase of property, plant and equipment and intangible assets	(53,329)	(74,407)
	Proceeds from sale of property, plant and equipment and intangible assets	562	728
	Decrease (increase) in time deposits	(1,301)	60,277
	Others	211	(2,490)
	Net cash provided by (used in) investing activities	**(53,857)**	**(15,893)**
III	**Cash flows from financing activities**		
	Net increase (decrease) in short-term loans payable	(1,423)	701
	Redemption of bonds	(50,000)	–
	Decrease (increase) in treasury stock	392	497
	Cash dividends paid	(17,328)	(16,488)
	Proceeds from long-term loans payable	–	3,000
	Repayment of long-term loans payable	(540)	(6,000)
	Others	(67)	158
	Net cash provided by (used in) financing activities	**(68,966)**	**(18,131)**
IV	**Effect of exchange rate changes on cash and cash equivalents**	**14,456**	**6,143**
V	**Net increase (decrease) in cash and cash equivalents**	**11,113**	**50,562**
VI	**Cash and cash equivalents at the beginning of period**	**203,446**	**152,275**
VII	**Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation**	**–**	**608**
VIII	**Cash and cash equivalent at the end of period**	**214,559**	**203,446**

Consolidated Statements of Changes in Equity

April 1, 2014 – March 31, 2015 (Unit: millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance at the beginning of current year	**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 at the end of current year	**26,783**	**56,761**	**508,564**	**(31,232)**	**51,139**	**612,016**	**3,760**	**615,776**

Notes to the consolidated financial statements

1. Notes regarding significant accounting policies for the preparation of the consolidated financial statements and others

(1) Basis of the consolidated financial statements

Effective the fiscal year under review, the consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS") under the provisions of Paragraph 1, Article 120 of the Ordinance on Accounting of Companies. Under the provisions of the second sentence of the same paragraph of the same Ordinance, some disclosure items required under IFRS are omitted.

(2) Scope of consolidation

1) Number of consolidated subsidiaries: 103

Major companies: NISSHO CORPORATION, NITTO EUROPE NV, NITTO AMERICAS, INC., NITTO DENKO (CHINA) INVESTMENT CO., LTD., TAIWAN NITTO OPTICAL CO., LTD., KOREA NITTO OPTICAL CO., LTD., KOREA OPTICAL HIGHTECH CO., LTD., NITTO DENKO (SUZHOU) CO., LTD., SHANGHAI NITTO OPTICAL CO., LTD., NITTO DENKO (HK) CO., LTD., SHENZHEN NITTO OPTICAL CO., LTD., NITTO DENKO MATERIAL (THAILAND) CO., LTD.

Newly consolidated subsidiaries:

Established: Nitto (China) New Materials Co., Ltd.
Nitto (Qingdao) Technology Research Institute, Co., Ltd.

Companies whose status as a consolidated subsidiary ceased:

Liquidated: KYOSHIN ELECTRONICS (DONGGUAN) CO., LTD.
HY MEMBRANES IBERICA (SL)
NISSHO PRECISION (SUZHOU) CO., LTD.
NISTEM PRECISION INC.
HYDRANAUTICS B.V.

2) Number of non-consolidated subsidiaries: 1

Major company: Nitto Denko Himawari Co., Ltd.

Companies whose status as a non-consolidated subsidiary ceased:

Liquidated: OPTMATE CORPORATION

The non-consolidated subsidiary is small in size, and its total assets, net sales, net income or loss, and retained earnings, etc., amount proportional to the Company's interest, have no significant impact on the consolidated financial statements. Hence, this company is excluded from the scope of consolidation.

(3) Application of equity method

1) Number of non-consolidated subsidiaries subject to equity method: 1

Major company: Nitto Denko Himawari Co., Ltd.

2) Number of affiliates subject to equity method: 2

Affiliates to which application of the equity method ceased

Transfer of equity interests:

TDK-Nitto (Shanghai) Electro-energy Co., Ltd.

(4) Fiscal year of the consolidated subsidiaries

Number of companies whose fiscal year is the same as that of the Company: 71

Number of companies whose fiscal year is different from that of the Company: 32

*For the 32 companies above, tentative financial statements as of the consolidated balance sheet date were used for consolidation purposes.

