8. First-time Adoption

Fiscal 2014 marks the first time that the Fujitsu Group's financial statement disclosures have been prepared in accordance with IFRS. April 1, 2013 is the date of transition to IFRS. The financial statements of the prior fiscal year (April 1, 2013 – March 31, 2014) were prepared in accordance with the Generally Accepted Accounting Principles in Japan ("Japanese accounting standards").

1) The Fujitsu Group's Policies on the Application of IFRS 1, *First-time Adoption of International Financial Reporting Standards*

IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), requires that companies adopting IFRS for the first time ("first-time adopters") apply IFRS retrospectively, although there are some areas for which first-time adopters can choose whether to apply IFRS retrospectively, and there are also certain exceptions for which retrospective application is prohibited.

<u>IFRS 1 Exemption from Retrospective Application</u>
a) Business Combinations
Under IFRS 1, for business combinations that occurred prior to the date of transition to IFRS, first-time adopters can choose not to retrospectively apply IFRS 3, *Business Combinations.* The Fujitsu Group has adopted this exemption.

b) Cumulative Translation Differences of Foreign Operations
Under IFRS 1, first-time adopters have the option of either choosing to deem the cumulative translation differences for all foreign operations as of the date of transition to IFRS to zero, or retrospectively applying IFRS to the time at which each foreign entity was established or acquired and recalculating the cumulative translation differences. The Fujitsu Group has chosen to deem the cumulative translation differences as of the date of transition to IFRS to zero.

c) Assets and Liabilities of Subsidiaries, Associates, and Joint Ventures
Under IFRS 1, if a parent company becomes a first-time adopter later than its subsidiary (or associate or joint venture), the parent should, in its consolidated financial statements, measure the assets and liabilities of the subsidiary (or associate or joint venture) at the same carrying amounts as in the financial statements of the subsidiary (or associate or joint venture), after adjusting for consolidation and equity accounting adjustments and for the effects of the business combination in which the parent acquired the subsidiary.

For the assets and liabilities of foreign subsidiaries that have already adopted IFRS in the past, the Fujitsu Group is measuring them at the same carrying value as in the financial statements of these subsidiaries.

<u>IFRS 1 Exceptions to Retrospective Application</u>
For such items as accounting estimates and non-controlling interests, which are subject to exceptions to retrospective application under IFRS 1, the Fujitsu Group is applying these items prospectively from the date of transition to IFRS.

2) Significant Differences with Japanese Accounting Standards

In preparing financial statements, the significant differences between IFRS and Japanese accounting standards, which the Fujitsu Group had previously applied, are as follows.

Consolidated Statement of Financial Position

- For Fujitsu and its consolidated subsidiaries in Japan that have defined benefit plans, as of the date of transition to IFRS, unrecognized actuarial gains and losses and past service costs are reflected on the consolidated statement of financial position under equity, adjusted for tax effects. Starting from the end of its 2013 fiscal year, Fujitsu and its consolidated subsidiaries in Japan have applied "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No. 26, issued May 17, 2012, "Accounting Standard for Retirement Benefits") and "Implementation Guidance on Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No. 25, issued May 17, 2012, "Guidance on Accounting Standard for Retirement Benefits"). Accordingly, unrecognized actuarial gains and losses and past service costs are reflected on the consolidated statement of financial position under net assets, adjusted for tax effects, as of the end of fiscal 2013.
- Other than the above, the main effects on assets and liabilities are that goodwill is not periodically amortized and that available-for-sale financial assets are measured at fair value.
- There are changes to the components of equity. Under Japanese accounting standards, the effect of decrease in equity due to recognition of defined benefit liability was reflected in accumulated other comprehensive income, but under IFRS, it is recorded in other components of equity and then reflected in retained earnings. Retained earnings are reduced, as a result of this change.

Consolidated Statement of Profit or Loss and Comprehensive Income

- There is no impact on revenue.
- Operating profit and profit for the period increase primarily due to changes in the way that expenses for retirement benefits and goodwill are recognized.
- For retirement benefits, under IFRS there are no longer any amortization expenses for actuarial gains and losses, such as for unfunded retirement benefit obligations. Under Japanese accounting standards, actuarial gains and losses are amortized, starting in the next fiscal year after they are generated, over the employees' average remaining service period. Under IFRS, however, there is no periodic amortization. Instead, they are recognized in other comprehensive income and immediately reflected in retained earnings. In addition, recognition of the net interest on the net defined benefit liability (asset) replaces recognition of the interest cost and the expected return on plan assets previously required.
- In addition, under IFRS, there is no periodic amortization of goodwill. Moreover, with the adoption of IFRS, items such as restructuring costs and impairment losses that, under Japanese accounting standards, had been included in extraordinary gains or losses, are now included in operating profit.

Please note that, since fiscal 2008 all of the company's consolidated subsidiaries outside Japan adopted IFRS and, in the process of consolidation, certain items such as amortization of goodwill had been adjusted to conform to Japanese accounting standards based on "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan, Practical Issues Task Force, No. 18 dated February 19, 2010).

3) Reconciliations Based on IFRS 1

Based on IFRS 1, the reconciliations to equity for the date of transition to IFRS (April 1, 2013), the end of the previous fiscal year's first quarter (June 30, 2013), and the end of the previous fiscal year (March 31, 2014), and the adjustments to comprehensive income for the previous fiscal year's first quarter (April 1- June 30, 2013) and the previous fiscal year (April 1, 2013 – March 31, 2014) are as follows.

Reconciliations to Equity for Date of Transition to IFRS (April 1, 2013)

(Millions of Yen)

Presentation under JGAAP	Note	JGAAP	Reclassification	Recognition and Measurement	IFRS	Presentation under IFRS
Assets						*Assets*
Current Assets						**Current Assets**
Cash and time deposits	A	202,502	84,100	－	286,602	Cash and cash equivalents
Notes and accounts receivable, trade	A	895,984	-12,079	－	883,905	Receivables, trade
	A	－	70,906	－	70,906	Other receivables
Marketable securities	A	102,463	-102,463	－	－	
Inventories		323,092	－	－	323,092	Inventories
Deferred tax assets	D	81,988	-81,988	－	－	
Others	A	128,341	-52,543	1,722	77,520	Others
Allowance for doubtful accounts	A	-12,079	12,079	－	－	
Total Current Assets		1,722,291	-81,988	1,722	1,642,025	**Total Current Assets**
Non-current Assets						**Non-current Assets**
Property, plant and equipment, net of accumulated depreciation	B	618,460	－	3,721	622,181	Property, plant and equipment, net of accumulated depreciation
Goodwill	B	29,574	－	3,033	32,607	Goodwill
Intangible assets (excluding goodwill)		157,749	－	－	157,749	Intangible assets
Investment securities	C	171,792	-171,792	－	－	
	C	－	33,987	-271	33,716	Investments accounted for using the equity method
	C	－	137,805	14,919	152,724	Other investments
Deferred tax assets	D	67,018	81,988	55,541	204,547	Deferred tax assets
Net defined benefit asset	E	51,393	-51,393	－	－	
Others	E	104,160	49,282	-49,808	103,634	Others
Allowance for doubtful accounts	E	-2,111	2,111	－	－	
Total Non-current Assets		1,198,035	81,988	27,135	1,307,158	**Total Non-current Assets**
Total Assets		2,920,326	－	28,857	2,949,183	**Total Assets**
Liabilities and Net Assets						*Liabilities and Equity*
Liabilities						**Liabilities**
Current Liabilities						**Current Liabilities**
Notes and accounts payables, trade		566,757	－	－	566,757	Payables, trade
	F	－	384,164	1,730	385,894	Other payables
Short-term borrowings and current portion of bonds payable	G	289,722	14,385	-12	304,095	Short-term borrowings, current portion of long-term debt and lease obligations
Lease obligations	G	14,385	-14,385	－	－	
Accrued expenses	F	322,765	-322,765	－	－	
Accrued income taxes		23,316	－	－	23,316	Accrued income taxes
Provision for product warranties, Provision for construction contract losses, Provision for restructuring charges, Provision for environmental measures	F	100,052	32,374	－	132,426	Provisions
Others	D,F	251,512	-93,796	24,868	182,584	Others
Total Current Liabilities		1,568,509	-23	26,586	1,595,072	**Total Current Liabilities**
Long-term Liabilities						**Non-current Liabilities**
Bonds payable and long-term borrowings	G	245,245	26,764	-427	271,582	Long-term debt and lease obligations
Lease obligations	G	26,764	-26,764	－	－	
Net defined benefit liability	H	207,125	－	267,242	474,367	Net defined benefit liability
Provision for loss on repurchase of computers, Provision for product warranties, Provision for recycling expenses, Provision for restructuring charges, Provision for environmental measures	I	35,767	20,317	-12,427	43,657	Provisions
Deferred tax liabilities and revaluation of deferred tax liabilities	D	33,781	23	-28,020	5,784	Deferred tax liabilities
Others	I	50,697	-20,317	742	31,122	Others
Total Long-term Liabilities		599,379	23	227,110	826,512	**Total Non-current Liabilities**
Total Liabilities		2,167,888	－	253,696	2,421,584	**Total Liabilities**
Net Assets						**Equity**
Common stock		324,625	－	－	324,625	Share capital
Capital surplus	J	236,429	80	－	236,509	Capital surplus
Treasury stock, at cost		-340	－	－	-340	Treasury stock, at cost
Subscription rights to shares	J	80	-80	－	－	
Retained earnings	J	264,849	－	-460,725	-195,876	Retained earnings
Total accumulated other comprehensive income	J	-201,518	－	244,573	43,055	Other components of equity
		－	－	-216,152	407,973	Total equity attributable to owners of the parent
Minority interests in consolidated subsidiaries	J	128,313	－	-8,687	119,626	Non-controlling interests
Total Net Assets		752,438	－	-224,839	527,599	**Total Equity**
Total Liabilities and Net Assets		2,920,326	－	28,857	2,949,183	**Total Liabilities and Equity**

