



HOYA Corporation and its Subsidiaries
Consolidated Financial Statements under IFRSs
and Independent Auditor's Report

For the year ended 31 March 2015

HOYA Corporation

Contents

Independent Auditor's Report.....	3
Consolidated Statement of Financial Position.....	4
Consolidated Statement of Comprehensive Income.....	6
Consolidated Statement of Changes in Equity.....	8
Consolidated Statement of Cash Flows.....	13
Notes to the Consolidated Financial Statements.....	15
1. General information.....	15
2. Basis of consolidated financial statements.....	15
3. Significant accounting policies.....	23
4. Critical accounting judgements and key sources of estimation uncertainty.....	39
5. Operating segment information.....	40
6. Property, plant and equipment.....	45
7. Goodwill and intangible assets.....	49
8. Impairment losses.....	52
9. Investments in associates.....	56
10. Deferred taxes and income taxes.....	57
11. Other financial assets and liabilities.....	62
12. Other assets and liabilities.....	63
13. Inventories.....	65
14. Trade and other receivables.....	65
15. Cash and cash equivalents.....	66
16. Interest-bearing debt.....	67
17. Finance lease obligations.....	68
18. Operating lease arrangements.....	69
19. Retirement benefit plans.....	70
20. Provisions.....	74
21. Trade and other payables.....	75
22. Share capital and other equity items.....	76
23. Financial instruments.....	79
24. Share-based payments.....	95
25. Revenue and expenses (excluding finance income and costs).....	98
26. Finance income and costs.....	100
27. Other comprehensive income.....	101
28. Earnings per share.....	103
29. Non-cash transactions.....	104
30. Subsidiaries.....	105
31. Related party disclosures.....	111
32. Business combinations.....	111
33. Contingent liabilities.....	112
34. Commitments for expenditure.....	112
35. Subsequent events.....	112
36. Approval of financial statements.....	112

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of HOYA CORPORATION:

We have audited the accompanying consolidated financial statements of HOYA CORPORATION and its subsidiaries, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of HOYA CORPORATION and its subsidiaries as at 31 March 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

3 June 2015

Consolidated Statement of Financial Position

HOYA Corporation and its Subsidiaries

As at 31 March 2015

	Notes	(Millions of Yen) As at 31 March 2014	(Millions of Yen) As at 31 March 2015	(Thousands of U.S. Dollars (Note 2)) As at 31 March 2015
<u>ASSETS</u>				
NON-CURRENT ASSETS:				
Property, plant and equipment—net	6,8,34	129,513	128,191	1,066,749
Goodwill	7,8	10,961	9,970	82,967
Intangible assets	7,8,34	23,947	19,661	163,607
Investments in associates	9	140	186	1,544
Long-term financial assets	11,23	9,062	7,037	58,556
Other non-current assets	12,19	2,527	3,020	25,131
Deferred tax assets	10	13,421	12,102	100,705
Total non-current assets		189,571	180,166	1,499,261
CURRENT ASSETS:				
Inventories	13	62,647	68,925	573,564
Trade and other receivables	14,23	95,529	99,198	825,480
Other short-term financial assets	11,23	10,492	20,071	167,021
Income tax receivables		982	312	2,594
Other current assets	12	13,970	16,241	135,148
Cash and cash equivalents	15,23	331,094	348,819	2,902,715
Total current assets		514,712	553,566	4,606,522
Total assets		704,283	733,732	6,105,783

		(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	Notes	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
<u>EQUITY AND LIABILITIES</u>				
<u>EQUITY</u>				
Share capital	22(1)	6,264	6,264	52,128
Capital reserves	22(1)	15,899	15,899	132,301
Treasury shares	22(2)	(8,890)	(5,932)	(49,363)
Other capital reserves	22(2),24	(2,839)	(3,736)	(31,093)
Retained earnings	22(3),35	516,243	547,162	4,553,236
Accumulated other comprehensive income/(loss)		9,850	30,357	252,617
Equity attributable to owners of the Company		536,526	590,014	4,909,825
Non-controlling interests	22(4)	6,121	6,081	50,603
Total equity		542,648	596,095	4,960,428
<u>LIABILITIES</u>				
NON-CURRENT LIABILITIES:				
Interest-bearing long-term debt	16,17,23	35,829	35,528	295,649
Other long-term financial liabilities	11,23	—	667	5,551
Retirement benefits liabilities	19	1,675	2,098	17,455
Provisions	20	2,155	2,262	18,827
Other non-current liabilities	12	2,188	1,010	8,407
Deferred tax liabilities	10	2,911	2,205	18,346
Total non-current liabilities		44,758	43,770	364,235
CURRENT LIABILITIES:				
Interest-bearing short-term debt	16,17,23	27,450	2,033	16,915
Trade and other payables	21,23	40,291	41,247	343,236
Other short-term financial liabilities	11,23	152	2,896	24,099
Income tax payables		13,369	10,913	90,810
Provisions	20	955	1,063	8,847
Other current liabilities	12	34,660	35,716	297,213
Total current liabilities		116,877	93,867	781,120
Total liabilities		161,635	137,637	1,145,355
Total equity and liabilities		704,283	733,732	6,105,783

Consolidated Statement of Comprehensive Income

HOYA Corporation and its Subsidiaries

For the year ended 31 March 2015

	Notes	(Millions of Yen) For the year ended 31 March 2014	(Millions of Yen) For the year ended 31 March 2015	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2015
Continuing operations				
Revenue:				
Sales	25	427,575	489,961	4,077,229
Finance income	26	1,849	2,296	19,107
Other income	25	5,453	3,476	28,926
Total revenue		434,877	495,733	4,125,262
Expenses:				
Changes in inventories of goods, products and work in progress		7,038	(479)	(3,982)
Raw materials and consumables used		84,135	91,862	764,433
Employee benefits expense	19,24,25	102,759	115,218	958,791
Depreciation and amortisation	6,7,25	33,891	34,852	290,021
Subcontracting cost		4,737	6,317	52,568
Advertising and promotion expense		11,769	12,363	102,883
Commission expense	25	20,460	23,521	195,734
Impairment losses	8	4,770	286	2,379
Finance costs	19,26	1,309	1,209	10,060
Share of loss of associates	9	268	10	80
Foreign exchange (gain)/loss	25	(8,496)	(11,840)	(98,529)
Other expenses	6,7,18,25	86,749	104,165	866,812
Total expenses		349,391	377,484	3,141,250
Profit before tax		85,486	118,249	984,012
Income tax expense	10	25,347	25,308	210,602
Profit for the year from continuing operations		60,140	92,941	773,411
Profit for the year		60,140	92,941	773,411
Other comprehensive income/(loss):	27			
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Remeasurements of the net defined benefit liability (asset)		81	(206)	(1,712)
Income tax relating to components of other comprehensive income/(loss)	10	(15)	39	322
Subtotal		66	(167)	(1,390)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net gain/(loss) on revaluation of available-for-sale financial assets		(185)	(698)	(5,809)
Exchange differences on translation of foreign operations		34,488	21,272	177,019
Income tax relating to components of other comprehensive income	10	(89)	(236)	(1,960)
Subtotal		34,214	20,339	169,250
Total other comprehensive income/(loss)		34,281	20,172	167,860
Total comprehensive income for the year		94,420	113,112	941,270

	Notes	(Millions of Yen) For the year ended 31 March 2014	(Millions of Yen) For the year ended 31 March 2015	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2015
Profit attributable to:				
Owners of the Company		58,390	92,804	772,273
Non-controlling interests		1,750	137	1,137
Total		60,140	92,941	773,411
Total comprehensive income/(loss) attributable to:				
Owners of the Company		92,548	113,144	941,533
Non-controlling interests		1,873	(32)	(262)
Total		94,420	113,112	941,270

	Notes	(Yen) For the year ended 31 March 2014	(Yen) For the year ended 31 March 2015	(U.S. Dollars(Note 2)) For the year ended 31 March 2015
Basic earnings per share	28			
Continuing operations		135.26	218.23	1.82
Discontinued operations		—	—	—
Basic earnings per share		135.26	218.23	1.82
Diluted earnings per share	28			
Continuing operations		135.04	217.63	1.81
Discontinued operations		—	—	—
Diluted earnings per share		135.04	217.63	1.81

Consolidated Statement of Changes in Equity

HOYA Corporation and its Subsidiaries

For the year ended 31 March 2015

(Millions of Yen)