(5) Accounting policies

1) Valuation basis and method for principal assets

i) Financial assets:

(i) Non-derivative financial assets

The Group initially recognizes trade and other receivables on the dates when they are originated. The Group recognizes all other non-derivative financial assets on the trade 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 business model of the Group whose objective is to collect the contractual cash flows.

• 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 the 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 recorded as the carrying amount.

(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 equity instruments are recognized via other comprehensive income, not 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 the 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 the 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.

ii) Inventories:

Inventories are stated at the lower of cost and net realizable value. Cost of inventories is calculated using the average method. The cost of finished goods and work in process comprises the raw material costs, direct labor costs, other direct costs, and related production overhead (based on normal production capacity). Net realizable value represents the estimated selling price for inventories in the ordinary course of business less the related variable selling cost.

2) Depreciation method of major depreciable assets

i) Property, plant and equipment (excluding lease assets):

Mainly the straight-line method

ii) Intangible assets (excluding lease assets):

Straight-line method (software for in-house use is depreciated using the straight-line method over its useful life of 5 years)

iii) Lease assets:

Lease assets related to finance lease transactions that do not transfer ownership of the leased property to the lessee are depreciated over the lease terms by the straight-line method with no residual value.

3) Accounting criteria for major provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. A provision is measured as the present value of cash outflows 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 financial expenses.

4) Translation criteria of major assets or liabilities denominated in foreign currencies into Japanese yen

(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

For foreign operations that use functional currencies different from the Group's presentation currency, assets and liabilities (including goodwill arising from acquisitions and adjustment of fair value) are translated into Japanese yen at the prevailing exchange rates on the reporting date, and the income and expenses are translated into Japanese yen at the average exchange rate of the period.

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

5) Derivative financial instruments and hedge accounting

The Group designates certain derivative instruments as cash flow hedges in order to hedge foreign exchange risk, interest rate 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 respective assets.

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 further recognized 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.

6) Employee benefits

(a) Short-term employee benefits

Short-term employee benefits are expensed at the undiscounted amount when the related service is provided. For bonus and paid absence costs, 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 recognized in other comprehensive income in the period in which they arise, and immediately reclassified to retained earnings.

When pension plans are changed, the past service costs incurred resulting from the change 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 expenses when they are due.

7) Other important items for compiling the consolidated financial statements

Consumption taxes are excluded from the transaction amounts.

2. Notes to the consolidated statements of financial position

(1) Accumulated depreciation of property, plant and equipment
(including accumulated impairment losses) 538,177 million yen

(2) Pledged assets and secured liabilities
Pledged assets:
Investments securities 25 million yen
Secured liabilities:
Trade and other payables 7 million yen

3. Notes to the consolidated statements of income

During the year under review, the Company recognized impairment losses of 5,461 million yen, which are reported under "Other expenses."
The main portion of these losses 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 forecasted earnings after the decision to withdraw from that project, their carrying amounts have been reduced to the recoverable amount, i.e., zero. The recoverable amount was measured based on the fair value (estimated sales price, etc.) less costs of disposal.
Impairment losses have also been incurred for property, plant and equipment located in Japan and South America, which are reported under the Industrial Tape Business, as the originally forecasted earnings are no longer expected from them.

4. Notes to the consolidated statements of changes in equity

(1) Type and total number of shares issued as of the end of the fiscal year under review.
Common stock 173,758 thousand shares

(2) Dividends
1) Dividend payments

Resolution	Type of shares	Total dividends (in millions of yen)	Dividend per share (in yen)	Record date	Effective date
General meeting of shareholders held on June 20, 2014	Common stock	8,250	50	March 31, 2014	June 23, 2014
Board of Directors meeting held on October 31, 2014	Common stock	9,078	55	September 30, 2014	November 28, 2014
Total	–	17,328	–	–	–

2) Of the dividends for which the record date falls during the fiscal year under review, items for which the effective date arrives during the following fiscal year

The following proposal on dividends for common stock will be presented for resolution at the General Meeting of Shareholders scheduled on June 19, 2015.

Total dividends	10,734 million yen
Dividend per share	65 yen
Record date	March 31, 2015
Effective date	June 22, 2015

Dividends are to be paid out of retained earnings.