Reconciliations to Equity for the End of the Previous First Quarter (June 30, 2013)

(Millions of Yen)

Presentation under JGAAP	Note	JGAAP	Reclassification	Recognition and Measurement	IFRS	Presentation under IFRS
Assets						*Assets*
Current Assets						**Current Assets**
Cash and time deposits	A	296,004	91,229	−	387,233	Cash and cash equivalents
Notes and accounts receivable, trade	A	720,265	-12,295	−	707,970	Receivables, trade
	A	−	64,700	129	64,829	Other receivables
Marketable securities	A	97,036	-97,036	−	−	
Inventories		374,104	−	−	374,104	Inventories
Deferred tax assets	D	84,501	-84,501	−	−	
Others	A	136,630	-58,893	3,396	81,133	Others
Allowance for doubtful accounts	A	-12,295	12,295	−	−	
Total Current Assets		1,696,245	-84,501	3,525	1,615,269	**Total Current Assets**
Non-current Assets						**Non-current Assets**
Property, plant and equipment, net of accumulated depreciation	B	617,106	−	3,525	620,631	Property, plant and equipment, net of accumulated depreciation
Goodwill	B	30,183	−	4,446	34,629	Goodwill
Intangible assets (excluding goodwill)		157,314	−	−	157,314	Intangible assets
Investment securities	C	179,015	-179,015	−	−	
	C	−	34,838	-200	34,638	Investments accounted for using the equity method
	C	−	144,177	16,838	161,015	Other investments
Deferred tax assets	D	68,050	84,501	29,745	182,296	Deferred tax assets
Net defined benefit asset	E	51,527	-51,527	−	−	
Others	E	108,825	49,379	-50,058	108,146	Others
Allowance for doubtful accounts	E	-2,148	2,148	−	−	
Total Non-current Assets		1,209,872	84,501	4,296	1,298,669	**Total Non-current Assets**
Total Assets		2,906,117	−	7,821	2,913,938	**Total Assets**
Liabilities and Net Assets						*Liabilities and Equity*
Liabilities						**Liabilities**
Current Liabilities						**Current Liabilities**
Notes and accounts payables, trade		490,726	−	−	490,726	Payables, trade
	F	−	327,776	1,730	329,506	Other payables
Short-term borrowings and current portion of bonds payable	G	254,088	13,621	-7	267,702	Short-term borrowings, current portion of long-term debt and lease obligations
Lease obligations	G	13,621	-13,621	−	−	
Accrued expenses	F	281,916	-281,916	−	−	
Accrued income taxes		10,649	−	−	10,649	Accrued income taxes
Provision for product warranties, Provision for construction contract losses, Provision for restructuring charges, Provision for environmental measures	F	94,082	34,217	−	128,299	Provisions
Others	D,F	274,622	-80,095	25,380	219,907	Others
Total Current Liabilities		1,419,704	-18	27,103	1,446,789	**Total Current Liabilities**
Long-term Liabilities						**Non-current Liabilities**
Bonds payable and long-term borrowings	G	381,599	26,988	-388	408,199	Long-term debt and lease obligations
Lease obligations	G	26,988	-26,988	−	−	
Net defined benefit liability	H	208,367	−	202,059	410,426	Net defined benefit liability
Provision for loss on repurchase of computers, Provision for product warranties, Provision for recycling expenses, Provision for restructuring charges, Provision for environmental measures	I	33,750	19,867	-12,283	41,334	Provisions
Deferred tax liabilities and revaluation of deferred tax liabilities	D	36,968	18	-31,087	5,899	Deferred tax liabilities
Others	I	52,003	-19,867	599	32,735	Others
Total Long-term Liabilities		739,675	18	158,900	898,593	**Total Non-current Liabilities**
Total Liabilities		2,159,379	−	186,003	2,345,382	**Total Liabilities**
Net Assets						**Equity**
Common stock		324,625	−	−	324,625	Share capital
Capital surplus	J	236,429	63	-458	236,034	Capital surplus
Treasury stock, at cost		-354	−	−	-354	Treasury stock, at cost
Subscription rights to shares	J	63	-63	−	−	
Retained earnings	J	242,866	−	-408,534	-165,668	Retained earnings
Total accumulated other comprehensive income	J	-184,188	−	237,178	52,990	Other components of equity
		−	−	-171,814	447,627	Total equity attributable to owners of the parent
Minority interests in consolidated subsidiaries	J	127,297	−	-6,368	120,929	Non-controlling interests
Total Net Assets		746,738	−	-178,182	568,556	**Total Equity**
Total Liabilities and Net Assets		2,906,117	−	7,821	2,913,938	**Total Liabilities and Equity**

Reconciliations to Equity for the End of the Previous Fiscal Year (March 31, 2014)

(Millions of Yen)

Presentation under JGAAP	Note	JGAAP	Reclassification	Recognition and Measurement	IFRS	Presentation under IFRS
Assets						***Assets***
Current Assets						**Current Assets**
Cash and time deposits	A	234,590	66,572	―	301,162	Cash and cash equivalents
Notes and accounts receivable, trade	A	991,071	-10,824	―	980,247	Receivables, trade
	A	―	105,408	19	105,427	Other receivables
Marketable securities	A	71,060	-71,060	―	―	
Inventories		330,202	―	―	330,202	Inventories
Deferred tax assets	D	81,360	-81,360	―	―	
Others	A	168,998	-100,920	43	68,121	Others
Allowance for doubtful accounts	A	-10,824	10,824	―	―	
Total Current Assets		1,866,457	-81,360	62	1,785,159	**Total Current Assets**
Non-current Assets						**Non-current Assets**
Property, plant and equipment, net of accumulated depreciation	B	619,626	―	2,854	622,480	Property, plant and equipment, net of accumulated depreciation
Goodwill	B	27,503	―	10,030	37,533	Goodwill
Intangible assets (excluding goodwill)	B	158,748	―	106	158,854	Intangible assets
Investment securities	C	187,389	-187,389	―	―	
	C	―	37,311	-40	37,271	Investments accounted for using the equity method
	C	―	150,078	16,853	166,931	Other investments
Deferred tax assets	D	104,688	81,360	-2,647	183,401	Deferred tax assets
Net defined benefit asset	E	2,715	-2,715	―	―	
Others	E	114,400	723	-815	114,308	Others
Allowance for doubtful accounts	E	-1,992	1,992	―	―	
Total Non-current Assets		1,213,077	81,360	26,341	1,320,778	**Total Non-current Assets**
Total Assets		3,079,534	―	26,403	3,105,937	**Total Assets**
Liabilities and Net Assets						***Liabilities and Equity***
Liabilities						**Liabilities**
Current Liabilities						**Current Liabilities**
Notes and accounts payables, trade		641,211	―	―	641,211	Payables, trade
	F	―	394,697	1,678	396,375	Other payables
Short-term borrowings and current portion of bonds payable	G	129,079	13,549	-20	142,608	Short-term borrowings, current portion of long-term debt and lease obligations
Lease obligations	G	13,549	-13,549	―	―	
Accrued expenses	F	339,836	-339,836	―	―	
Accrued income taxes		20,263	―	―	20,263	Accrued income taxes
Provision for product warranties, Provision for construction contract losses, Provision for bonuses to board members, Provision for restructuring charges, Provision for environmental measures	F	74,883	36,313	―	111,196	Provisions
Others	D,F	243,536	-91,321	19,592	171,807	Others
Total Current Liabilities		1,462,357	-147	21,250	1,483,460	**Total Current Liabilities**
Long-term Liabilities						**Non-current Liabilities**
Bonds payable and long-term borrowings	G	390,561	27,579	-505	417,635	Long-term debt and lease obligations
Lease obligations	G	27,579	-27,579	―	―	
Net defined benefit liability	H	386,294	―	26,338	412,632	Net defined benefit liability
Provision for loss on repurchase of computers, Provision for product warranties, Provision for recycling expenses, Provision for restructuring charges, Provision for environmental measures	I	35,873	20,386	-11,201	45,058	Provisions
Deferred tax liabilities and revaluation of deferred tax liabilities	D	11,931	147	-5,534	6,544	Deferred tax liabilities
Others	I	62,490	-20,386	553	42,657	Others
Total Long-term Liabilities		914,728	147	9,651	924,526	**Total Non-current Liabilities**
Total Liabilities		2,377,085	―	30,901	2,407,986	**Total Liabilities**
Net Assets						**Equity**
Common stock		324,625	―	―	324,625	Share capital
Capital surplus	J	236,429	82	-3,001	233,510	Capital surplus
Treasury stock, at cost		-422	―	―	-422	Treasury stock, at cost
Subscription rights to shares	J	82	-82	―	―	
Retained earnings	J	313,598	―	-367,939	-54,341	Retained earnings
Total accumulated other comprehensive income	J	-301,019	―	364,162	63,143	Other components of equity
		―	―	-6,778	566,515	Total equity attributable to owners of the parent
Minority interests in consolidated subsidiaries	J	129,156	―	2,280	131,436	Non-controlling interests
Total Net Assets		702,449	―	-4,498	697,951	**Total Equity**
Total Liabilities and Net Assets		3,079,534	―	26,403	3,105,937	**Total Liabilities and Equity**

[Notes on the Reconciliations to Equity for Date of Transition to IFRS (April 1, 2013)]

A. Cash and Cash Equivalents, Trade Receivables, Other Receivables and Other Current Assets

Reclassification: Cash and Cash Equivalents

Of the amounts included in cash and time deposits under Japanese accounting standards, 16,870 million yen in time deposits having a contractual maturity date in excess of three months have been reclassified as other current assets. 100,970 million yen in marketable securities under Japanese accounting standards that will mature no later than three months from the acquisition date have been reclassified as cash and cash equivalents. As a result, cash and cash equivalents increased by 84,100 million yen.

