[Translation]

June 23, 2017

Differences between the IFRS and Japanese GAAP

In "FY2017 Consolidated Financial Results<IFRS>" announced on June 23, 2017, primary differences between the consolidated financial statements created in conformity with IFRS and the consolidated financial statements created in conformity with the Japanese GAAP are as follows:

(100 millions of yen)

1. Consolidated Statement of Profit or Loss

1) Net sales

	Japanese GAAP			IFRS
	22,504	(5,753)		16,751
Primary differences	Net amounts of supply-for-a-fee transactions	(5,619)	※ 1	

2) Operating profit

	Japanese GAAP			IFRS
	1,229	44		1,273
Primary differences	Amortization of goodwill	75	※ 2	
	Change in depreciation method	(17)	※ 3	
	Reclassification	(23)		

2. Consolidated Statement of Financial Position

1) Total assets

	Japanese GAAP			IFRS
	44,286	1,296		45,582
Primary differences	Measurement of unlisted stock at fair value	577	※ 4	
	Change in depreciation method	343	※ 3	
	Amortization of goodwill	147	※ 2	
	Development assets	120	※ 5	

※ 1 Regarding supply-for-a-fee transactions, net sales and cost of sales are recorded at the time of repurchase under Japanese GAAP; under IFRS, on the other hand, only net amounts of machining cost equivalents are recognized as revenue.

※ 2 Goodwill, if material, is amortized principally over less than 20 years on a straight-line basis under Japanese GAAP; under IFRS, on the other hand, it has not been amortized since the transition date, while an impairment test is conducted for every period.

※ 3 The declining-balance method was mainly adopted under Japanese GAAP for the depreciation of property, plant and equipment; under IFRS, on the other hand, the straight-line method is adopted. Moreover, the service life of certain property, plant and equipment has been reviewed.

※ 4 Unlisted stock is recorded based on the acquisition cost and written down in accordance with the deterioration of issuing companies; under IFRS, on the other hand, they are measured at fair value through other comprehensive income.

※ 5 Under Japanese GAAP, all expenditures for research and development are recorded as expenses when incurred; on the other hand, under IFRS, research and development expenses for internally developed products, which meet the requirements for capitalization as assets, are recognized and amortized as an intangible asset.