(3) Type and number of shares to be issued upon exercise of the subscription rights to shares (excluding items for which the initial date of the rights exercise period has not arrived) as of the end of the fiscal year under review

Common stock	240,000 shares

5. Notes to financial instruments

1. Matters relating to the status of financial instruments

(1) Capital risk management

The Group's basic policy for capital risk management is to build and maintain a stable financial base in order to ensure a sound and efficient operation and to achieve a sustainable growth of the Group. In accordance with this policy, investments in businesses, returns to shareholders through dividends etc., and repayments of debts are made based on the sound operational cash flows generated through development and sales of competitive products.

(2) Financial risk management

Risk management policies

The Group conducts a risk management to mitigate the financial risks arising from the business activity processes. The Group's risk management approach is to eliminate the sources of those risks to avoid the occurrence of the risk or to mitigate the risks that are not avoidable.

Derivative transactions are entered into within the actual demands to hedge the risks described below in compliance with the internal regulations governing the scope and the selection of financial institutions etc. for derivative transactions.

For details of the Group's major financial risks and the management policies thereon, reference is made to (3) Financial risks.

(3) Financial risks

Business activities of the Group are affected by the environment of businesses and of financial market. The financial instruments owned by the Group in the course of its business activities are exposed to their inherent risks including (a) market risks ((i) foreign exchange risk, (ii) price risk, and (iii) interest rate risk), (b) credit risk, and (c) liquidity risk.

(a) Market risks

(i) Foreign exchange risk

The Group's businesses are operated globally and the products manufactured by the Company and its subsidiaries are sold in the overseas markets. Consequently, the Group is exposed to the risk of changes in foreign currency exchange rates (hereinafter: "foreign exchange risk") arising from the translation of the balances of foreign-currency-denominated trade receivables and trade payables resulted from the transactions by the Company and its subsidiaries denominated in currencies other than the Group's functional currency into the Group's functional currency at the rates of exchange prevailing at the end of the reporting period. The Group's foreign exchange risk mainly arises from the changes in exchange rates with US dollars.

Although the Group's trade receivables and trade payables denominated in foreign currencies, in particular, are exposed to the foreign exchange risk, the Group uses forward exchange contracts to hedge its foreign exchange risk in principle for the net exposure of such trade receivables and trade payables, the balances of which are monthly monitored by currency.

(ii) Price risk

Equity instruments held by the Group mainly are the shares of the companies with which the Group has business relationships. Those shares are held from a viewpoint of business strategies and for maintenance and enhancement of business relationships, and not for short-term trading purposes. The Group periodically reviews the holding status of those equity instruments by monitoring the fair values for listed shares and the financial conditions of investees (counterparty companies) for unlisted shares.

Therefore, the Group considers its current price risk as not material.

(iii) Interest rate risk

Interest rate risk is defined as the risk arising from the changes in fair values of financial instruments or in future cash flows generated from financial instruments due to the fluctuation of market interest rates. The Group's exposure to interest rate risk is mainly related to liabilities such as loans payable and bonds and to assets such as time deposits and loans receivable. As the interest amount is affected by the fluctuation of market interest rates, the future cash flows from interests are exposed to the interest rate risk.

The Group raises funds by issuing fixed-rate bonds primarily to curb the increase of future interest payments due to rising interest rates. In addition, the Group invests surplus funds exceeding the interest-bearing debts in short-term deposits etc. to enable the Group, in the future, to curb the future funding costs by reducing the interest-bearing debts through redemption with such surplus funds in case of rising interest rate due to the changes in financial market environment.
Therefore, the Group considers its current interest rate risk as not immaterial.

(b) Credit risk

The Group is exposed to the risk that a counterparty to a financial instrument held will default on its contractual obligation resulting in financial loss to the Group due to the uncollectibility of the respective financial instruments.
The Group's credit risk arises principally from its trade receivables that consist of a large number of customers in the Group's business segments such as "Industrial Tape," "Optronics," and other (Medical & Membrane). Credit risk of customers is managed by establishing the payment terms and credit limits for customers. Through regular monitoring of collection status, reasons for overdue trade receivables are clarified and the respective measures are appropriately taken. Credit evaluation is also regularly performed by analyzing the ongoing information gathered and the actual credit reports of counterparties obtained from external institutions as needed together with the historical payment performance of customers.
If, as a result, the credit standing of a customer is judged as changed or abnormal, or that no payment is performed by a customer within a certain period of time after the payment due date contractually agreed upon, preventive measures for respective trade receivable is appropriately taken such as change of credit limit amount, change of payment terms, credit guarantee insurance cover, factoring, etc. Those measures are subject to approval of the respective responsible persons in charge.