Trade Receivables

12,079 million yen in allowance for doubtful accounts is included in trade receivables.

Other Receivables

A total amount of 70,906 million yen that was included in other current assets under Japanese accounting standards, including non-trade receivables of 64,372 million yen, short-term loan receivables of 3,057 million yen, and lease receivables and lease investment assets of 3,477 million yen, is now reclassified and included in other receivables.

Other Current Assets

Non-trade receivables and other items totaling 70,906 million yen have been reclassified as other receivables, 16,870 million yen in time deposits having a contractual maturity date in excess of three months have been reclassified as other current assets, and 1,493 million yen in marketable securities having a contractual maturity date beyond three months have been reclassified as other current assets. As a result, other current assets declined by 52,543 million yen.

Recognition and Measurement: Among sales of accounts receivable, for the portion for which the Fujitsu Group retains control, other current assets of 1,722 million yen is recognized to the extent of its continuing involvement in the assets.

B. Property, Plant and Equipment and Goodwill

Recognition and Measurement: As of the date of transition to IFRS, negative goodwill that was included in goodwill under Japanese accounting standards because its importance was deemed to be negligible, has been reclassified into retained earnings. As a result, goodwill has increased by 3,033 million yen.

The balance of property, plant and equipment has increased by 3,721 million yen as a result of the adjustments described below.

With respect to sales of computers with repurchase agreements, under Japanese accounting standards, all revenue is recorded at the time of sale, and to provide for potential future losses at the time of repurchase, a provision for loss on repurchases is recorded using the amount of expected losses on repurchases based on historical data. Under IFRS, profits from this transaction are recognized over the service period. Instead of recognizing the cost on a lump-sum sale, the cost is recognized as property, plant and equipment and depreciated over the service period. As a result of this adjustment, the balance of property, plant and equipment has increased by 3,307 million yen.

In addition, for the balance of property, plant and equipment that was netted with government grants under Japanese accounting standards, 414 million yen has been restored to the balance of property, plant and equipment, and the same amount has been added to liabilities as deferred income.

C. Investments Accounted for Using the Equity Method and Other Investments

Reclassification: Of the amount included in investment securities under Japanese accounting standards, 33,987 million yen in investments in affiliates have been reclassified as investments accounted for using the equity method, and 137,805 million yen in available-for-sale financial assets and held-to-maturity investments has been reclassified as other investments.

Recognition and Measurement: As a result of measuring available-for-sale financial assets, which consist mainly of unlisted shares, at fair value in accordance with IFRS, other investments have increased by 14,919 million yen. In addition, as a result of applying IFRS to equity method affiliates, investments accounted for using the equity method have been reduced by 271 million yen. Together with the reclassification noted above, these adjustments have resulted in a balance of investments accounted for using the equity method of 33,716 million yen.

D. Deferred Tax Assets and Deferred Tax Liabilities

Reclassification: Deferred tax assets of 81,988 million yen listed under current assets and the 23 million yen in deferred tax liabilities listed under current liabilities under Japanese accounting standards have been reclassified into non-current assets and non-current liabilities, respectively.

Recognition and Measurement: With respect to the tax effects arising from elimination of intercompany unrealized gains, income tax expenses are deferred based on the sellers' tax amounts under Japanese accounting standards, whereas under IFRS intercompany unrealized gains are treated as temporary differences associated with the purchasers' assets and the tax effects are recognized as deferred tax assets using the purchasers' tax rates after a study of the recoverability of the deferred tax assets. As a result, deferred tax assets have been reduced by 1,037 million yen. In addition, primarily with respect to defined benefit plans, as a result of recognizing the amount of unrecognized obligations as liabilities, additional tax effects are recognized, increasing deferred tax assets by 91,357 million yen. Moreover, 34,779 million yen in deferred tax assets that meet the requirements stated in IAS 12 *Income Taxes* are offset against an equivalent amount of deferred tax liabilities, reducing the balance of both accounts accordingly. As a result of these adjustments, deferred tax assets have increased by 55,541 million yen.

As a result of the additional tax effects recognized mainly stemming from the measurement of available-for-sale financial assets at fair value in accordance with IFRS, and offset mentioned previously, deferred tax liabilities have decreased by 28,020 million yen.

E. Other Non-current Assets

Reclassification: A total of 49,282 million yen, comprised of 51,393 million yen in net defined benefit asset and -2,111 million yen in allowance for doubtful accounts classified as non-current assets under Japanese accounting standards, has been reclassified as other non-current assets.

Recognition and Measurement: Fujitsu and its consolidated subsidiaries in Japan that have defined benefit plans recognized unrecognized obligations as liabilities based on IAS 19 *Employee Benefits* (June 16, 2011). As a result, net defined benefit asset in other non-current assets have decreased by 49,808 million yen.

F. Other Payables, Provisions (Current), and Other Current Liabilities

Reclassification: Other Payables

384,164 million yen, comprised of 322,765 million yen in accrued expenses under Japanese accounting standards and 61,399 million yen in other accounts payable that were included in other current liabilities under Japanese accounting standards, have been reclassified as other payables.

Provisions (Current)

32,374 million yen in such accounts as provision for sales allowance and provision for lawsuits, which were included in other current liabilities under Japanese accounting standards, have been reclassified as provisions (current).

Other Current Liabilities

61,399 million yen in other accounts payable included in others in current liabilities under Japanese accounting standards have been reclassified as other payables. 32,374 million yen in such accounts as provision for sales allowance and provision for lawsuits, and 23 million yen in deferred tax liabilities, all of which were included in others in current liabilities under Japanese accounting standards, have been reclassified as other current liabilities. As a result, other current liabilities have been reduced by 93,796 million yen.

Recognition and Measurement: Other Payables

For Fujitsu and its consolidated subsidiaries in Japan, as a result of recognizing the obligation generated by unused entitlement to paid absences at the end of the period, other payables have increased by 1,730 million yen.

Other Current Liabilities

Among sales of accounts receivable, for the portion for which the Fujitsu Group retains control, liabilities of 1,722 million yen are recognized. In addition, for the aforementioned adjustments relating to the sales of computers with repurchase agreements, other current liabilities have increased by 23,019 million yen.

As a result of recording asset-related government grants under liabilities as deferred income, other current liabilities increased by 127 million yen.

As a result of these adjustments, other current liabilities have increased by 24,868 million yen.

G. Borrowings, Debt, and Lease Obligations

Reclassification: 14,385 million yen separately classified as lease obligations under current liabilities in Japanese accounting standards has been reclassified as short-term borrowings, current portion of long-term debt, and lease obligations.

26,764 million yen separately classified as lease obligations under non-current liabilities in Japanese accounting standards has been reclassified as long-term debt and lease obligations.

Recognition and Measurement: As a result of measuring straight corporate bonds at amortized cost, the current portion of long-term debt under current liabilities has been reduced by 12 million yen, and the long-term debt under non-current liabilities has been reduced by 427 million yen.

H. Net Defined Benefit Liability

Recognition and Measurement: Fujitsu and its consolidated subsidiaries in Japan that have defined benefit plans recognized unrecognized obligations as liabilities based on IAS 19. As a result, net defined benefit liability increased by 267,242 million yen.

I. Provisions (Non-current) and Other Non-current Liabilities

Reclassification: 20,317 million yen in such accounts as provision for directors' retirement benefit and provision for lawsuits, which were included in other non-current liabilities under Japanese accounting standards, have been reclassified as provisions (non-current).

Recognition and Measurement: Provisions (Non-current)

As a result of the aforementioned adjustments relating to the sales of computers with repurchase agreements, provisions (non-current) have been reduced by 12,427 million yen.

Other Non-current Liabilities

As a result of recording revenue-related government grants under liabilities as deferred income, other non-current liabilities increased by 742 million yen.

J. Capital Surplus, Retained Earnings, Other Components of Equity, and Non-controlling Interests

Reclassification: 80 million yen that was separately classified as subscription rights to shares under Japanese accounting standards has been reclassified as capital surplus.

Recognition and Measurement: The main items in the adjustments to capital surplus, retained earnings, and other components of equity are as follows.

(Millions of Yen)

	Note	Capital Surplus	Retained Earnings	Other Components of Equity
Goodwill and negative goodwill	B	-	3,033	-
Financial instruments	C,G	-	-3,165	13,307
Tax effects of unrealized gains or losses	D	-	-974	-22
Defined benefit plans	E,H,J	-	-369,669	149,724
Liability for paid absences	F	-	-1,183	-
Cumulative foreign translation differences	J	-	-84,169	84,169
Attribution to non-controlling interests	J	-	-759	-22
Other		-	-3,839	-2,583
Total		-	-460,725	244,573

In accordance with IAS 19, remeasurements of the net defined benefit liability (asset) are recognized in other components of equity after adjusting for tax effects and immediately reflected in retained earnings. In addition, the cumulative foreign currency translation differences for all foreign operations as of the date of transition to IFRS are deemed to be zero.