	Notes	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
Balance at 1 April 2013		6,264	15,899	(10,712)	(2,313)	485,836
Total comprehensive income/(loss) for the year						
Profit for the year						58,390
Other comprehensive income/(loss)	27					
Total comprehensive income/(loss) for the year						58,390
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	22(2)			(5)		
Disposal of treasury shares	22(2)			1,827	(768)	
Dividends, 65 yen per share	22(3)					(28,050)
Change in non-controlling interests	22(4)					
Share-based payments (stock option)	24				242	
Transfer to retained earnings						66
Total contributions by and distributions to owners		—	—	1,822	(527)	(27,983)
Total transactions with owners		—	—	1,822	(527)	(27,983)
Balance at 31 March 2014		6,264	15,899	(8,890)	(2,839)	516,243
Total comprehensive income/(loss) for the year						
Profit for the year						92,804
Other comprehensive income/(loss)	27					
Total comprehensive income/(loss) for the year						92,804
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	22(2)			(30,005)	(30)	
Disposal of treasury shares	22(2)			3,390	(1,253)	
Cancellation of treasury shares	22(2)			29,573		(29,573)
Dividends, 75 yen per share	22(3)					(32,145)
Share-based payments (stock option)	24				386	
Transfer to retained earnings						(167)
Total contributions by and distributions to owners		—	—	2,958	(897)	(61,885)
Total transactions with owners		—	—	2,958	(897)	(61,885)
Balance at 31 March 2015		6,264	15,899	(5,932)	(3,736)	547,162

(Millions of Yen)

	Notes	Net gain/(loss)	Exchange differences	Remeasurements of	Accumulated other
		on revaluation of available-for-sale financial assets	on translation of foreign operations	the net defined benefit liability (asset)	comprehensive income/(loss)
Balance at 1 April 2013		555	(24,797)	—	(24,241)
Total comprehensive income/(loss) for the year					
Profit for the year					
Other comprehensive income/(loss)	27	(114)	34,205	66	34,158
Total comprehensive income/(loss) for the year		(114)	34,205	66	34,158
Transactions with owners					
Contributions by and distributions to owners					
Acquisition of treasury shares	22(2)				
Disposal of treasury shares	22(2)				
Dividends, 65 yen per share	22(3)				
Change in non-controlling interests	22(4)				
Share-based payments (stock option)	24				
Transfer to retained earnings				(66)	(66)
Total contributions by and distributions to owners		—	—	(66)	(66)
Total transactions with owners		—	—	(66)	(66)
Balance at 31 March 2014		442	9,408	—	9,850
Total comprehensive income/(loss) for the year					
Profit for the year					
Other comprehensive income/(loss)	27	(449)	20,956	(167)	20,340
Total comprehensive income/(loss) for the year		(449)	20,956	(167)	20,340
Transactions with owners					
Contributions by and distributions to owners					
Acquisition of treasury shares	22(2)				
Disposal of treasury shares	22(2)				
Cancellation of treasury shares	22(2)				
Dividends, 75 yen per share	22(3)				
Share-based payments (stock option)	24				
Transfer to retained earnings				167	167
Total contributions by and distributions to owners		—	—	167	167
Total transactions with owners		—	—	167	167
Balance at 31 March 2015		(7)	30,364	—	30,357

(Millions of Yen)

	Notes	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 April 2013		470,733	(187)	470,547
Total comprehensive income/(loss) for the year				
Profit for the year		58,390	1,750	60,140
Other comprehensive income/(loss)	27	34,158	123	34,281
Total comprehensive income/(loss) for the year		92,548	1,873	94,420
Transactions with owners				
Contributions by and distributions to owners				
Acquisition of treasury shares	22(2)	(5)		(5)
Disposal of treasury shares	22(2)	1,058		1,058
Dividends, 65 yen per share	22(3)	(28,050)	(6)	(28,055)
Change in non-controlling interests	22(4)		4,441	4,441
Share-based payments (stock option)	24	242		242
Transfer to retained earnings		—		—
Total contributions by and distributions to owners		(26,754)	4,435	(22,319)
Total transactions with owners		(26,754)	4,435	(22,319)
Balance at 31 March 2014		536,526	6,121	542,648
Total comprehensive income/(loss) for the year				
Profit for the year		92,804	137	92,941
Other comprehensive income/(loss)	27	20,340	(168)	20,172
Total comprehensive income/(loss) for the year		113,144	(32)	113,112
Transactions with owners				
Contributions by and distributions to owners				
Acquisition of treasury shares	22(2)	(30,035)		(30,035)
Disposal of treasury shares	22(2)	2,137		2,137
Cancellation of treasury shares	22(2)	—		—
Dividends, 75 yen per share	22(3)	(32,145)	(9)	(32,154)
Share-based payments (stock option)	24	386		386
Transfer to retained earnings		—		—
Total contributions by and distributions to owners		(59,657)	(9)	(59,665)
Total transactions with owners		(59,657)	(9)	(59,665)
Balance at 31 March 2015		590,014	6,081	596,095

Consolidated Statement of Changes in Equity

HOYA Corporation and its Subsidiaries

For the year ended 31 March 2015-Continued

(Thousands of U.S. Dollars (Note 2))

	Notes	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
Balance at 31 March 2014		52,128	132,301	(73,979)	(23,627)	4,295,938
Total comprehensive income/(loss) for the year						
Profit for the year						772,273
Other comprehensive income/(loss)	27					
Total comprehensive income/(loss) for the year						772,273
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	22(2)			(249,691)	(250)	
Disposal of treasury shares	22(2)			28,214	(10,430)	
Cancellation of treasury shares	22(2)			246,092		(246,092)
Dividends, 75 yen per share	22(3)					(267,493)
Share-based payments (stock option)	24				3,214	
Transfer to retained earnings						(1,390)
Total contributions by and distributions to owners		—	—	24,615	(7,466)	(514,975)
Total transactions with owners		—	—	24,615	(7,466)	(514,975)
Balance at 31 March 2015		52,128	132,301	(49,363)	(31,093)	4,553,236

(Thousands of U.S. Dollars (Note 2))

	Notes				
		Net gain/(loss) on revaluation of available-for-sale financial assets	Exchange differences on translation of foreign operations	Remeasurements of the net defined benefit liability (asset)	Accumulated other comprehensive income/(loss)
Balance at 31 March 2014		3,675	78,292	—	81,967
Total comprehensive income/(loss) for the year					
Profit for the year					
Other comprehensive income/(loss)	27	(3,734)	174,384	(1,390)	169,259
Total comprehensive income/(loss) for the year		(3,734)	174,384	(1,390)	169,259
Transactions with owners					
Contributions by and distributions to owners					
Acquisition of treasury shares	22(2)				
Disposal of treasury shares	22(2)				
Cancellation of treasury shares	22(2)				
Dividends, 75 yen per share	22(3)				
Share-based payments (stock option)	24				
Transfer to retained earnings				1,390	1,390
Total contributions by and distributions to owners		—	—	1,390	1,390
Total transactions with owners		—	—	1,390	1,390
Balance at 31 March 2015		(59)	252,676	—	252,617

(Thousands of U.S. Dollars (Note 2))

	Notes	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 31 March 2014		4,464,728	50,938	4,515,666
Total comprehensive income/(loss) for the year				
Profit for the year		772,273	1,137	773,411
Other comprehensive income/(loss)	27	169,259	(1,400)	167,860
Total comprehensive income/(loss) for the year		941,533	(262)	941,270
Transactions with owners				
Contributions by and distributions to owners				
Acquisition of treasury shares	22(2)	(249,941)		(249,941)
Disposal of treasury shares	22(2)	17,784		17,784
Cancellation of treasury shares	22(2)	—		—
Dividends, 75 yen per share	22(3)	(267,493)	(74)	(267,567)
Share-based payments (stock option)	24	3,214		3,214
Transfer to retained earnings		—		—
Total contributions by and distributions to owners		(496,436)	(74)	(496,509)
Total transactions with owners		(496,436)	(74)	(496,509)
Balance at 31 March 2015		4,909,825	50,603	4,960,428

Consolidated Statement of Cash Flows

HOYA Corporation and its Subsidiaries

For the year ended 31 March 2015

	Notes	(Millions of Yen) For the year ended 31 March 2014	(Millions of Yen) For the year ended 31 March 2015	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2015
Cash flows from operating activities				
Profit before tax		85,486	118,249	984,012
Depreciation and amortisation		33,891	34,852	290,021
Impairment losses		4,770	286	2,379
Finance income		(1,849)	(2,296)	(19,107)
Finance costs		1,309	1,209	10,060
Share of (profits)/loss of associates		268	10	80
(Gain)/loss on sales of property, plant and equipment		(658)	(612)	(5,091)
Loss on disposal of property, plant and equipment		450	282	2,348
Foreign exchange (gain)/loss		(6,822)	(12,559)	(104,510)
Others		3,921	4,776	39,741
Cash generated from operations (before movements in working capital)		120,767	144,196	1,199,933
Movements in working capital				
Decrease/(increase) in inventories		11,785	(701)	(5,837)
Decrease/(increase) in trade and other receivables		(4,548)	(736)	(6,129)
Increase/(decrease) in trade and other payables		(2,171)	(314)	(2,612)
Increase/(decrease) in retirement benefits liabilities and provisions		215	(349)	(2,903)
Subtotal		126,048	142,095	1,182,452
Interests received		1,065	1,399	11,645
Dividends received		56	53	444
Interests paid		(1,238)	(1,001)	(8,329)
Income taxes paid		(24,492)	(27,354)	(227,630)
Income taxes refunded		1,231	187	1,559
Net cash generated from operating activities		102,670	115,380	960,141
Cash flows from investing activities				
Withdrawals of time deposits		6,098	14,082	117,184
Payments for time deposits		(9,087)	(14,988)	(124,720)
Proceeds from sales of property, plant and equipment		950	2,118	17,629
Payments for acquisition of property, plant and equipment		(16,546)	(18,385)	(152,989)
Proceeds from sales of investment		1,007	1,920	15,973
Payments for acquisition of investment		—	(58)	(483)
Payments for acquisition of subsidiaries		(6,390)	(281)	(2,340)
Payments to non-controlling interests upon merger		(4)	(2)	(14)
Payments for business transfer		—	(1,855)	(15,437)
Payments for loan to affiliates	31	(1,996)	(8,500)	(70,733)
Other proceeds		7,339	611	5,083
Other payments		(2,254)	(2,050)	(17,056)
Net cash used in investing activities		(20,882)	(27,387)	(227,902)