The Group recognizes impairment losses or establishes an allowance for doubtful accounts in respect of trade and other receivables by considering the collectability and using the historical information regarding the default rates of the respective customers and credit report etc. provided by external institutions.

Furthermore, the Group deposits surplus funds at financial institutions and uses derivative financial instruments provided by financial institutions to mitigate the business related risks. Since the transactions regarding deposits and derivative financial instruments are engaged in only with financial institutions with high credit rating, the Group considers its current credit risk regarding such transactions as immaterial.

(c) Liquidity risk

The Group uses short-term loans payable principally for funding the working capital and long-term loans payable and bonds payable for funding capital investments. Those liabilities together with trade notes and accounts payables are exposed to the liquidity risk that the Group will encounter difficulties in meeting the obligation associated with such liabilities. The Group manages liquidity risk by adequately preparing the cash planning based on the cash flow forecast to meet its liabilities when they are due.

Liquidity risk of short-term loans payable is managed by timely preparing and updating the cash management plan based on the reports from respective departments and by maintaining adequate level of liquidity in hand. In addition, surplus funds generated in the subsidiaries are managed within the Group for efficient cash management.

As to long-term loans payable for purposes of long-term financing, cash planning is prepared prior to the execution of long-term fund raising that is subject to the approval of the Board of Directors.

2. Matters relating to the fair values of financial instruments

Estimation of fair values

(i) Measurement method of fair values

The Group determines fair values of financial assets and financial liabilities as follows. Market prices are used, if available, for the estimation of fair values of financial instruments. For financial instruments whose market prices are not available, their fair values are estimated by an appropriate valuation method.

[Cash and cash equivalents, trade and other receivables, trade and other payables, and short-term loans payable]

Since they are settled in a short time and thus their fair values approximate the carrying amounts.

[Bonds and long-term loans payable]

The fair values of bonds issued by the Company are estimated based on market prices. The fair values of long-term loans payable are calculated by discounting the total of principal and interest by the interest rate on similar new loans.

[Other financial assets and other financial liabilities]

The fair values of marketable securities out of other financial assets are estimated based on market prices, etc. while the fair values of unlisted equity securities are estimated using valuation techniques.

The fair values of derivatives are estimated based on forward exchange markets, prices quoted by contracting financial institutions, etc.

The valuation techniques used in measuring the fair values of financial instruments include followings:

- Quoted market prices of similar financial instruments or broker quotes
- The fair values of foreign currency forward contracts are calculated based on the values calculated using the forward exchange rates at the end of the reporting period.
- In calculating the fair values of financial instruments other than those listed above, other valuation techniques are used such as discounted cash flow analysis, etc.

(ii) Carrying amounts and fair values of financial instruments

The carrying amounts and the fair values of financial instruments as of the consolidated balance sheet date are as follows. The list below does not include the financial instruments that are measured at fair value and whose carrying amounts closely approximate the fair values.

(Unit: millions of yen)

	As of March 31, 2015	
	Carrying amount	Fair value
Bonds and loans payable	3,000	3,010

6. Notes on information per share

Equity attributable to owners of the parent company per share	3,705.96 yen
Basic earnings per share	471.75 yen

In the consolidated statements of financial position, the consolidated statements of income, and the consolidated statements of changes in equity, the amounts presented are rounded down to the nearest million yen.