As a result of calculating the impact on non-controlling interests resulting from recognition and measurement differences, the amount attributable to non-controlling interests has been reduced by 8,687 million yen.

[Notes on the Reconciliations to Equity for the End of the Previous First Quarter (June 30, 2013)]

A. Cash and Cash Equivalents, Trade Receivables, Other Receivables, and Other Current Assets

Reclassification: Cash and Cash Equivalents

Of the amounts included in cash and time deposits under Japanese accounting standards, 4,311 million yen in time deposits having a contractual maturity date in excess of three months have been reclassified as other current assets. 95,540 million yen in marketable securities under Japanese accounting standards that will mature no later than three months from the acquisition date have been reclassified as cash and cash equivalents. As a result, cash and cash equivalents have increased by 91,229 million yen.

Trade Receivables

12,295 million yen in allowance for doubtful accounts is included in trade receivables.

Other Receivables

A total amount of 64,700 million yen that was included in other current assets under Japanese accounting standards, including non-trade receivables of 59,132 million yen, short-term loan receivables of 2,047 million yen, and lease receivables and lease investment assets of 3,521 million yen, is now reclassified and included in other receivables.

Other Current Assets
Non-trade receivables and other items totaling 64,700 million yen have been reclassified as other receivables, 4,311 million yen in time deposits having a contractual maturity date in excess of three months have been reclassified as other current assets, and 1,496 million yen in marketable securities having a contractual maturity date beyond three months have been reclassified as other current assets. As a result, other current assets have declined by 58,893 million yen.

Recognition and Measurement:

Other Receivables
With regard to revenue-related government grants, 129 million yen that were recorded as other current assets under Japanese accounting standards are recognized as other receivables.

Other Current Assets
As a result of the above adjustments relating to government grants, other current assets have been reduced by 129 million yen.
In addition, among sales of accounts receivable, for the portion for which the Fujitsu Group retains control, assets of 3,525 million yen is recognized to the extent of its continuing involvement in assets. As a result of these adjustments, other current assets have increased by 3,396 million yen.

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B. Property, Plant and Equipment and Goodwill

Recognition and Measurement:

As of the date of transition to IFRS, negative goodwill that was included in goodwill under Japanese accounting standards because its importance was deemed to be negligible, has been reclassified into retained earnings. As a result, goodwill has increased by 3,033 million yen.
Goodwill is amortized over a certain period, but under IFRS it is subject to an impairment test and is not periodically amortized. The balance of goodwill has been increased by 2,491 million yen because the amount of cumulative amortization under Japanese accounting standards after the date of transition to IFRS is added back.
Because changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control, which were recognized in goodwill under Japanese accounting standards, are, under IFRS, accounted for as equity transactions, goodwill has been reduced by 1,078 million yen.
As a result of these adjustments, the balance of goodwill has increased by 4,446 million yen.

The balance of property, plant and equipment has increased by 3,525 million yen as a result of the adjustments described below.
With respect to sales of computers with repurchase agreements, under Japanese accounting standards, all revenue is recorded at the time of sale, and to provide for potential future losses at the time of repurchase, a provision for loss on repurchases is recorded using the amount of expected losses on repurchases based on historical data. Under IFRS, profits from this transaction are recognized over the service period. Instead of recognizing the cost on a lump-sum sale, the cost is recognized as property, plant and equipment and

depreciated over the service period. As a result of these adjustments, the balance of property, plant and equipment has increased by 3,117 million yen.

In addition, for the balance of property, plant and equipment that was netted with government grants under Japanese accounting standards, 408 million yen has been restored to the balance of property, plant and equipment, and the same amount has been added to liabilities as deferred income.

C. Investments Accounted for Using the Equity Method and Other Investments

Reclassification: Of the amount included in investment securities under Japanese accounting standards, 34,838 million yen in investments in affiliates have been reclassified as investments accounted for using the equity method, and 144,177 million yen in available-for-sale financial assets and held-to-maturity investments has been reclassified as other investments.

Recognition and Measurement: As a result of measuring available-for-sale financial assets, which mainly consist of unlisted shares, at fair value in accordance with IFRS, other investments have increased by 16,838 million yen. In addition, as a result of applying IFRS to equity method affiliates, investments accounted for using the equity method have been reduced by 200 million yen. Together with the reclassification noted above, these adjustments have resulted in a balance of investments accounted for using the equity method of 34,638 million yen.

D. Deferred Tax Assets and Deferred Tax Liabilities

Reclassification: 84,501 million yen in deferred tax assets listed under current assets and the 18 million yen in deferred tax liabilities listed under current liabilities under Japanese accounting standards have been reclassified into non-current assets and non-current liabilities, respectively.

Recognition and Measurement: With respect to the tax effects arising from elimination of intercompany unrealized gains, income tax expenses are deferred based on the sellers' tax amounts under Japanese accounting standards, whereas under IFRS intercompany unrealized gains are treated as temporary differences associated with the purchasers' assets and the tax effects are recognized as deferred tax assets using the purchasers' tax rates after a study of the recoverability of the deferred tax assets. As a result, deferred tax assets have been reduced by 1,163 million yen. In addition, primarily with respect to defined benefit plans, as a result of recognizing the amount of unrecognized obligations as liabilities, additional tax effects are recognized, increasing deferred tax assets by 69,232 million yen. Moreover, 38,324 million yen in deferred tax assets that meet the requirements stated in IAS 12 are offset against an equivalent amount of deferred tax liabilities, reducing the balance of both accounts accordingly. As a result of these adjustments, non-current deferred tax assets have increased by 29,745 million yen.

As a result of the additional tax effects recognized mainly stemming from the measurement of available-for-sale financial assets at fair value in accordance with IFRS, and offset mentioned previously, deferred tax liabilities have decreased by 31,087 million yen.

E. Other Non-current Assets

Reclassification: A total of 49,379 million yen, comprised of 51,527 million yen in net defined benefit asset and -2,148 million yen in allowance for doubtful accounts classified as non-current assets under Japanese accounting standards, has been reclassified as other non-current assets.

Recognition and Measurement: Fujitsu and its consolidated subsidiaries in Japan that have defined benefit plans recognized unrecognized obligations as liabilities based on IAS 19. As a result, net defined benefit asset in other non-current assets have decreased by 50,058 million yen.

F. Other Payables, Provisions (Current), and Other Current Liabilities

Reclassification: Other Payables

327,776 million yen, comprised of 281,916 million yen in accrued expenses under Japanese accounting standards and 45,860 million yen in other accounts payable that were included in other current liabilities under Japanese accounting standards, have been reclassified as other payables.

Provisions (Current)

34,217 million yen in such accounts as provision for sales allowance and provision for lawsuits, which were included in other current liabilities under Japanese accounting standards, have been reclassified as provisions (current).

Other Current Liabilities

45,860 million yen in other accounts payable included in others in current liabilities under Japanese accounting standards have reclassified as other payables. 34,217 million yen in such accounts as provision for sales allowance and provision for lawsuits, and 18 million yen in deferred tax liabilities, all of which were included in others in current liabilities under Japanese accounting standards, have reclassified as other current liabilities. As a result, other current liabilities have been reduced by 80,095 million yen.

Recognition and Measurement: Other Payables

For Fujitsu and its consolidated subsidiaries in Japan, as a result of recognizing the obligation generated by unused entitlement to paid absences at the end of the period, other payables have increased by 1,730 million yen.

Other Current Liabilities

Among sales of accounts receivable, for the portion for which the Fujitsu Group retains control, liabilities of 3,525 million yen are recognized. In addition, for the aforementioned adjustments relating to the sales of computers with repurchase agreements, other current liabilities have increased by 21,811 million yen.

As a result of recording asset-related government grants under liabilities as deferred income, other current liabilities increased by 44 million yen.

As a result of these adjustments, other current liabilities have increased by 25,380 million yen.

G. Borrowings, Debt, and Lease Obligations

Reclassification: 13,621 million yen separately classified as lease obligations under current liabilities in Japanese accounting standards has been reclassified as short-term borrowings, current portion of long-term debt and lease obligations.

26,988 million yen separately classified as lease obligations under non-current liabilities under Japanese accounting standards has been reclassified as long-term debt and lease obligations.

Recognition and Measurement: As a result of measuring straight corporate bonds at amortized cost, the current portion of long-term debt under current liabilities has been reduced by 7 million yen, and the long-term debt under non-current liabilities has been reduced by 388 million yen.

H. Net Defined Benefit Liability

Recognition and Measurement: Fujitsu and its consolidated subsidiaries in Japan that have defined benefit plans recognized unrecognized obligations as liabilities based on IAS 19. As a result, net defined benefit liability increased by 202,059 million yen.

I. Provisions (Non-current) and Other Non-current Liabilities

Reclassification: 19,867 million yen in such accounts as provision for directors' retirement benefit and provision for lawsuits, which were included in other non-current assets under Japanese accounting standards, have been reclassified as provisions (non-current).

Recognition and Measurement: Provisions (Non-current)

As a result of the aforementioned adjustments relating to the sales of computers with repurchase agreements, provisions (non-current) have been reduced by 12,283 million yen.

Other Non-current Liabilities

As a result of recording asset-related government grants under liabilities as deferred income, other non-current liabilities increased by 599 million yen.

J. Capital Surplus, Retained Earnings, Other Components of Equity, and Non-controlling Interests

Reclassification: 63 million yen that was separately classified as subscription rights to shares under Japanese accounting standards has been reclassified as capital surplus.