Consolidated Statement of Cash Flows
HOYA Corporation and its Subsidiaries
For the year ended 31 March 2015-Continued

	Notes	(Millions of Yen) For the year ended 31 March 2014	(Millions of Yen) For the year ended 31 March 2015	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2015
Cash flows from financing activities				
Dividends paid to owners of the Company		(28,101)	(32,103)	(267,145)
Dividends paid to non-controlling interests		(6)	(9)	(77)
Increase/(decrease) in short-term debt		(2)	(215)	(1,791)
Repayments of long-term borrowings		(505)	(578)	(4,808)
Payments for redemption of bonds	16	(234)	(25,126)	(209,087)
Proceeds from disposal of treasury shares	22(2)	—	0	3
Payments for purchase of treasury shares	22(2)	(5)	(30,035)	(249,941)
Proceeds from exercise of stock options		1,058	2,137	17,780
Net cash used in financing activities		(27,794)	(85,929)	(715,064)
Net increase/(decrease) in cash and cash equivalents		53,994	2,064	17,175
Cash and cash equivalents at the beginning of the year		248,896	331,094	2,755,211
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies		28,204	15,662	130,330
Cash and cash equivalents at the end of the year	15	331,094	348,819	2,902,715

Note:

Non-cash transactions are stated in Note 29 “Non-cash transactions”.

Notes to the Consolidated Financial Statements

1. General information

HOYA Corporation (the “Company”) is a limited company incorporated in Japan. The addresses of its registered office and principal place of business are disclosed on the Company’s website (URL <http://www.hoya.co.jp>). The principal activities of the Company, its subsidiaries and its associates (the “Group”) are described in Note 5 “Operating segment information”.

2. Basis of consolidated financial statements

(1) Basis of consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The accompanying consolidated financial statements are stated in Japanese yen.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan using the rate of ¥120.17 to \$1, the foreign exchange rate at 31 March 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. Amounts of less than one million yen and one thousand U.S. dollars have been rounded to the nearest million yen and one thousand U.S. dollars in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen and U.S. dollars do not necessarily agree with the sum of the individual amounts.

The Company and its domestic subsidiaries maintain their books and prepare their financial statements in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”) while its foreign subsidiaries maintain their books and prepare their financial statements in conformity with accounting principles generally accepted in the countries of their domicile. Certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements to conform to IFRSs. These adjustments were not recorded in their statutory books and ledgers.

(2) Effects of applying new accounting standards

The Group adopted the following IFRSs for the year ended 31 March 2015:

IFRSs		Subject of new standards/amendments and transitional provisions
IFRS 2 (Revised)	Share-based Payment	- Performance conditions and service conditions are defined in order to clarify various issues, including the following: 1. A performance condition may be a market or non-market condition 2. A performance condition must contain a service condition
IFRS 3 (Revised)	Business Combinations	- Contingent consideration in a business combination that is not classified as equity but as an asset or liability is subsequently measured at fair value through profit or loss
IFRS 10 (Revised)	Consolidated Financial Statements	- Exception of the requirements of consolidation of subsidiaries if an entity meets the definition of an investment entity, such as requiring to measure its investments in certain subsidiaries at FVTPL in accordance with IFRS 9 or IAS 39
IFRS 12 (Revised)	Disclosure of Interests in Other Entities	- Amendments as a result of addition of “Investment Entities” to IFRS 10
IAS 27 (Revised)	Consolidated and Separate Financial Statements	- Amendments based on the application of “Investment Entities” to IFRS 10
IAS 32 (Revised)	Financial Instruments: Presentation	- Clarification that in order to offset a financial asset and a financial liability, a right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy - Clarification on which settlement processes would meet the requirement for offsetting that an entity has the intention to settle a financial asset and a financial liability net or simultaneously
IAS 36 (Revised)	Impairment of Assets	- Clarification of the requirement to disclose the recoverable amount for each cash-generating unit for which the significant components of carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit, only when an impairment loss has been recognised - Clarification of the disclosure requirement for the recoverable amounts of impaired assets only when the amount is measured at fair value less costs of disposal
IAS 39 (Revised)	Financial Instruments: Recognition and Measurement	- Amendments that the novation of a hedging instrument should not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when a hedging derivative is novated as a consequence of laws and regulations, or the introduction of laws and regulations, and one or more clearing counterparties replace the original counterparty
IFRIC 21	Levies	- Guidance on when to recognise a liability for a levy imposed by a government when an obligating event has occurred - The liability is recognised progressively if the obligating event occurs over a period of time - If an obligation is triggered on reaching a minimum threshold (e.g., amounts of sales or products), the liability is recognised when that minimum threshold is reached

These standards and interpretations were applied in accordance with respective transitional provisions and had no significant impacts on the consolidated financial statements of the Group. There are no standards that were early adopted by the Group.

(3) Standards and interpretations in issue not yet adopted by the Group

At the date of approval of the consolidated financial statements, the main standards and interpretations that were in issue but not yet effective for mandatory adoption are as follows. There are no standards and interpretations that were early adopted by the Group. The description of the standards related to the first-time adoption, IFRS 14 “Regulatory Deferral Accounts”, and the amendment of IAS 41 “Agriculture” defining bearer plants are omitted.

IFRSs		Mandatory adoption (from the year beginning)	To be adopted by the Group from the year ending	Subject of new standards/amendments
IFRS 3 (Revised)	Business Combinations	1 July 2014	31 March 2016	- The amendment clarifies that: 1. Joint arrangements are outside the scope of IFRS 3, not just joint ventures 2. The scope exception applies only to the accounting in the financial statements of the joint arrangement itself
IFRS 5 (Revised)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016	31 March 2017	- The amendments introduce specific guidance for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued
IFRS 7 (Revised)	Financial Statements: Disclosure	1 January 2016	31 March 2017	- The amendments provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purposes of the disclosures required in relation to transferred assets - The amendments were made to remove uncertainty as to whether the disclosure requirements on offsetting financial assets and financial liabilities should be included in condensed interim financial statements
IFRS 8 (Revised)	Operating Segments	1 July 2014	31 March 2016	- Operating segments may be combined/aggregated if they are consistent with the core principle of the standard, which includes that the segments have similar economic characteristics and that they are similar in other qualitative respects. If they are combined, an entity must disclose the basis of determination whether the segments are ‘similar’ or not. - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is regularly provided to the chief operating decision maker, similar to the disclosure requirement for segment liabilities

IFRSs		Mandatory adoption (from the year beginning)	To be adopted by the Group from the year ending	Subject of new standards/amendments
IFRS 9	Financial Instruments	1 January 2018	31 March 2019	<ul style="list-style-type: none"> - Replacement of IAS 39 for classification of financial assets measured either at amortised cost or fair value on the basis of the business model and contractual cash flows of the financial assets - Amendment to IAS 39 where financial instruments measured at FVTPL or amortised cost, all relating gains or losses are recognised in profit or loss, and where investments in equity instruments are designated to be measured at fair value through other comprehensive income, all relating gains or losses are recognised in other comprehensive income, except dividends on the investments which are recognised in profit or loss - Amendment that the changes in fair value of financial liabilities designated at FVTPL are to be recognised in profit or loss, except changes in the entity's own credit risk which are recognised directly in other comprehensive income - Prohibition on the reclassification of the amount presented in other comprehensive income subsequently to profit or loss - Enhancement of eligible hedged items and hedging instruments with an economic relationship to better reflect the entity's risk management activities in their financial statements - Introduction of flexibility of hedge effectiveness testing by removing the effectiveness test in the subsequent period and quantitative threshold (within 80%-125%). - Enhancement of disclosures about hedge accounting - Time value of options, and forwards, which qualify for hedge accounting are accounted for as hedging costs, by using a systematic and rational basis - Introduction of accounting for credit derivatives for hedging purposes to be measured at FVTPL, if an entity manages the credit risk of all or a portion of a credit exposure - Amendment to allow an entity to elect to account for certain agreements to buy or sell a nonfinancial item for "own use" at FVTPL if it eliminates or significantly reduces an accounting mismatch - The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit - Amendment to the measurement category of fair value through other comprehensive income for certain simple debt instruments