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

(Unit: millions of yen)

	Amount	
	As of March 31, 2015	**As of March 31, 2014 (Reference)**
(Assets)		
Current assets	**284,152**	**289,485**
Cash and deposits	89,930	105,373
Notes receivable-trade	6,749	5,803
Accounts receivable-trade	119,672	112,859
Merchandise and finished goods	6,770	6,432
Work in process	27,135	23,163
Raw materials and supplies	7,755	11,054
Short-term loans receivable	5,029	3,940
Deferred tax assets	7,609	5,970
Other	14,007	14,887
Allowance for doubtful accounts	(507)	–
Non-current assets	**281,722**	**268,431**
Property, plant and equipment	**149,011**	**142,548**
Buildings	61,481	58,684
Structures	3,498	3,622
Machinery and equipment	53,193	55,048
Vehicles	400	273
Tools, furniture and fixtures	4,489	4,457
Land	13,935	14,044
Construction in progress	12,012	6,418
Intangible assets	**9,135**	**7,876**
Software	6,418	4,788
Other	2,716	3,088
Investments and other assets	**123,575**	**118,005**
Investments securities	7,553	6,380
Stocks of subsidiaries and affiliates	84,530	88,457
Long-term loans receivable	14,906	12,278
Deferred tax assets	7,607	8,181
Prepaid pension cost	15,606	8,224
Other	1,870	1,770
Allowance for doubtful accounts	(8,498)	(7,288)
Total assets	**565,874**	**557,916**

Non-Consolidated Balance Sheets

(Unit: millions of yen)

	Amount	
	As of March 31, 2015	As of March 31, 2014 (Reference)
(Liabilities)		
Current liabilities	**164,012**	**190,760**
Accounts payable-trade	68,502	71,387
Current portion of bonds	–	50,000
Accounts payable-other	33,521	27,513
Accrued expenses	15,473	12,992
Income taxes payable	15,066	4,022
Deposits received	28,014	24,099
Other	3,434	744
Non-current liabilities	**24,401**	**17,908**
Long-term loans payable	3,000	3,000
Provision for retirement benefits	19,625	14,279
Guarantee deposits received	414	384
Other	1,361	244
Total liabilities	**188,414**	**208,668**
(Net assets)		
Shareholders' equity	**373,415**	**346,264**
Capital stock	**26,783**	**26,783**
Capital surplus	**56,153**	**56,164**
Legal capital surplus	50,482	50,482
Other capital surplus	5,671	5,682
Retained earnings	**321,710**	**295,061**
Legal retained earnings	4,095	4,095
Other retained earnings	317,615	290,966
Reserve for special depreciation	194	236
Reserve for advanced depreciation of non-current assets	1,337	1,334
General reserve	185,000	185,000
Retained earnings brought forward	131,083	104,395
Treasury stock	**(31,232)**	**(31,746)**
Valuation and translation adjustments	**3,285**	**2,232**
Valuation difference on available-for-sale securities	3,285	2,283
Deferred gains or losses on hedges	–	(50)
Subscription rights to shares	**759**	**750**
Total net assets	**377,460**	**349,247**
Total liabilities and net assets	**565,874**	**557,916**

Non-Consolidated Statements of Income

(Unit: millions of yen)

	Amount	
	April 1, 2014 – March 31, 2015	**April 1, 2013 – March 31, 2014 (Reference)**
Net sales	**514,460**	**493,985**
Cost of sales	379,453	375,416
Gross profit	**135,007**	**118,569**
Selling, general and administrative expenses	83,133	79,784
Operating income	**51,873**	**38,784**
Non-operating income	**18,161**	**10,659**
Interest and dividends income	9,076	3,589
Foreign exchange gains	2,282	–
Miscellaneous income	6,802	7,070
Non-operating expenses	**1,850**	**6,231**
Interest expenses	243	215
Interest on bonds	108	616
Foreign exchange losses	–	3,803
Miscellaneous loss	1,498	1,596
Ordinary income	**68,184**	**43,212**
Extraordinary income	**432**	**340**
Gain on sales of non-current assets	29	31
Other	402	308
Extraordinary loss	**7,564**	**1,371**
Loss on sales and retirement of non-current assets	1,009	1,200
Loss on valuation of stocks of subsidiaries and affiliates	4,567	62
Other	1,987	108
Income before income taxes	**61,052**	**42,181**
Income taxes-current	18,473	11,505
Income taxes-deferred	(1,398)	(575)
Net income	**43,977**	**31,251**

Non-Consolidated Statements of Changes in Equity

April 1, 2014 – March 31, 2015 (Unit: millions of yen)