Recognition and Measurement: The main items in the adjustments to capital surplus, retained earnings and other components of equity are as follows.

(Millions of Yen)

	Note	Capital Surplus	Retained Earnings	Other Components of Equity
Goodwill and negative goodwill	B	-985	5,524	-68
Financial instruments	C,G	-	-3,192	14,596
Tax effects of unrealized gains or losses	D,	-	-1,092	-30
Defined benefit plans	E,H,J	-	-320,940	141,447
Liability for paid absences	F	-	-1,183	-
Cumulative foreign translation differences	J	-	-84,169	84,169
Attribution to non-controlling interests	J	527	-602	-349
Other		-	-2,880	-2,587
Total		-458	-408,534	237,178

In accordance with IAS 19, remeasurements of the net defined benefit liability (asset) are recognized as other components of equity after adjusting for tax effects and immediately reflected in retained earnings.
In addition, the cumulative foreign currency translation differences for all foreign operations as of the date of transition to IFRS are deemed to be zero.

As a result of calculating the impact on non-controlling interests resulting from recognition and measurement differences, the amount attributable to non-controlling interests has been reduced by 6,368 million yen.

[Notes on the Reconciliations to Equity for the End of the Previous Fiscal Year (March 31, 2014)]

A. Cash and Cash Equivalents, Trade Receivables, Other Receivables, and Other Current Assets

Reclassification: Cash and Cash Equivalents

Of the amounts included in cash and time deposits under Japanese accounting standards, 4,488 million yen in time deposits having a contractual maturity date in excess of three months have been reclassified as other current assets. 71,060 million yen in marketable securities under Japanese accounting standards that will mature no later than three months from the acquisition date have been reclassified as cash and cash equivalents. As a result, cash and cash equivalents have increased by 66,572 million yen.

Trade Receivables

10,824 million yen in allowance for doubtful accounts is included in trade receivables.

Other Receivables

A total amount of 105,408 million yen that was included in other current assets under Japanese accounting standards, including non-trade receivables of 98,267 million yen, short-term loan receivables of 3,277 million yen, and lease receivables and lease investment assets of 3,864 million yen, is now reclassified as other receivables.

Other Current Assets

Non-trade receivables and other items totaling 105,408 million yen have been reclassified as other receivables, and 4,488 million yen in time deposits having a contractual maturity date in excess of three months have been reclassified as other current assets. As a result, other current assets have declined by 100,920 million yen.

Recognition and Measurement:

Other Receivables

With regard to revenue-related government grants, 19 million yen recorded as other current assets under Japanese accounting standards is recognized as other receivables.

Other Current Assets

As a result of the above adjustments relating to government grants, other current assets have been reduced by 19 million yen.

In addition, among sales of accounts receivable, for the portion for which the Fujitsu Group retains control, other current assets of 62 million yen is recognized to the extent of its continuing involvement in the assets. As a result of these adjustments, other current assets have increased by 43 million yen.

B. Property, Plant and Equipment, Goodwill, and Intangible Assets

Recognition and Measurement:

As of the date of transition to IFRS, negative goodwill that was included in goodwill under Japanese accounting standards because its importance was deemed to be negligible, has been reclassified into retained earnings. As a result, goodwill has increased by 3,033 million yen.

Goodwill is amortized over a certain period, but under IFRS it is subject to an impairment test and is not periodically amortized. The balance of goodwill has been increased by 9,712 million yen because the amount of cumulative amortization under Japanese accounting standards after the date of transition to IFRS is added back.

Because changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control, which were recognized in goodwill under Japanese accounting standards, are, under IFRS, accounted for as equity transactions, goodwill has been reduced by 2,715 million yen.

As a result of these adjustments, the balance of goodwill has increased by 10,030 million yen.

The balance of property, plant and equipment has increased by 2,854 million yen as a result of the adjustments described below.

With respect to sales of computers with repurchase agreements, under Japanese accounting standards, all revenue is recorded at the time of sale, and to provide for potential future losses at the time of repurchase, a provision for loss on repurchases is recorded using the amount of expected losses on repurchases based on historical data. Under IFRS, profits from this transaction are recognized over the service period. Instead of recognizing the cost on a lump-sum sale, the cost is recognized as property, plant and equipment and depreciated over the service period. As a result of these adjustments, the balance of property, plant and equipment has increased by 2,465 million yen.

In addition, for the balance of property, plant and equipment that was netted with government grants under Japanese accounting standards, 389 million yen has been restored to the balance of property, plant and equipment, and the same amount has been added to liabilities as deferred income.

Because a portion of the development expenses incurred by a consolidated subsidiary in Japan was capitalized, intangible assets increased by 106 million yen.

C. Investments Accounted for Using the Equity Method and Other Investments

Reclassification: Of the amount included in investment securities under Japanese accounting standards, 37,311 million yen in investments in affiliates have been reclassified as investments accounted for using the equity method, and 150,078 million yen in available-for-sale financial assets and held-to-maturity investments has been reclassified as other investments.

Recognition and Measurement: As a result of measuring available-for-sale financial assets, which mainly consist of unlisted shares, at fair value in accordance with IFRS, other investments have increased by 16,853 million yen. In addition, as a result of applying IFRS to equity method affiliates, investments accounted for using the equity method have been reduced by 40 million yen. Together with the reclassification noted above, these adjustments have resulted in a balance of investments accounted for using the equity method of 37,271 million yen.

D. Deferred Tax Assets and Deferred Tax Liabilities

Reclassification: 81,360 million yen in deferred tax assets listed under current assets and the 147 million yen in deferred tax liabilities listed under current liabilities under Japanese accounting standards have been reclassified into non-current assets and non-current liabilities, respectively.

Recognition and Measurement: With respect to the tax effects arising from elimination of intercompany unrealized gains, income tax expenses are deferred based on the sellers' tax amounts under Japanese accounting standards, whereas under IFRS intercompany unrealized gains are treated as temporary differences associated with the purchasers' assets and the tax effects are recognized as deferred tax assets using the purchasers' tax rates after a study of the recoverability of the deferred tax assets. As a result, deferred tax assets have been reduced by 681 million yen. In addition, primarily with respect to defined benefit plans, as a result of recognizing the amount of unrecognized obligations as liabilities, additional tax effects are recognized, increasing deferred tax assets by 10,404 million yen. Moreover, 12,370 million yen in deferred tax assets that meet the requirements stated in IAS 12 are offset against an equivalent amount of deferred tax liabilities, reducing the balance of both accounts accordingly. As a result of these adjustments, non-current deferred tax assets have decreased by 2,647 million yen.

As a result of the additional tax effects recognized mainly stemming from the measurement of available-for-sale financial assets at fair value in accordance with IFRS, and offset mentioned previously, deferred tax liabilities have decreased by 5,534 million yen.

E. Other Non-current Assets

Reclassification: A total of 723 million yen, comprised of 2,715 million yen in net defined benefit asset and -1,992 million yen in the allowance for doubtful accounts classified as non-current assets under Japanese accounting standards, has been reclassified as other non-current assets.

Recognition and Measurement: As a result of actuarial calculation carried out by Fujitsu and its consolidated subsidiaries in Japan that have defined benefit plans, net defined benefit asset in other non-current assets have decreased by 815 million yen.

F. Other Payables, Provisions (Current), and Other Current Liabilities

Reclassification: Other Payables

394,697 million yen, comprised of 339,836 million yen in accrued expenses under Japanese accounting standards and 54,861 million yen in other accounts payable that were included in other current liabilities under Japanese accounting standards, have been reclassified as other payables.

Provisions (Current)

36,313 million yen in such accounts as provision for sales allowance and provision for lawsuits, which were included in other current liabilities under Japanese accounting standards, have been reclassified as provisions (current).

Other Current Liabilities

54,861 million yen in other accounts payable included in others in current liabilities under Japanese accounting standards have been reclassified as other payables. 36,313 million yen in such accounts as provision for sales allowance and provision for lawsuits, and 147 million yen in deferred tax liabilities, all of which were included in others in current liabilities under Japanese accounting standards, have been reclassified as other current liabilities. As a result, other current liabilities have been reduced by 91,321 million yen.

Recognition and Measurement: Other Payables

For Fujitsu and its consolidated subsidiaries in Japan, as a result of recognizing the obligation generated by unused entitlement to paid absences at the end of the period, other payables have increased by 1,678 million yen.

Other Current Liabilities

Among sales of accounts receivable, for the portion for which the Fujitsu Group retains control, liabilities of 62 million yen are recognized. In addition, for the aforementioned adjustments relating to the sales of computers with repurchase agreements, other current liabilities have increased by 19,400 million yen.

As a result of recording revenue-related government grants under liabilities as deferred income, other non-current liabilities increased by 130 million yen.

As a result of these adjustments, other current liabilities have increased by 19,592 million yen.

G. Borrowing, Debt, and Lease Obligations

Reclassification: 13,549 million yen separately classified as lease obligations under current liabilities in Japanese accounting standards has been reclassified to short-term borrowings, current portion of long-term debt and lease obligations.

27,579 million yen separately classified as lease obligations under non-current liabilities in Japanese accounting standards has been reclassified to long-term debt and lease obligations.

Recognition and Measurement: As a result of measuring straight corporate bonds at amortized cost, the current portion of long-term debt under current liabilities has been reduced by 20 million yen, and the long-term debt under non-current liabilities has been reduced by 505 million yen.