IFRSs		Mandatory adoption (from the year beginning)	To be adopted by the Group from the year ending	Subject of new standards/amendments
IFRS 10 (Revised)	Consolidated Financial Statements	1 January 2016	31 March 2017	<ul style="list-style-type: none"> - On a sale or contribution of assets to a joint venture or associate or a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, the extent of any gain or loss recognised depends on whether the assets or subsidiary constitute a business: when the assets or subsidiary constitute a business, any gain or loss is recognised in full; when the assets or subsidiary do not constitute a business, the entity's share of the gain or loss is eliminated - The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity - The amendments clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to its investment activities applies only to subsidiaries that are not themselves investment entities. The amendments clarify that this exception only applies to subsidiaries that are not themselves investment entities and whose main purpose is to provide services and activities that are related to the investment activities of the investment entity parent, all other subsidiaries of an investment entity should be measured at fair value
IFRS 11 (Revised)	Joint Arrangements	1 January 2016	31 March 2017	<ul style="list-style-type: none"> - An acquirer of interests in a joint operation in which the activity constitutes a business as defined in IFRS 3 is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. - The amendments apply not only to the acquisition of an interest in an existing joint operation but also to the acquisition of an interest in a joint operation on its formation, unless the formation of the joint operation coincides with the formation of the business
IFRS 12 (Revised)	Disclosure of Interests in Other Entities	1 January 2016	31 March 2017	<ul style="list-style-type: none"> - The amendments clarify that an investment entity that measures all its subsidiaries at fair value should provide the IFRS 12 disclosures related to investment entities
IFRS 13 (Revised)	Fair Value Measurements	1 July 2014	31 March 2016	<ul style="list-style-type: none"> - Clarification that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32

IFRSs		Mandatory adoption (from the year beginning)	To be adopted by the Group from the year ending	Subject of new standards/amendments
IFRS 15	Revenue from Contracts with Customers	1 January 2017	31 March 2018	<ul style="list-style-type: none"> - The core principle of IFRS 15 which consists of five steps is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. - Extensive disclosures are required, including disaggregation of total revenue; information about performance obligations; changes in contract assets and liabilities between periods and key judgements and estimates
IAS 1	Presentation of Financial Statements	1 January 2016	31 March 2017	<ul style="list-style-type: none"> - Clarifications were made under the Disclosure Initiative as follows: - Materiality and aggregation: useful information should not be obscured by aggregating or disaggregating information, and that materiality considerations apply to the primary statements, notes and any specific disclosure requirements in IFRSs - Statement of financial position and statement of profit or loss and other comprehensive income: the list of line items specified by IAS 1 for these statements can be disaggregated and aggregated as relevant. Additional guidance has been added on the presentation of subtotals in these statements - Presentation of items of other comprehensive income (“OCI”): an entity’s share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss - Notes: regarding the structure of notes, an entity should consider the understandability and comparability of its financial statements
IAS 16 (Revised) IAS 38 (Revised)	Property, Plant and Equipment Intangible Assets	1 July 2014	31 March 2016	<ul style="list-style-type: none"> - Proportionate restatement of accumulated depreciation for property, plant and equipment accounted for under the revaluation model - Clarification of revaluation for property, plant and equipment accounted for under revaluation model by using observable data with respect to the gross or net carrying amount - The amendment also clarifies that accumulated depreciation/amortisation is the difference between the gross and the net carrying amounts of the asset
IAS 16 (Revised) IAS 38 (Revised)	Property, Plant and Equipment Intangible Assets	1 January 2016	31 March 2017	<ul style="list-style-type: none"> - The amendments prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment - The amendments introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation for an intangible asset. This presumption can only be rebutted in certain limited circumstances.

IFRSs		Mandatory adoption (from the year beginning)	To be adopted by the Group from the year ending	Subject of new standards/amendments
IAS 19 (Revised)	Employee Benefits	1 July 2014	31 March 2016	<ul style="list-style-type: none"> - Clarification of the accounting requirements for contributions from employees or third parties under defined benefit plans - Clarification that, if the amount of the contributions is independent of the number of years of service, an entity may recognise such contributions as a reduction in the service cost in the period in which the service is rendered, which may affect remeasurement of defined benefit liabilities (assets) - If such contributions are linked to the period of service, it shall be attributed to periods of service as a negative benefit, similar to the allocation of the contributions to the periods of service
IAS 19 (Revised)	Employee Benefits	1 January 2016	31 March 2017	<ul style="list-style-type: none"> - The amendments clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid (e.g. the euro): - These amendments would result in the depth of the market for high quality corporate bonds being assessed at the currency level - In countries where there is no deep market for high quality corporate bonds, the yield on government bonds should be used
IAS 24 (Revised)	Related Party Disclosures	1 July 2014	31 March 2016	<ul style="list-style-type: none"> - Clarification that a management entity, which provides key management personnel services, is a related party subject to the related party disclosures - An entity which employs a management entity is required to disclose the expenses incurred for management services
IAS 28 (Revised)	Investments in Associates and Joint Ventures	1 January 2016	31 March 2017	<ul style="list-style-type: none"> - On a sale or contribution of assets to a joint venture when joint control or significant influence is retained in a transaction involving an associate or a joint venture, the extent of any gain or loss recognised depends on whether the assets or subsidiary constitute a business: when the assets or subsidiary constitute a business, any gain or loss is recognised in full; when the assets or subsidiary do not constitute a business, the entity's share of the gain or loss is eliminated - Application of the equity method by a non-investment entity investor to an investment entity investor: in applying the equity method to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries

IFRSs		Mandatory adoption (from the year beginning)	To be adopted by the Group from the year ending	Subject of new standards/amendments
IAS 34 (Revised)	Interim Financial Reporting	1 January 2016	31 March 2017	- Clarification of the requirements relating to information required by IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements: the amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report
IAS 40 (Revised)	Investment Property	1 July 2014	31 March 2016	- Clarification that determining whether a transaction meets the definition of business combination as defined in IFRS 3 on asset acquisition requires consideration of application of IFRS 3, not the incidental services under IAS 40, and consequently, the separate application of both standards independently of each other may be required

The Group will apply the aforementioned standards and interpretations for the respective fiscal years.

The implications from adoption of these standards and interpretations have not yet been fully assessed by the Group; however, these standards and interpretations should have no significant impacts on the future consolidated financial statements of the Group, except for IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers”.

3. Significant accounting policies

(1) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments measured at revalued amounts or fair value. The principal accounting policies are set out below.

(2) Basis of consolidation

① Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company as at 31 March of each year. An investor controls an investee when it is exposed or has right, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. The Group reassess whether it controls an investee if facts and circumstances indicate that there are changes to elements of control.

The operating results of the subsidiaries are included in the consolidated statement of comprehensive income from the effective date the Group obtained control of the subsidiaries to the effective date the Group lost control, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full in preparing consolidated financial statements.

Changes in an interest of a subsidiary without losing control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective percentage of interests in the subsidiary. If there is a difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, the difference is recognised directly in equity and attributed to the owners of the parent.

If loss in control of a subsidiary occurs, the Group recognises in profit or loss any resulting difference of the following:

1. sum of the fair value of any consideration received and any investment retained in the former subsidiary at its fair value; and
2. previous carrying amounts of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of those interests at the date of the original business combination and the non-controlling share of changes in equity since the date of the combination. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

② Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. The results of and the investments in associates are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as an asset held for sale, in which case it is accounted for in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost and then adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of the investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate and the excess of those losses is no longer recognised.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is tested for impairment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss. When a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

③ Joint Arrangements

The Group classifies joint arrangements as either joint operations (having rights to assets and obligations for liabilities accounted for accordingly) or joint ventures (having rights to net assets and equity accounted). The classification depends upon the rights and obligations of the parties to the arrangement.

Joint operators shall account for the assets, liabilities, revenues and expenses relating to their interests in joint operations. Joint ventures shall apply the equity method. The Group does not have either joint operations or joint ventures.

(3) Business combination

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognised in profit or loss as incurred. The acquiree's identifiable assets acquired and liabilities assumed are recognised at their fair values at the acquisition date, except for the following:

- a deferred tax asset or liability arising from the assets acquired and liabilities assumed, and a liability (or asset, if any) related to the acquiree's employee benefit arrangements;
- a liability or an equity instrument related to the replacement of an acquiree's share-based payment awards with share-based payment awards of the acquirer; and
- an asset or disposal group that is classified as held for sale at the acquisition date in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The changes in the fair value of the contingent consideration resulting from events after the acquisition date are accounted for as follows:

- (a) Contingent consideration classified as equity shall not be remeasured and any subsequent settlement shall be accounted for in equity; or
- (b) Contingent consideration classified as an asset or a liability is accounted for in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and IAS 39 "Financial Instruments: Recognition and Measurement" or other IFRSs as appropriate.