	Shareholders' equity											
		Capital surplus			Retained earnings							
						Other retained earnings						
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for special depreciation	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current year	**26,783**	**50,482**	**5,682**	**56,164**	**4,095**	**236**	**1,334**	**185,000**	**104,395**	**295,061**	**(31,746)**	**346,264**
Net changes of items during the period												
Dividends from surplus									(17,328)	(17,328)		(17,328)
Provision of reserve for special depreciation						33			(33)	–		–
Reversal of reserve for special depreciation						(74)			74	–		–
Provision of reserve for advanced depreciation of non-current assets							18		(18)	–		–
Reversal of reserve for advanced depreciation of non-current assets							(15)		15	–		–
Net income									43,977	43,977		43,977
Purchase of treasury stock											(3)	(3)
Disposal of treasury stock			(11)	(11)							517	506
Net change of items other than shareholders' equity during the period												
Total changes of items during the period	**–**	**–**	**(11)**	**(11)**	**–**	**(41)**	**2**	**–**	**26,687**	**26,648**	**513**	**27,150**
Balance at the end of current year	**26,783**	**50,482**	**5,671**	**56,153**	**4,095**	**194**	**1,337**	**185,000**	**131,083**	**321,710**	**(31,232)**	**373,415**

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at the beginning of current year	**2,283**	**(50)**	**2,232**	**750**	**349,247**
Net changes of items during the period					
Dividends from surplus					(17,328)
Provision of reserve for special depreciation					–
Reversal of reserve for special depreciation					–
Provision of reserve for advanced depreciation of non-current assets					–
Reversal of reserve for advanced depreciation of non-current assets					–
Net income					43,977
Purchase of treasury stock					(3)
Disposal of treasury stock					506
Net change of items other than shareholders' equity during the period	1,002	50	1,053	8	1,062
Total changes of items during the period	**1,002**	**50**	**1,053**	**8**	**28,213**
Balance at the end of current year	**3,285**	–	**3,285**	**759**	**377,460**

Notes to the Non-Consolidated Financial Statements

1. Notes regarding significant accounting policies

(1) Valuation basis and method for securities

Other securities:

Securities with available fair value:

Carried at fair value, as of the end of the fiscal year (valuation adjustments are reported in the net assets section, and selling costs are calculated using the moving average method)

Securities with no available fair value:

Stated at cost based on the moving average method

Stocks issued by subsidiaries and affiliates:

Stated at cost based on the moving average method

(2) Valuation basis and method for derivatives

Stated at fair value

(3) Valuation basis and method for inventories

Merchandise and finished goods, raw materials, and work in process:

Stated at gross average cost (for balance sheet valuation, in the event that an impairment is determined: impairment write down is calculated based on inventory net realizable value)

(4) Depreciation method of major depreciable assets

Property, plant and equipment (excluding lease assets):

Straight-line method

Intangible assets (excluding lease assets):

Straight-line method (software for in-house use is depreciated using the straight-line method over its useful life of 5 years)

Lease assets:

Lease assets related to finance lease transactions that do not transfer ownership of the leased property to the lessee are depreciated over the lease terms by the straight-line method with no residual value.

(5) Accounting criteria for allowances and provisions

Allowance for doubtful accounts

Allowance for doubtful accounts is provided to cover probable losses on collection. It is the sum of the probable uncollectable amount estimated using the rate of actual collection losses for normal receivables and a review of the individual collectability of the specific receivables.

Allowance for investment loss

An amount for potential loss is stated by taking into account the company's financial condition, etc., in accordance with the Company's criteria, in preparation for losses related to investments in subsidiaries.

Provision for directors' bonuses

The Company makes provisions for the amount of bonuses for Directors deemed to accrue during the fiscal year, based on the Company's estimated payment obligation for the fiscal year under review.

Provision for retirement benefits

The Company makes provisions for the necessary amount of allowance for employees' severance and retirement benefits deemed to accrue during the term based on the Company's expected retirement benefit obligation and the balance of the pension assets at the term-end.

Past service cost is amortized from the year in which the gain or loss is recognized by the straight-line method for a given number of years (12 years) within employees' average remaining years of service.

Actuarial gains and losses are amortized from the year following the year in which the gains or losses are recognized by the straight-line method for a given number of years (12 years) within employees' average remaining years of service.