H. Net Defined Benefit Liability

Recognition and Measurement: As a result of actuarial calculation carried out by Fujitsu and its consolidated subsidiaries in Japan that have defined benefit plans, net defined benefit liability increased by 26,338 million yen.

I. Provisions (Non-current) and Other Non-current Liabilities

Reclassification: 20,386 million yen in such accounts as provision for directors' retirement benefit and provision for lawsuits, which were included in other non-current assets under Japanese accounting standards, have been reclassified as provisions (non-current).

Recognition and Measurement: Provisions (Non-current)

As a result of the aforementioned adjustments relating to the sales of computers with repurchase agreements, provisions (non-current) have been reduced by 11,201 million yen.

Other Non-current Liabilities

As a result of recording revenue-related government grants under liabilities as deferred income, other non-current liabilities increased by 553 million yen.

J. Capital Surplus, Retained Earnings, Other Components of Equity, and Non-controlling Interests

Reclassification: 82 million yen that was separately classified as subscription rights to shares under Japanese accounting standards has been reclassified as capital surplus.

Recognition and Measurement: The main items in the adjustments to capital surplus, retained earnings and other components of equity are as follows.

(Millions of Yen)

	Note	Capital Surplus	Retained Earnings	Other Components of Equity
Goodwill and negative goodwill	B	-3,556	12,733	327
Financial instruments	C,G	-	-2,891	14,429
Tax effects of unrealized gains or losses	D	-	-579	-61
Defined benefit plans	E,H,J	-	-310,159	291,587
Liability for paid absences	F	-	-1,184	-
Cumulative foreign translation differences	J	-	-60,989	60,989
Attribution to non-controlling interests	J	555	-2,945	-725
Other		-	-1,925	-2,384
Total		-3,001	-367,939	364,162

In accordance with IAS 19, remeasurements of the net defined benefit liability (asset) are recognized recorded in other components of equity after adjusting for tax effects and immediately reflected in retained earnings.

In addition, the cumulative foreign currency translation differences for all foreign operations as of the date of transition to IFRS are deemed to be zero.

With respect to the liquidation of Fujitsu Management Services of America, Inc., a US consolidated subsidiary, foreign currency translation adjustments were partly realized as an extraordinary loss under Japanese accounting standards.

As a result of calculating the impact on non-controlling interests resulting from recognition and measurement differences, the amount attributable to non-controlling interests has been increased by 2,280 million yen.

Reconciliations to Comprehensive Income for the Three-month Period Ended June 30, 2013

(Millions of Yen)

Presentation under JGAAP	Note	JGAAP	Reclassification	Recognition and Measurement	IFRS	Presentation under IFRS
Net sales		999,233	—	—	999,233	Revenue
Cost of sales	A	-739,620	—	248	-739,372	Cost of sales
Gross profit		259,613	—	248	259,861	Gross profit
Selling, general and administrative expenses	A	-282,449	1,397	7,976	-273,076	Selling, general and administrative expenses
	B	—	-1,652	4,143	2,491	Other income (expenses)
Operating income		-22,836	-255	12,367	-10,724	Operating profit
Other income						
Interest income	C	491	4,650	—	5,141	Financial income
Dividend income	C	1,982	-1,982	—	—	
Equity in earnings of affiliates, net	C	966	—	175	1,141	Income from investments accounted for using the equity method, net
Gain on foreign exchange, net	C	920	-920	—	—	
Gain on sales of investment securities	B,C	1,751	-1,751	—	—	
Others	B,C	1,693	-1,693	—	—	
Total other income		7,803	-1,696	175	6,282	
Other expenses						
Interest charges	C	-1,599	-152	-45	-1,796	Financial expenses
Loss on disposal of property, plant and equipment and intangible assets	B	-420	420	—	—	
Others	B,C	-1,683	1,683	—	—	
Total other expenses		-3,702	1,951	-45	-1,796	
Ordinary income		-18,735	18,735	—	—	
Extraordinary gains		—	—	—	—	
Extraordinary losses		—	—	—	—	
Income (loss) before income taxes and minority interests		-18,735	—	12,497	-6,238	Profit before income taxes
Total income taxes	D	-1,227	—	-446	-1,673	Income tax expenses
Income (loss) before minority interests		-19,962	—	12,051	-7,911	Profit for the period
						Profit for the period attributable to:
		—	-21,983	12,832	-9,151	Owners of the parent
Minority interests in income (loss) of consolidated subsidiaries	E	2,021	—	-781	1,240	Non-controlling interests
		—	—	—	-7,911	Total
Net income (loss)		-21,983	21,983	—	—	

(Millions of Yen)

Presentation under JGAAP	Note	JGAAP	Reclassification	Recognition and Measurement	IFRS	Presentation under IFRS
Income (loss) before minority interests		-19,962	—	12,051	-7,911	Profit for the period
Other comprehensive income	F					Other comprehensive income
						Items that will not be reclassified to profit or loss
Remeasurements of defined benefit plans, net of taxes		451	—	41,485	41,936	Remeasurement of defined benefit plans
						Items that may be reclassified subsequently to profit or loss
Foreign currency translation adjustments		10,474	—	-7,804	2,670	Foreign currency translation adjustments
Deferred gains or losses on hedges, net of taxes		2	—	—	2	Cash flow hedges
Unrealized gain and loss on securities, net of taxes		5,945	—	1,289	7,234	Available-for-sale financial assets
Share of other comprehensive income of affiliates accounted for using the equity method		1,189	—	-4	1,185	Share of other comprehensive income of investments accounted for using the equity method
		—	—	-6,519	11,091	
Total other comprehensive income		18,061	—	34,966	53,027	Total other comprehensive income, net of taxes
Comprehensive income:		-1,901	—	47,017	45,116	Total comprehensive income for the period:
Attributable to:						Total comprehensive income for the period attributable to:
Owners of the parent		-4,755	—	44,796	40,041	Owners of the parent
Minority interests	G	2,854	—	2,221	5,075	Non-controlling interests
		-1,901	—	47,017	45,116	Total

Reconciliations to Comprehensive Income for the Year Ended March 31, 2014

(Millions of Yen)

Presentation under JGAAP	Note	JGAAP	Reclassification	Recognition and Measurement	IFRS	Presentation under IFRS
Net sales		4,762,445	—	—	4,762,445	Revenue
Cost of sales	A	-3,493,246	—	-603	-3,493,849	Cost of sales
Gross profit		1,269,199	—	-603	1,268,596	Gross profit
Selling, general and administrative expenses	A	-1,126,632	-826	29,962	-1,097,496	Selling, general and administrative expenses
	B	—	-62,353	38,528	-23,825	Other income (expenses)
Operating income		142,567	-63,179	67,887	147,275	Operating profit
Other income						
Interest income	C	1,998	13,098	190	15,286	Financial income
Dividend income	C	3,266	-3,266	—	—	
Equity in earnings of affiliates, net	C	6,546	1,515	281	8,342	Income from investments accounted for using the equity method, net
Gain on foreign exchange, net	C	4,101	-4,101	—	—	
Others	B	7,038	-7,038	—	—	
Total other income		22,949	208	471	23,628	
Other expenses						
Interest charges	C	-6,553	-3,058	-189	-9,800	Financial expenses
Loss on disposal of property, plant and equipment and intangible assets	B	-3,581	3,581	—	—	
Others	B,C	-14,712	14,712	—	—	
Total other expenses		-24,846	15,235	-189	-9,800	
Ordinary income		140,670	-140,670	—	—	
Extraordinary gains	B,C	11,573	-11,573	—	—	
Extraordinary losses	B	-59,309	59,309	—	—	
Income (loss) before income taxes and minority interests		92,934	—	68,169	161,103	Profit before income taxes
Total income taxes	D	-37,061	—	-2,032	-39,093	Income tax expenses
Income (loss) before minority interests		55,873	—	66,137	122,010	Profit for the year
						Profit for the year attributable to:
		—	48,610	64,605	113,215	Owners of the parent
Minority interests in income (loss) of consolidated subsidiaries	E	7,263	—	1,532	8,795	Non-controlling interests
					122,010	Total
Net income (loss)		48,610	-48,610			

(Millions of Yen)

Presentation under JGAAP	Note	JGAAP	Reclassification	Recognition and Measurement	IFRS	Presentation under IFRS
Income (loss) before minority interests		55,873	—	66,137	122,010	Profit for the year
Other comprehensive income	F					Other comprehensive income
						Items that will not be reclassified to profit or loss
Remeasurements of defined benefit plans, net of taxes		-25,088	—	56,525	31,437	Remeasurement of defined benefit plans
						Items that may be reclassified subsequently to profit or loss
Foreign currency translation adjustments		60,054	—	-52,785	7,269	Foreign currency translation adjustments
Deferred gains or losses on hedges, net of taxes		-55	—	—	-55	Cash flow hedges
Unrealized gain and loss on securities, net of taxes		10,810	—	1,122	11,932	Available-for-sale financial assets
Share of other comprehensive income of affiliates accounted for using the equity method		3,313	—	-347	2,966	Share of other comprehensive income of investments accounted for using the equity method
		—	—	-52,010	22,112	
Total other comprehensive income		49,034	—	4,515	53,549	Total other comprehensive income, net of taxes
Comprehensive income:		104,907	—	70,652	175,559	Total comprehensive income for the year:
Attributable to:						Total comprehensive income for the year attributable to:
Owners of the parent		95,912	—	65,619	161,531	Owners of the parent
Minority interests	G	8,995	—	5,033	14,028	Non-controlling interests
		104,907	—	70,652	175,559	Total

[Notes on the Reconciliations to Comprehensive Income for the Previous Fiscal Year's First Quarter (April 1- June 30, 2013)]

<u>A. Cost of Sales and Selling, General and Administrative Expenses</u>

Reclassification: 1,397 million yen in one-time expenses that do not arise in the normal operating cycle, which were included in selling, general and administrative expenses under Japanese accounting standards, have been reclassified as other expenses, resulting in a decline in selling, general and administrative expenses of 1,397 million yen.