Goodwill is measured on the basis of the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the fair value of identifiable assets acquired, net of liabilities assumed at acquisition date. Negative goodwill is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests in subsidiaries are reported in equity separately from the equity attributable to owners of the Company. Non-controlling interests are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to the fair value at the acquisition date (i.e., the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that were previously recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Goodwill arising from business combinations before the IFRSs transition date is measured at their carrying amount in accordance with the previous GAAP (i.e., Japanese GAAP) after performing an impairment test.

(4) Foreign currencies

① Foreign currency transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (i.e., its functional currency). For the purpose of the consolidated financial statements, the financial results, financial position and cash flows of each group entity are presented in Japanese yen, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss during the period.

② Financial statements of foreign operations

The assets and liabilities of foreign operations are translated into Japanese yen at the foreign exchange rates prevailing at the end of reporting period. The revenues and expenses of foreign operations are translated into Japanese yen at the average rates of exchange for the year. Where there are material fluctuations in exchange rates, the exchange rate at the transaction date is used. Foreign exchange differences arising from translation are initially recognised as exchange differences on translation of foreign operations in other comprehensive income and accumulated in "accumulated other comprehensive income", which are reclassified from equity to profit or loss on disposal of the net investment and included in "other expenses" in the consolidated statement of comprehensive income.

(5) Property, plant and equipment

The Group applies the cost model for measuring property, plant and equipment.

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses. Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment losses. Cost includes the expenses directly attributable to the assets, the initial estimated costs relating to scrap, removal and retirement, and, for qualifying assets, the borrowing cost for long-term project. Depreciation of these assets commences when the assets are available for their intended use.

When significant components of property, plant and equipment are required to be replaced periodically, the Group recognises such components as individual assets to be depreciated with specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Property, plant and equipment other than land and construction in progress are depreciated mainly on a straight-line basis over the following estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate being accounted for on a prospective basis.

Buildings and structures: 3-50 years

Machinery and carriers: 2-10 years

Tools, equipment and fixtures: 2-10 years

Leased assets are depreciated over their estimated useful lives where the transfer of the title of the assets is certain by the end of the lease term. Leased assets where the transfer of the title of the assets is not certain by the end of the lease term are depreciated over the shorter of their estimated useful lives or their lease terms.

(6) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As a lessee, assets held by the Group under finance leases, such as machinery and carriers, furniture and fixtures, tools, equipment and fixtures, are initially recognised as assets of the Group at their fair value at the inception of the lease or the present value of the minimum lease payments, whichever is lower. The corresponding liability to the lessor is included in the consolidated statement of financial position as 'Interest-bearing short-term debt' or 'Interest-bearing long-term debt'. Lease payments are apportioned between finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the declining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Contingent rent is recognised as an expense in the period in which it is incurred.

(7) Intangible assets

The Group uses the cost model for measuring intangible assets. Intangible assets are carried at cost less accumulated amortisation and impairment losses.

① Intangible assets acquired separately and/or acquired in a business combination

Intangible assets acquired separately are carried at cost at the initial recognition. Intangible assets acquired in a business combination are recognised separately from goodwill at their fair value at the acquisition date, when they are satisfied with the definition of intangible assets, identifiable, and their fair value is reasonably measured.

② Internally-generated intangible assets—research and development costs

Expenditures on research activities are recognised as expense in the period in which they are incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) the intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenses incurred from the date when the intangible assets first meet all of the recognition criteria listed above. The assets are amortised over the estimated period in which the development costs are expected to be recovered. If no future economic benefit is expected before the end of the life of assets, the residual carrying amount is expensed.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and impairment losses. Where no internally-generated intangible asset can be recognised, development costs are recognised as an expense in the period in which they are incurred.

③ Amortisation of intangible assets

Amortisation is recognised on a straight-line basis over the estimated useful lives below. The Group does not have any intangible assets with indefinite useful lives.

Patents: 7-12 years

Technology: 10-20 years

Customer related assets: 5-15 years

Software: 3-5 years

④ Derecognition of intangible assets

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in profit or loss when the asset is derecognised.

(8) Goodwill

Goodwill arising in an acquisition of business is recognised as an asset at the date that control is acquired (i.e., the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the acquisition-date amounts of the net fair value of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually. Goodwill is recorded at cost less accumulated impairment losses on the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversed in subsequent periods. On disposal of a cash-generating unit, goodwill attributed to the unit is included in the determination of the profit or loss on disposal.

The Group's accounting policy for goodwill arising on the acquisition of an associate is described at "(2) Basis of consolidation – ② Investments in associates" above.

(9) Impairment of property, plant and equipment and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there are any indications that those assets have suffered impairment losses. If any such indication exists, the recoverable amount of the cash-generating unit to which the asset belongs is estimated in order to determine the extent of the impairment losses (if any).

Where a reasonable and consistent basis of allocation can be identified, corporate assets (i.e., assets other than goodwill that contribute to the future cash flows of both the cash-generating unit under review and other cash-generating units) are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

Where impairment losses subsequently reverse, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognised for the asset (or cash-generating unit) in prior years. A reversal of impairment losses is recognised immediately in profit or loss.

(10) Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period.

The Group uses forward exchange contracts to manage the foreign exchange exposure of recognised financial assets or liabilities, or future forecast transactions. Hedge accounting does not apply to these derivative transactions. Accordingly, derivative financial instruments are classified as FVTPL.

Details of derivative transactions are set out in Note 23 “Financial instruments”.

(11) Financial assets other than derivative financial instruments

① Initial recognition and measurement

All regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognised and derecognised on the trade date, and are initially measured at fair value plus transaction costs.

Financial assets are classified into the following specified categories:

- financial assets at FVTPL;
- held-to-maturity investments;
- loans and receivables; and
- available-for-sale financial assets.

The classification depends on the nature and holding purpose of the financial assets and is determined at the time of initial recognition.

② Financial assets classified as FVTPL

Financial assets are classified as FVTPL when the financial assets are either held for trading or are designated as an FVTPL.

A financial asset is classified as held for trading if:

- (a) it has been acquired principally for the purpose of selling it in the near term; or
- (b) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as FVTPL upon initial recognition if:

- (a) such designation eliminates or significantly reduces a measurement or recognition inconsistency (i.e., accounting mismatch) that would otherwise arise; or
- (b) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- (c) it forms part of a contract containing one or more embedded derivatives, and IAS 39 “Financial Instruments: Recognition and Measurement” permits the entire combined contract (asset or liability) to be designated as FVTPL.

Financial assets classified as FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividends or interests earned on the financial asset and is included in the consolidated statement of comprehensive income.

As at 31 March 2014 and 2015, the Group did not have financial assets classified as FVTPL other than derivative financial instruments designated as FVTPL.

③ Held-to-maturity investments

Financial assets except derivatives for which the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with income recognised on an effective yield basis. As at 31 March 2014 and 2015, the Group did not have held-to-maturity investments.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts, of which the calculation reflects effective interest method including premium or discount between counterparties through the expected life of the financial assets, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

④ Loans and receivables

Trade receivables, loans, and other receivables that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Principally, interest income is recognised by applying the effective interest rate.

⑤ Available-for-sale financial assets

Financial assets other than derivatives, either designated as available-for-sale financial assets or not classified as FVTPL, held-to-maturity investments or loans and receivables, are classified as available-for-sale financial assets.

Available-for-sale equity investments that are listed and traded in an active market are classified as available-for-sale financial assets and stated at fair value. The Group also has investments in unlisted equity investments that are not traded in an active market but also classified as available-for-sale financial assets, which are stated at fair value using valuation techniques. Fair value is determined in the manner described in Note 23 "Financial instruments". Gains and losses arising from changes in fair value are recognised in other comprehensive income, with the exception of impairment losses and foreign exchange gains and losses on monetary assets being recognised in profit or loss.

Where the financial asset is derecognised or is determined to be impaired, the cumulative gain or loss that was previously accumulated in accumulated other comprehensive income is reclassified to profit or loss.

Dividends on available-for-sale financial assets (equity instruments) are recognised in profit or loss when the Group's right to receive the dividends is established. The fair value of available-for-sale financial assets (monetary assets) denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that were recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

⑥ Impairment of financial assets

Financial assets other than FVTPL are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as available-for-sale financial assets and finance lease receivables, objective evidence of impairment could include:

- (a) significant financial difficulties of the debtor;
- (b) default or delinquency in interest or principal payments; or
- (c) a high probability that the borrower will go into bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days to 120 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable, including past-due receivable, is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale financial assets (equity instruments), if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed the amount the amortised cost would have been had the impairment not been recognised.

In respect of equity instruments classified as available-for-sale financial assets, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to impairment is recognised in other comprehensive income, unless additional impairment is recognised.

⑦ Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and a collateralised borrowing for the proceeds received.

(12) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for the inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. Costs, including purchase costs, process costs, storage costs and all other costs incurred in bringing the inventories to their present location and condition, are assigned to inventories mainly by the weighted-average method. The production costs include an appropriate portion of fixed and variable overhead expenses.