(6) Method of hedge accounting

1) Method of hedge accounting

Deferred hedging is used for forward exchange contracts applied to forecast transactions. For currency swaps that qualify for hedge accounting, gain or loss is translated at the exchange rate stipulated in the contract under the allocation process. Interest rate swaps that qualify for hedge accounting and meet specific criteria are not measured at market value but the differential paid or received under the swap agreements are recognized and included in interest expenses or income.

2) Hedging instruments and hedged items

Hedging instruments: Forward exchange contracts, Currency swaps, Interest rate swaps

Hedged items: Foreign currency-denominated receivables and payables, etc.

3) Hedge policy

The Company adopts a policy aimed at averting the risks associated with exchange fluctuations and interest rate fluctuations.

4) Method of assessing the effectiveness of the hedges

The effectiveness is assessed by comparing a market change in a hedged item or cumulative change in its cash flows with a market change in a hedging instrument or cumulative change in its cash flow to observe a ratio of those changes. However, the assessment of the effectiveness is omitted for interest rate swaps that are handled under special rules.

(7) The consumption taxes are excluded from the transaction amount.

2. Notes to the non-consolidated balance sheets

(1) Accumulated depreciation of property, plant and equipment 366,168 million yen

(2)

Short-term receivables from affiliates	87,342 million yen
Long-term receivables from affiliates	14,905 million yen
Short-term payables to affiliates	35,192 million yen

(3) Guarantees on liabilities

The Company offers guarantees on liabilities for loans from banks as follows:

Nitto Denko (Suzhou) Co., Ltd.	240 million yen (2,000 thousand US dollars)
Nitto Denko (Tianjin) Co., Ltd.	290 million yen (15,000 thousand RMB)
NITTO DENKO (SHANGHAI SONGJIANG) CO., LTD.	1,214 million yen (10,105 thousand US dollars)
Shanghai Nitto Optical Co., Ltd.	3,038 million yen (19,459 thousand US dollars) (700 million yen)
NITTO DENKO (FOSHAN) CO., LTD.	84 million yen (700 thousand US dollars)
Shenzhen Nitto Optical Co., Ltd.	1,201 million yen (10,000 thousand US dollar)

The Company offers the following guarantee on the fulfillment of a contract.

Hydranautics	673 million yen (5,575 thousand US dollars) (28 thousand euro)
NITTO AMERICAS, INC.	286 million yen (2,387 thousand US dollars)

3. Notes to the non-consolidated statements of income

Sales to affiliates	383,516 million yen
Purchases from affiliates	42,806 million yen
Transactions other than business deals with affiliates	13,565 million yen

4. Notes to the non-consolidated statements of changes in equity

Type and number of treasury stock as of the end of the fiscal year under review

Common stock	8,614 thousand shares

5. Notes on deferred tax accounting

The primary reasons why deferred tax assets arise are loss on valuation of stocks of subsidiaries and affiliates, exceeding the limit of inclusion in depreciation expenses and disallowed provision for retirement benefits, while deferred tax liabilities are mainly caused by prepaid pension cost and valuation differences on available-for-sale securities.

6. Notes on transactions with affiliated parties

Relationship	Name of company	Location	Capital	Business	Holding ratio of voting rights (holders)
Subsidiary	NITTO AMERICAS, INC.	Teaneck U.S.A.	Thousand US$ 1,024	Holding company	Direct 100%

Details of relationship		Transaction type	Transaction amount	Category	Balance as of fiscal year-end
Concurrent responsibility as Director, etc.	Actual role				
Applicable	Supervisory function in the U.S.	Loan out of funds	– million yen	Long-term loans receivable	8,459 million yen
		Receiving interest	53 million yen		

Notes:

(1) The interest rate applied on the loan to NITTO AMERICAS, INC. has been determined rationally with consideration for the prevailing market rates. No collateral is involved.

(2) Allowance for doubtful accounts of 8,459 million yen has been recorded for the above long-term loans receivable.

7. Notes on information per share

Net assets per share	2,281.05 yen
Net income per share	266.40 yen

In the non-consolidated balance sheets, the non-consolidated statements of income, and the non-consolidated statements of changes in equity, the amounts presented are rounded down to the nearest million yen.