Recognition and Measurement: Fujitsu and its consolidated subsidiaries in Japan that have defined benefit plans have, as of the date of transition to IFRS, applied IAS 19. As a result, with respect to remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses), when any positive or negative difference occurs, it is recognized, after adjusting for tax effects, under other comprehensive income in remeasurement of defined benefit plans, and the amount by which the plan is either overfunded or underfunded is recorded as the net defined benefit asset or liability. Any actuarial gains and losses on defined benefit plans that are recognized in other comprehensive income are immediately reflected in retained earnings. In accordance with these changes, with respect to the actuarial gains and losses that were amortized under Japanese accounting standards, the amortization expenses are reversed under IFRS. In addition, past service costs that were amortized under Japanese accounting standards before the date of transition to IFRS, are immediately recognized when they occur under IFRS and have been reclassified into retained earnings, after adjusting for tax effects, as of the date of transition to IFRS. Moreover, recognition of the net interest on the net defined benefit liability (asset) replaces recognition of the interest cost and the expected return on plan assets previously required. As a result of these changes, cost of sales has increased by 620 million yen, and selling, general and administrative expenses have decreased by 1,319 million yen.

As of the beginning of the 2013 fiscal year, Fujitsu's subsidiaries outside of Japan have applied IAS 19. As a result, they switched to a method whereby remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) were recognized in other comprehensive income, but were not reclassified to profit or loss. In, however, the process of consolidation based on "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan, Practical Issues Task Force, No. 18 dated February 19, 2010), remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) were amortized over the employees' average remaining service period. In accordance with the Fujitsu Group's transition to IFRS, the adjustments described above are no longer necessary. As a result, selling, general and administrative expenses have been reduced by 4,283 million yen.

Goodwill is amortized over a certain period under Japanese accounting standards, but there is no periodic amortization of goodwill under IFRS. In addition, negative goodwill that, under Japanese accounting standards, was included in goodwill because the amount was deemed to be insignificant, has been reclassified into retained earnings as of the date of transition to IFRS. As a result of these adjustments, selling, general and administrative expenses have been reduced by 2,491 million yen.

With respect to sales of computers with repurchase agreements, under Japanese accounting standards, all revenue is recorded at the time of sale. At the same time, to provide for potential future losses at the time of repurchase, a provision for loss on repurchases is recorded using the amount of expected losses on repurchases based on historical data. Under IFRS, profits from this transaction are recognized over the service period. Instead of recording the cost in a lump sum, the cost is recorded in property, plant and equipment and depreciated as cost of sales over the service period. In addition, the amount of provision for loss on repurchase of computers is reversed. As a result of these adjustments, cost of sales has been reduced by 874 million yen.

Under Japanese accounting standards, government grants were accounted for either by being netted with the balance of property, plant and equipment or by eliminating the amount of the grants from the actual expense incurred. Under IFRS, however, government grants are recorded as deferred income. As a result, the depreciation expense to property, plant and equipment that is recognized as cost of sales has increased by 6 million yen and the depreciation expense to property, plant and equipment that is recognized as selling, general and administrative expenses has increased by 117 million yen.

As a result of the adjustments described above, cost of sales has been reduced by 248 million yen, and selling, general and administrative expenses have been reduced by 7,976 million yen.

B. Other Income (Expenses)

Reclassification: A total of 3,500 million yen, comprised under Japanese accounting standards of 1,397 million yen in one-time expenses that do not arise in the normal operating cycle and that were recorded in selling, general and administrative expenses, 1,683 million yen in other expenses that were recorded under “Others,” and 420 million yen in other expenses recorded as a loss on the disposal of property, plant and equipment, has been reclassified and recorded as a reduction to other income. A total of 2,234 million yen, comprised under Japanese accounting standards of 1,693 million yen in other income recorded under “Others” and 541 million yen of gain on sales of investment securities, representing the impact of an equity transaction of a consolidated subsidiary outside of Japan, has been reclassified and recorded as an increase to other income. Of these amounts, 152 million yen in financial expenses and 538 million yen in financial income have been transferred out of other income and recorded in financial expenses and financial income, respectively, thereby reducing other income by 386 million yen. As a result of these changes, other income has been reduced by 1,652 million yen.

Recognition and Measurement: For a partial buyout in the retirement benefit plan of a European subsidiary, the actuarial gains and losses of 4,550 million yen stemming from the buyout was accounted for in profit or loss as a one-time write-off under Japanese accounting

standards. Under IFRS, unrecognized actuarial gains and losses are recognized in other comprehensive income without, however, a corresponding reclassification to profit or loss. As a result, the 4,550 million yen that had been subtracted from other income as an expense is added back, causing other income to increase by 4,550 million yen. In addition, because of an adjustment to the “Others” account, other income was reduced by 407 million yen.
As a result of the adjustments described above, other income has been increased by 4,143 million yen.

C. Financial Income and Financial Expenses, and Income from Investments Accounted for Using the Equity Method, Net

Reclassification: A total of 4,650 million yen, comprised of 1,982 million yen in dividend income, 920 million yen in gains on foreign exchange, net, 1,210 million yen in gains on sales of investment securities, excluding equity transactions, and 538 million yen in financial income (representing the portion of “Others” under other income that could not, under IFRS, be reclassified as other income), has been reclassified as financial income under IFRS.
In addition, 152 million yen in financial expenses (representing the portion of “Others” under other expenses that could not, under IFRS, be reclassified as other expenses) has been reclassified as financial expenses under IFRS.

Recognition and Measurement: IFRS has been applied to equity method affiliates, causing their equity to increase. As a result, income from investments accounted for using the equity method, net, has increased by 175 million yen. In addition, financial expenses have increased by 45 million yen primarily because of the application of the effective cost method in measuring corporate bonds at their amortized cost.

D. Income Tax Expenses

Recognition and Measurement: With respect to the tax effects arising from elimination of intercompany unrealized gains, income tax expenses are deferred based on the sellers’ tax amounts under Japanese accounting standards, whereas under IFRS intercompany unrealized gains are treated as temporary differences associated with the purchasers’ assets and the tax effects are recognized as deferred tax assets using the purchasers’ tax rates after a study of the recoverability of the deferred tax assets. As a result, income tax expenses have increased by 118 million yen. In addition, as a result of recording deferred tax assets and liabilities arising out of measurement differences, income tax expenses have increased by 328 million yen. The effect of these adjustments has been to increase income tax expenses by 446 million yen.

E. Non-controlling Interests (Profit for the period)

Recognition and Measurement: As a result of calculating the impact on non-controlling interests arising from recognition and measurement differences, profit for the period attributable to non-controlling interests has decreased by 781 million yen. Under IFRS the amount of losses of a subsidiary is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance, whereas under Japanese accounting standards the amount is only attributed to the owners of the parent in that circumstance.

F. Other Comprehensive Income

Recognition and Measurement:

Remeasurement of Defined Benefit Plans

For the gains and losses on remeasurements of the defined benefit plans, after adjusting for tax effects, 41,485 million yen is recognized in other comprehensive income.

Foreign Currency Translation Adjustments

7,804 million yen in foreign currency translation adjustments arising from remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) of subsidiaries outside of Japan is recognized in other comprehensive income.

Available-for-sale Financial Assets

Available-for-sale financial assets are measured at fair value in accordance with IFRS, and for the change in the fair value since the end of the prior reporting period, after adjusting for tax effects, 1,289 million yen is recognized in other comprehensive income.

Share of Other Comprehensive Income of Investments Accounted for Using the Equity Method

IFRS was applied to equity method affiliates, and because this caused their other comprehensive income to decline, the Company's share of other comprehensive income of the affiliates has been reduced by 4 million yen.

G. Non-controlling Interests (Total comprehensive income for the period)

Recognition and Measurement:

As a result of calculating the impact on non-controlling interests arising from recognition and measurement differences, total comprehensive income for the period attributable to non-controlling interests has increased by 2,221 million yen.

[Notes on the Reconciliations to Comprehensive Income for the Previous Fiscal Year (April 1, 2013 – March 31, 2014)]

A. Cost of Sales and Selling, General and Administrative Expenses

Reclassification:

826 million yen in one-time income that do not arise in the normal operating cycle, which was included in selling, general and administrative expenses under Japanese accounting standards, has been reclassified as other income, resulting in an increase in selling, general and administrative expenses of 826 million yen.

Recognition and Measurement:

Fujitsu and its consolidated subsidiaries in Japan that have defined benefit plans have, as of the date of transition to IFRS, applied IAS 19. As a result, with respect to remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses), when any positive or negative difference occurs, it is recognized, after adjusting for tax effects, under other comprehensive income in remeasurement of defined benefit plans, and the amount by which the plan is either overfunded or underfunded is recorded as the net defined benefit asset or liability. Any gains and losses on remeasurements of the defined benefit plans that are recognized in other comprehensive income are immediately reflected in retained earnings. In accordance with these changes, with respect to the actuarial gains and losses that were amortized under Japanese accounting standards, the amortization expenses are reversed under IFRS. In addition, past service costs that were amortized under Japanese accounting standards before the date of transition to IFRS, are immediately recognized when they occur under IFRS and have been reclassified into retained earnings, after adjusting for tax effects, as of the date of transition to IFRS. Moreover, recognition of the net interest on the net defined benefit liability (asset) replaces recognition of the interest cost and the expected return on plan assets previously required. As a result of these changes, cost of sales has increased by 1,827 million yen, and selling, general and administrative expenses have decreased by 5,410 million yen.