(13) Cash and cash equivalents

Cash and cash equivalents are composed of cash on hand and bank deposits including short-term investments. The short-term investments with original maturities of three months or less are deemed as cash equivalents since they are readily convertible to cash without restriction and with low risk of fluctuation of values.

(14) Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised after their classification.

(15) Treasury shares

The Group's own equity instruments, which are reacquired (i.e., treasury shares), are recognised at cost and deducted from equity. No gain or loss is recognised on the purchase, disposal or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration given is recognised in other capital reserves.

(16) Share-based payments

Equity-settled share-based payments (i.e., stock option), which are incentive plans to Group's directors, officers and certain employees, are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 24 "Share-based payments".

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period while the corresponding amount to other capital reserves is recognised, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other capital reserves.

Accounting policies described above are applied to share-based payments which were granted after 7 November 2002 and vested on or after 1 April 2008.

(17) Dividend distributions

Dividend distributions to the Company's shareholders are recognised as liabilities in the consolidated financial statements in the period in which the dividends are approved by the Company's board of directors.

(18) Equity instruments and financial liabilities issued by the Group excluding derivative instruments

① Equity instruments (shares)

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

② Financial liabilities

Financial liabilities are classified as either financial liabilities classified as FVTPL or other financial liabilities.

③ Financial liabilities classified as FVTPL

Financial liabilities classified as FVTPL are either held for trading or designated as an FVTPL.

A financial liability is classified as held for trading if:

- (a) it has been acquired principally for the purpose of selling or redeeming it in the near term; or
- (b) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative that is not a financial guarantee contract and is not designated as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as FVTPL upon initial recognition if:

- (a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- (b) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- (c) it forms part of a contract containing one or more embedded derivatives, and IAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as FVTPL.

Financial liabilities designated as FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss is included in finance costs in the consolidated statement of comprehensive income. Fair value is determined in the manner described in Note 23 "Financial instruments".

As at 31 March 2014 and 2015, the Group did not have financial liabilities as FVTPL other than derivative financial instruments designated as FVTPL.

④ Other financial liabilities

Other financial liabilities, including bank loans, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

⑤ Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

⑥ Financial guarantee contract

Financial guarantee contract are initially measured at their fair values and subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and
- the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18 "Revenue".

(19) Retirement benefit costs

For defined benefit plans, the cost of providing retirement benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (other than interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains or losses on curtailments and settlements);
- Net interest expense or income; or
- Remeasurement.

The Group presents the first two components of defined benefit cost in profit or loss as “Employee benefits expense” or “Finance cost”.

The retirement benefit liabilities recognised in the consolidated statement of financial position represent the actual deficit or surplus in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service to the Group.

(20) Provisions and contingent liabilities assumed in a business combination

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation by outflow of resources embodying economic benefits, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period (i.e., future cash outflow), taking into account the risks and uncertainties surrounding the obligation.

Where time value of money is material, a provision is measured at the present value to which estimated future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the obligation. Interest cost associated with the passage of time is recognised as finance cost.

The types of provisions are as follows:

① Asset retirement obligation

The Group recognises provisions for an asset retirement obligation for estimated costs arising from a contractual obligation to a landlord to dismantle and remove leasehold improvements from a leased office at the end of the lease contract, and estimated costs to decontaminate certain fixed assets. An asset retirement obligation is provided based on past experience of actual cost and each asset is considered individually. The discount rate depends on the useful life of the corresponding assets and the country in which such assets are located. Future expected timing of outflow of economic benefits is mainly more than one year from each reporting period.

② Warranties provision

Warranties provision is estimated and recognised based on past experience of the occurrence of defective goods and the expected after service costs in the warranty period. Expected outflow of economic benefits in the future is within one year from each reporting period.

③ Contingent liabilities assumed in a business combination

Contingent liabilities resulting from a business combination are initially measured at fair value at the date of acquisition. Subsequent to initial recognition, such contingent liabilities are remeasured considering expected future payments, possible occurrence and timing of payments at each reporting period.

(21) Revenue

Revenue is recognised at fair value of the consideration received or receivable less discount, rebate and consumption taxes.

As for customers' earning points upon their purchase under customer loyalty programmes, the fair value of the points granted is estimated and accounted for as a reduction in revenue.

① Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- (a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue is recognised when the risks and rewards of ownership of the goods transfer from the Group to the customer at the time of shipment, customer receipt, or upon customer approval depending on the terms of sale.

② Rendering of services

Services provided by the Group are mainly related to the products sold by the Group, including repairs and short-term maintenance. Generally, revenue from rendering of services is recognised when the services have been provided to the customer.

③ Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established. Interest income is recognised based on principal and effective interest rate on an accrual basis.

(22) Government grants

Government grants are measured and recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants associated with an expense are recognised as revenue in the same accounting period when the expense is incurred. Government grants for purchase of assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic basis over the useful lives of the related assets.

(23) Income taxes

Income tax expense represents the sum of the current tax and deferred tax. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised directly in other comprehensive income or equity, or where they arise from the initial accounting for a business combination.

The current tax is calculated based on estimated refund or payment from/to taxation authorities. The Group's current tax liability is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period based on the taxable profit or loss for the Group's operating activity in each country.

Deferred tax is provided using the liability method on temporary differences, tax loss carry forward and tax credits at the reporting date.

Deferred tax assets or liabilities are not recognised for:

- Temporary differences arising from the initial recognition of goodwill
- Temporary differences arising from the initial recognition of assets and liabilities in transactions that do not affect either accounting profit or taxable profit (exclude business combination)
- Taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets arising from deductible temporary differences are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority.

In the case of a business combination, the tax effect is included in the accounting for the business combination, when measuring the amount of goodwill or determining negative goodwill.

(24) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted-average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by adjusting profit or loss attributable to ordinary equity holders of the parent and the weighted-average number of ordinary shares outstanding, for the effect of all potential dilutive ordinary shares.

(25) Reclassification

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

4. Critical accounting judgements and key sources of estimation uncertainty

(1) Application of estimates and assumptions

Preparation of consolidated financial statements requires management to make estimates and assumptions in order to determine the reported amounts of certain assets, liabilities, income and expense items, as well as certain amounts disclosed in the notes to the consolidated financial statements relating to contingent liabilities.

The following are items that require estimates and assumptions and are considered significant:

- Determination of net realisable value of obsolete inventory (Note 13 “Inventories”)
- Expected cash flow from overdue trade and other receivables (Note 23 “Financial instruments”)
- Useful lives of property, plant and equipment, including assets under finance lease (Note 3 “Significant accounting policies”, Note 3 (5) “Property, plant and equipment” and Note 3 (7) “Intangible assets”)
- Assumptions used to estimate future cash flows of cash-generating units to assess the recoverability of property, plant and equipment and intangible assets, including goodwill (Note 8 “Impairment losses”)
- Valuation techniques used to value available-for-sale financial assets without an active market (Note 23 “Financial instruments”)
- Recoverability of deferred tax assets (Note 10 “Deferred taxes and income taxes”)
- Assumptions used for treatment of retained earnings of overseas subsidiaries and associates for tax purposes (Note 10 “Deferred taxes and income taxes”)
- Discrepancy in opinion with a tax authority relating to tax calculations (Note 10 “Deferred taxes and income taxes”)
- Assumptions used to calculate retirement benefit obligations (Note 19 “Retirement benefit plans”)
- Asset retirement obligations arising from legal obligations and constructive obligations (Note 20 “Provisions”)
- Fair value of stock options (Note 24 “Share-based payments”)
- Possibility of outflow of resources embodying economic benefits on contingent liabilities (Note 33 “Contingent liabilities”)

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions of the accounting estimates will affect current and/or future periods.

(2) Key sources of risk and estimation uncertainty

The Group’s financial position, financial performance and cash flows are exposed to the following risks and uncertainties:

- Tough competition and excess-supply of inventory in the markets the Group operates in
- Development of new products and timing of development
- Changes in the political, economic and regulatory environment, shortage of labour, labour strike, natural disasters, and impact of unexpected international affair in the countries the Group belongs to and operates in
- The effect of deferred taxes and income taxes on the transactions between locations in different tax jurisdictions with different tax rates, or the transactions between taxable and tax-exempt businesses (including the discrepancies in opinion between the Company and the tax authority)
- Fluctuation of currency exchange rates
- The trend of environmental and governmental regulation

Global economic stagnation and the occurrence of natural disasters may have a significant impact on future profitability of the Group. Future profitability of the Group may affect the estimates for the following:

- Impairment of property, plant and equipment and intangible assets including goodwill (Note 8 “Impairment losses”)
- Recoverability of deferred tax assets (Note 10 “Deferred taxes and income taxes”)

5. Operating segment information

(1) Overview of major products and services of reportable segments

The reportable segments are components of the Group for which separate financial information is obtained and examined on a regular basis by the board of directors, the chief operating decision maker, to determine the allocation of management resources and evaluate the business performance.

In accordance with its management philosophy, the Group has categorised “information technology” and “life and culture” as its business domains. To achieve sustainable growth in corporate value in these business domains, the Group has been making decisions on the allocation of management resources and monitoring the operating results.

As a result, the Group consists of three reportable business segments: the Information Technology business, the Life Care business and Other business, which are consistent with the above business domains.

In the Information Technology business, the Group has developed an extensive range of products following the digitalisation of information and the emergence of the Internet. The Group produces and sells a broad array of I/O (Input/Output Device) related products in the information and communication sector, including electronics related products that are essential for the modern digital information and communication technologies, and imaging related products that are necessary to import pictures and video images as digital information based on optical technologies.

In the Life Care business, the Group produces and sells health care related products that are used in the health care and medical sectors and medical related products, including medical equipment and medical materials that are used in medical treatments. In operating this business, it is typically required to obtain approvals and permissions in accordance with the Pharmaceutical Affairs Act in Japan and other regulations, and sophisticated technologies and highly reliable quality control systems represent the critical elements for operating this business.

Other business mainly includes the business that provides information system services and new businesses.

The main products and services for each “reportable segment” described above are as follows:

Reportable Segment		Major Products and Services
Information Technology	Electronics related products	Photomasks and Maskblanks for semiconductors, Masks and Devices for liquid-crystal displays (LCDs) Glass disks for hard disk drives (HDDs)
	Imaging related products	Optical lenses, Optical glasses, Digital camera modules, Optical devices, Laser equipment
Life Care	Health Care related products	Eyeglass lenses and Contact lenses
	Medical related products	Endoscopes, Medical accessories, Intraocular lenses, Artificial bone, Metallic implants for orthopedics
Other		Design of information systems and other services

(2) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3 "Significant accounting policies".

(Millions of Yen)

For the year ended 31 March 2014	Information Technology	Life Care	Other	Total	Adjustments	Consolidated
Revenue from external customers	159,333	265,470	2,739	427,542	33	427,575
Inter-segment sales	186	0	2,083	2,269	(2,269)	—
Total	159,520	265,470	4,822	429,811	(2,237)	427,575
Interest income	368	321	9	699	438	1,137
Interest expense	(318)	(312)	(0)	(630)	(665)	(1,295)
Depreciation and amortisation	(16,925)	(16,698)	(125)	(33,747)	(144)	(33,891)
Share of profit (loss) of associates	0	154	—	154	(422)	(268)
Impairment losses	(3,722)	(197)	—	(3,918)	(852)	(4,770)
Others	(103,069)	(199,051)	(4,104)	(306,224)	3,222	(303,002)
Segment profit before tax	35,854	49,689	602	86,146	(659)	85,486
Other disclosure						
Capital expenditure	8,736	7,834	143	16,713	125	16,838

(Millions of Yen)

For the year ended 31 March 2015	Information Technology	Life Care	Other	Total	Adjustments	Consolidated
Revenue from external customers	180,164	306,653	3,117	489,933	27	489,961
Inter-segment sales	247	0	1,749	1,997	(1,997)	—
Total	180,411	306,653	4,866	491,930	(1,969)	489,961
Interest income	437	337	5	778	630	1,408
Interest expense	(321)	(376)	(0)	(697)	(425)	(1,122)
Depreciation and amortisation	(16,185)	(18,388)	(98)	(34,671)	(181)	(34,852)
Share of profit (loss) of associates	(0)	(16)	—	(17)	7	(10)
Impairment losses	—	—	—	—	(286)	(286)
Others	(107,038)	(235,273)	(4,044)	(346,356)	9,506	(336,850)
Segment profit before tax	57,303	52,936	727	110,967	7,281	118,249
Other disclosure						
Capital expenditure	6,953	13,117	91	20,161	23	20,184

(Thousands of U.S. Dollars (Note 2))

For the year ended 31 March 2015	Information Technology	Life Care	Other	Total	Adjustments	Consolidated
Revenue from external customers	1,499,239	2,551,828	25,934	4,077,001	228	4,077,229
Inter-segment sales	2,055	2	14,558	16,616	(16,616)	—
Total	1,501,295	2,551,830	40,493	4,093,617	(16,388)	4,077,229
Interest income	3,634	2,800	38	6,473	5,242	11,715
Interest expense	(2,672)	(3,129)	(3)	(5,804)	(3,536)	(9,340)
Depreciation and amortisation	(134,683)	(153,015)	(818)	(288,515)	(1,506)	(290,021)
Share of profit (loss) of associates	(1)	(137)	—	(138)	58	(80)
Impairment losses	—	—	—	—	(2,379)	(2,379)
Others	(890,720)	(1,957,837)	(33,656)	(2,882,213)	79,102	(2,803,111)
Segment profit before tax	476,854	440,512	6,054	923,420	60,593	984,012
Other disclosure						
Capital expenditure	57,862	109,151	758	167,772	192	167,963

Note:

(i) Adjustments to revenue from external customers of 33 million yen and 27 million yen (228 thousand U.S. dollars) for the years ended 31 March 2014 and 2015, respectively, represent revenue by the R&D department which is not included in any reportable segment.

(ii) Adjustments to segment profit before tax of (659) million yen consist of the elimination of an inter-segment transaction of 3 million yen, and profit or loss of the Company's headquarters, the R&D department and overseas holding companies (after elimination of dividend income from group companies) of (662) million yen for the year ended 31 March 2014 and 7,281 million yen (60,593 thousand U.S. dollars) consist of elimination of inter-segment transaction of (8) million yen ((67) thousand U.S. dollars), and profit or loss of the Company's headquarters, the R&D department and overseas holding companies (after elimination of dividend income from group companies) of 7,290 million yen (60,660 thousand U.S. dollars) for the year ended 31 March 2015.

(iii) Transfer prices between operating segments are on an arm's-length basis for the years ended 31 March 2014 and 2015.

(3) Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services for the years ended 31 March 2014 and 2015:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Information Technology			
Electronics related products	115,973	134,469	1,118,990
Imaging related products	43,360	45,695	380,249
Information Technology total	159,333	180,164	1,499,239
Life Care			
Health Care related products	194,618	227,322	1,891,671
Medical related products	70,852	79,331	660,156
Life Care total	265,470	306,653	2,551,828
Other	2,739	3,117	25,934
Corporate (R&D)	33	27	228
Total revenue from external customers	427,575	489,961	4,077,229

(4) Information about geographical areas

Revenue from external customers

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Japan	143,560	145,312	1,209,223
U.S.A.	48,721	59,231	492,891
China	47,478	53,263	443,227
Others	187,815	232,155	1,931,888
Total	427,575	489,961	4,077,229

Note:

Geographical areas are based on the location of the customers.

Non-current assets

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Japan	39,716	35,142	292,437
Thailand	27,580	27,508	228,908
Vietnam	20,773	19,710	164,015
China	14,245	17,663	146,983
Others	61,116	57,809	481,058
Total	163,429	157,831	1,313,401

Note:

- (i) Geographical areas are based on the physical location where non-current assets are located.
- (ii) Financial instruments, deferred tax assets, and pension plan assets are not included.

Revenue from external customers in Thailand and Vietnam is insignificant; therefore the amount is included in Others.

Non-current assets located in U.S.A. are insignificant; therefore the balance is included in Others.

(5) Information about major customers

The Group has no revenue from transactions with a single external customer that amounts to 10% or more of revenue of the Group.

6. Property, plant and equipment

The following are the cost, accumulated depreciation and impairment losses of property, plant and equipment:

(Millions of Yen)

Cost	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 1 April 2013	93,031	264,352	47,581	10,527	22,916	438,407
Additions	1,048	1,702	1,865	17	10,538	15,169
Business combinations	74	768	160	—	12	1,014
Disposals (i)	(1,934)	(5,406)	(1,355)	(37)	(73)	(8,804)
Reclassification to assets held for sale	(62)	—	—	—	—	(62)
Transfer from construction in progress	2,821	16,953	1,005	—	(20,778)	—
Effect of foreign currency exchange differences	3,664	9,923	2,264	94	849	16,795
Others	(40)	(2,288)	234	—	309	(1,784)
Balance at 31 March 2014	98,602	286,003	51,753	10,602	13,773	460,733
Additions	1,021	1,978	2,556	—	13,671	19,225
Business combinations	80	—	8	40	—	128
Disposals (i)	(4,432)	(12,524)	(3,613)	(218)	(253)	(21,040)
Transfer from construction in progress	2,763	16,763	1,197	—	(20,723)	—
Effect of foreign currency exchange differences	7,226	24,265	3,084	317	658	35,549
Others	1,118	(16,704)	(1,662)	—	(240)	(17,488)
Balance at 31 March 2015	106,377	299,781	53,322	10,741	6,887	477,108

(Millions of Yen)