As of the beginning of the 2013 fiscal year, Fujitsu's subsidiaries outside of Japan have applied IAS 19. As a result, they switched to a method whereby remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) were recognized in other comprehensive income, but were not reclassified to profit or loss. In, however, the process of consolidation based on "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan, Practical Issues Task Force, No. 18 dated February 19, 2010), remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) were amortized over the employees' average remaining service period. In accordance with the Fujitsu Group's transition to IFRS, the adjustments described above are no longer necessary. As a result, selling, general and administrative expenses have been reduced by 17,768 million yen.

Goodwill is amortized over a certain period under Japanese accounting standards, but there is no periodic amortization of goodwill under IFRS. In addition, negative goodwill that, under Japanese accounting standards, was included in goodwill because the amount was deemed to be insignificant, has been reclassified into retained earnings as of the date of transition to IFRS. As a result of these adjustments, selling, general and administrative expenses have been reduced by 9,712 million yen.

With respect to sales of computers with repurchase agreements, under Japanese accounting standards, all revenue is recorded at the time of sale. At the same time, to provide for potential future losses at the time of repurchase, a provision for loss on repurchases is recorded using the amount of expected losses on repurchases based on historical data. Under IFRS, profits from this transaction are recognized over the service period. Instead of recording the cost in a lump sum, the cost is recorded in property, plant and equipment and depreciated as cost of sales over the service period. In addition, the amount of provision for loss on repurchase of computers is reversed. As a result of these adjustments, cost of sales has been reduced by 1,551 million yen.

Under Japanese accounting standards, government grants were accounted for either by being netted with the balance of property, plant and equipment or by eliminating the amount of the grants from the actual expense incurred. Under IFRS, however, government grants are recorded as deferred revenue. As a result, the depreciation expense to property, plant and equipment that is recognized as cost of sales has increased by 332 million yen and the depreciation expense to property, plant and equipment that is recognized as selling, general and administrative expenses has increased by 3,034 million yen.

In addition, as a result of adjustments in the "Others" account, cost of sales has been reduced by 5 million yen and selling, general and administrative expenses have been reduced by 106 million yen.

As a result of the adjustments described above, cost of sales has been increased by 603 million yen, and selling, general and administrative expenses have been reduced by 29,962 million yen.

B. Other Income (Expenses)

Reclassification: A total of 13,131 million yen, comprised under Japanese accounting standards of 826 million yen in one-time income that do not arise in the normal operating cycle and that was recorded in selling, general and administrative expenses, 7,038 million yen in other income that was recorded under "Others," 4,726 million yen in gain on sales of property, plant and equipment that was included in extraordinary gains of 11,573 million yen, and 541 million yen from an equity transaction at a subsidiary outside of Japan, which was included in gain on sale of investment securities under extraordinary gains, has been reclassified and recorded as an increase to other income. A total of 77,602 million yen, comprised under Japanese accounting standards of 3,581 million yen in losses on the disposal of property, plant and equipment, 59,309 million yen in extraordinary losses, and 14,712 million yen in other expenses recorded under "Others" has been reclassified and recorded as a reduction to other income. Of these amounts, 3,058 million yen in financial expenses and 940 million yen in financial income have been transferred out of other income and recorded in financial expenses and income, respectively, thereby increasing other income by 2,118 million yen.

As a result of these changes, other income has been reduced by 62,353 million yen.

Recognition and Measurement: For a partial buyout in the retirement benefit plan of a European subsidiary, the actuarial gains and losses of 4,550 million yen stemming from the buyout was accounted for in profit or loss as a one-time write-off under Japanese accounting standards. Under IFRS, unrecognized actuarial gains and losses are recognized in other comprehensive income without, however, a corresponding reclassification to profit or loss. As a result, the 4,550 million yen that had been subtracted from other income as an expense is added back, causing other income to increase by 4,550 million yen.

With respect to the loss of 21,651 million yen incurred on realization of foreign currency translation adjustments stemming from the liquidation of Fujitsu Management Services of America, Inc., a US consolidated subsidiary, it was recognized as an extraordinary loss under Japanese accounting standards, but it is reclassified as other income (expenses) under IFRS. Because the balance of foreign currency translation adjustments was deemed to be zero as of the date of transition to IFRS, the balance of 23,180 million yen as of the transition date is recognized as an increase to other income under IFRS.

With respect to the positive impact on past service costs arising as a result of revisions to the pension plans of some of the consolidated subsidiaries in Japan, because, under IFRS, the effects are immediately recognized when they occur, 7,670 million yen is recognized as an increase to other income.

In addition, as a result of adjustments in the “Others” account, 3,128 million yen is recognized in other income as an expense that has been added back.

As a result of the adjustments described above, other income has increased by 38,528 million yen.

C. Financial Income and Financial Expenses

Reclassification: A total of 13,098 million yen, comprised of 3,266 million yen in dividend income, 4,101 million yen in gains on foreign exchange, net, 4,791 million yen in gains on sales of investment securities excluding the impact on the equity transaction, which was included in extraordinary gains of 11,573 million yen, 940 million yen in financial income that was not transferred to other income, has been reclassified as financial income under IFRS.

In addition, 3,058 million yen that was included in other expenses under Japanese accounting standards, has been reclassified as financial expenses under IFRS.

Moreover, 1,515 million yen in gains on sales of investments in affiliate, which was included in extraordinary gains under Japanese accounting standards, has been reclassified as income from investments accounted for using the equity method, net under IFRS.

Recognition and Measurement: Available-for-sale financial assets are measured at fair value in accordance with IFRS, which caused higher valuation losses than those that were recorded under Japanese accounting standards. Accordingly, on the sale of those available-for-sale financial assets, the financial income has increased by 190 million yen under IFRS.

IFRS has been applied to equity method affiliates, causing their equity to increase. As a result, income from investments accounted for using the equity method, net, has increased by 281 million yen. In addition, financial expenses have increased by 189 million yen because of the additional recognition of 196 million yen in valuation losses on available-for-sale financial assets and the reduction of 7 million yen in expenses recorded in the “Others” account.

D. Income Tax Expenses

Recognition and Measurement:

With respect to the tax effects arising from elimination of intercompany unrealized gains, income tax expenses are deferred based on the sellers’ tax amounts under Japanese accounting standards, whereas under IFRS intercompany unrealized gains are treated as temporary differences associated with the purchasers’ assets and the tax effects are recognized as deferred tax assets using the purchasers’ tax rates after a study of the recoverability of the deferred tax assets. As a result, income tax expenses have decreased by 388 million yen. In addition, as a result of recording deferred tax assets and liabilities arising out of measurement differences, income tax expenses have increased by 2,420 million yen. The effect of these adjustments has been to increase income tax expenses by 2,032 million yen.

E. Non-controlling Interests (Profit for the year)

Recognition and Measurement:

As a result of calculating the impact on non-controlling interests arising from recognition and measurement differences, profit for the period attributable to non-controlling interests has increased by 1,532 million yen. Under IFRS the amount of losses of a subsidiary is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance, whereas under Japanese accounting standards the amount is only attributed to the owners of the parent in that circumstance.

F. Other Comprehensive Income

Recognition and Measurement:

Remeasurement of Defined Benefit Plans

For the gains and losses on remeasurements of the defined benefit plans, after adjusting for tax effects, 56,525 million yen is recognized in other comprehensive income.

Foreign Currency Translation Adjustments

In accordance with the liquidation of Fujitsu Management Services of America, Inc., a US consolidated subsidiary, there was a realization of foreign currency adjustments at the time of liquidation under Japanese accounting standards, but because the balance of foreign currency translation adjustments of 23,180 million yen is deemed to be zero at the date of transition to IFRS, the realization of foreign currency translation adjustments of 23,180 million yen under Japanese accounting standards is reversed.

In addition, 29,605 million yen in foreign currency translation adjustments arising from the remeasurements of the net defined benefit liability (asset) (such as actuarial gains and losses) of the consolidated subsidiaries outside of Japan is recognized in other comprehensive income.

As a result of these adjustments, foreign currency translation adjustments have been reduced by 52,785 million yen.

Available-for-sale Financial Assets
Available-for-sale financial assets are measured at fair value in accordance with IFRS, and for the change in the fair value since the end of the prior reporting period, after adjusting for tax effects, 1,122 million yen is recognized in other comprehensive income.

Share of Other Comprehensive Income of Investments Accounted for Using the Equity Method
IFRS was applied to equity method affiliates, and because this caused their other comprehensive income to decline, the Company's share of other comprehensive income of the affiliates has been reduced by 347 million yen.

G. Non-controlling Interests (Total comprehensive income for the year)

Recognition and Measurement: As a result of calculating the impact on non-controlling interests arising from recognition and measurement differences, total comprehensive income for the period attributable to non-controlling interests has increased by 5,033 million yen.

Reconciliations to the Consolidated Statement of Cash Flows for the Previous Fiscal Year's First Quarter (April 1 – June 30, 2013) and the Previous Fiscal Year (April 1, 2013 – March 31, 2014)

There are no significant differences between the consolidated statement of cash flows under Japanese accounting standards and the consolidated statement of cash flows under IFRS.