<u>Accumulated depreciation and impairment losses</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 1 April 2013	(48,628)	(216,630)	(32,025)	(264)	(112)	(297,660)
Depreciation expense	(5,130)	(19,841)	(4,125)	—	—	(29,096)
Impairment losses (ii)	(2,555)	(740)	(104)	(852)	(310)	(4,561)
Disposals (i)	1,417	5,201	1,280	—	—	7,898
Reclassification to assets held for sale	57	—	—	—	—	57
Effect of foreign currency exchange differences	(1,742)	(7,394)	(1,564)	—	(14)	(10,714)
Others	62	1,827	944	—	22	2,855
Balance at 31 March 2014	(56,519)	(237,577)	(35,594)	(1,116)	(414)	(331,221)
Depreciation expense	(5,169)	(19,824)	(4,136)	—	—	(29,128)
Impairment losses (ii)	—	(5)	(128)	—	(83)	(216)
Disposals (i)	3,247	12,300	3,184	—	186	18,917
Effect of foreign currency exchange differences	(3,611)	(18,678)	(2,355)	—	(76)	(24,720)
Others	(986)	16,519	1,811	—	105	17,450
Balance at 31 March 2015	(63,037)	(247,264)	(37,218)	(1,116)	(282)	(348,917)

(Millions of Yen)

<u>Carrying amount</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 1 April 2013	44,402	47,721	15,556	10,263	22,804	140,747
Balance at 31 March 2014	42,083	48,426	16,159	9,486	13,359	129,513
Balance at 31 March 2015	43,340	52,517	16,104	9,625	6,605	128,191

(Thousands of U.S. Dollars (Note 2))

<u>Cost</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 31 March 2014	820,522	2,379,983	430,668	88,225	114,615	3,834,014
Additions	8,493	16,456	21,268	—	113,764	159,981
Business combinations	669	—	63	333	—	1,064
Disposals (i)	(36,883)	(104,219)	(30,064)	(1,814)	(2,103)	(175,083)
Transfer from construction in progress	22,990	139,497	9,961	—	(172,448)	—
Effect of foreign currency exchange differences	60,132	201,920	25,661	2,635	5,476	295,824
Others	9,303	(139,000)	(13,833)	—	(1,995)	(145,525)
Balance at 31 March 2015	885,225	2,494,639	443,724	89,380	57,309	3,970,276

(Thousands of U.S. Dollars (Note 2))

<u>Accumulated depreciation and impairment losses</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 31 March 2014	(470,328)	(1,977,005)	(296,200)	(9,287)	(3,449)	(2,756,270)
Depreciation expense	(43,012)	(164,962)	(34,415)	—	—	(242,389)
Impairment losses (ii)	—	(39)	(1,066)	—	(689)	(1,795)
Disposals (i)	27,023	102,353	26,499	—	1,548	157,423
Effect of foreign currency exchange differences	(30,046)	(155,429)	(19,599)	—	(632)	(205,706)
Others	(8,204)	137,467	15,071	—	877	145,210
Balance at 31 March 2015	(524,567)	(2,057,616)	(309,710)	(9,287)	(2,345)	(2,903,526)

(Thousands of U.S. Dollars (Note 2))

<u>Carrying amount</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 31 March 2015	360,658	437,022	134,013	80,092	54,965	1,066,749

Note:

(i) Gain and loss arising from sale or disposal of property, plant and equipment for the years ended 31 March 2014 and 2015, are set out in Note 25 “Revenue and expenses (excluding finance income and costs)”. Gain and loss on sale of assets held for sale are included in ‘gain on sale of property, plant and equipment’ and ‘loss on sale of property, plant and equipment’ in Note 25.

(ii) Details of impairment losses are set out in Note 8 “Impairment losses”.

(iii) Property, plant and equipment under construction are included in ‘construction in progress’ in the table above.

Buildings and structures of 34 million yen (286 thousand U.S. dollars) and machinery and carriers of 22 million yen (181 thousand U.S. dollars) have been pledged as collateral to secure 35 million yen (290 thousand U.S. dollars) in ‘Interest-bearing long-term debt’ and 4 million yen (36 thousand U.S. dollars) in ‘Interest-bearing short-term debt’ as at 31 March 2015. Refer to Note 16 “Interest-bearing debt” for details. In addition to the above, buildings in the amount of 57 million yen (477 thousand U.S. dollars) and land in the amount of 1 million yen (9 thousand U.S. dollars) were provided as collateral for the conditional obligation in the amount of 91 million yen (756 U.S. dollars) associated with the government grant.

Details of commitments for the acquisition of property, plant, and equipment are set out in Note 34 “Commitments for expenditure”. There is no borrowing cost capitalised and included in the cost of acquisition of property, plant and equipment.

The following are carrying amounts for property, plant and equipment under finance leases as at 31 March 2014 and 2015, which are included in each corresponding amount in the table above:

(Millions of Yen)

	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Total
Balance at 31 March 2014	89	90	296	475
Balance at 31 March 2015	71	65	324	459

(Thousands of U.S. Dollars (Note 2))

	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Total
Balance at 31 March 2015	587	537	2,696	3,820

The obligation under finance lease (Note 17 “Finance lease obligations”) is secured by the leased assets on which the lessor has ownership.

7. Goodwill and intangible assets

The following are the cost, accumulated amortisation and impairment losses of goodwill and intangible assets:

(Millions of Yen)

Cost	Goodwill	Intangible assets					
		Software	Technology	Patents	Customer related assets	Others (i)	Total
Balance at 1 April 2013	11,198	14,025	11,128	10,491	7,497	4,706	47,847
Additions	—	810	—	16	31	813	1,670
Acquisitions through business combinations	2,747	98	1,275	—	5,120	880	7,373
Disposals (ii)	—	(274)	—	—	—	(9)	(283)
Effect of foreign currency exchange differences	262	266	281	8	(18)	573	1,109
Others	—	209	(1)	(3)	—	7	211
Balance at 31 March 2014	14,207	15,134	12,682	10,512	12,630	6,970	57,927
Additions	—	807	11	21	65	61	966
Acquisitions through business combinations	—	3	—	—	959	1	963
Disposals (ii)	—	(267)	(2)	—	—	(7)	(276)
Effect of foreign currency exchange differences	(429)	857	429	12	(1,124)	300	474
Others	(146)	384	0	20	(10)	168	562
Balance at 31 March 2015	13,632	16,917	13,121	10,565	12,520	7,493	60,616

(Millions of Yen)

<u>Accumulated amortisation and impairment losses</u>	Goodwill	Intangible assets					
		Software	Technology	Patents	Customer related assets	Others	Total
Balance at 1 April 2013	(2,831)	(10,470)	(7,940)	(7,464)	(845)	(1,939)	(28,658)
Amortisation expense (iii)	—	(1,399)	(863)	(1,195)	(847)	(490)	(4,795)
Impairment loss (iv)	(148)	(13)	—	—	—	(49)	(62)
Disposals (ii)	—	245	—	—	—	7	252
Effect of foreign currency exchange differences	(267)	(268)	(195)	(2)	(6)	(265)	(735)
Others	—	3	7	—	(7)	14	17
Balance at 31 March 2014	(3,246)	(11,901)	(8,992)	(8,661)	(1,705)	(2,722)	(33,980)
Amortisation expense (iii)	—	(1,389)	(859)	(1,202)	(1,386)	(887)	(5,724)
Impairment loss (iv)	(45)	—	—	—	—	(25)	(25)
Disposals (ii)	—	266	—	—	—	8	273
Effect of foreign currency exchange differences	(517)	(716)	(435)	(3)	286	(181)	(1,048)
Others	146	(64)	—	(11)	(97)	(280)	(452)
Balance at 31 March 2015	(3,662)	(13,803)	(10,286)	(9,877)	(2,901)	(4,088)	(40,955)

(Millions of Yen)

<u>Carrying amount</u>	Goodwill	Intangible assets					
		Software	Technology	Patents	Customer related assets	Others	Total
Balance at 1 April 2013	8,367	3,555	3,187	3,027	6,652	2,767	19,189
Balance at 31 March 2014	10,961	3,232	3,691	1,851	10,925	4,248	23,947
Balance at 31 March 2015	9,970	3,114	2,834	688	9,619	3,405	19,661

(Thousands of U.S. Dollars (Note 2))

<u>Cost</u>	Goodwill	Intangible assets					
		Software	Technology	Patents	Customer related assets	Others (i)	Total
Balance at 31 March 2014	118,224	125,935	105,536	87,475	105,102	57,998	482,045
Additions	—	6,716	90	177	542	511	8,037
Acquisitions through business combinations	—	24	—	—	7,980	6	8,010
Disposals (ii)	—	(2,226)	(13)	—	—	(59)	(2,298)
Effect of foreign currency exchange differences	(3,573)	7,133	3,574	98	(9,356)	2,500	3,948
Others	(1,211)	3,194	(3)	166	(81)	1,401	4,678
Balance at 31 March 2015	113,440	140,776	109,184	87,915	104,188	62,356	504,420

(Thousands of U.S. Dollars (Note 2))

<u>Accumulated amortisation and impairment losses</u>	Goodwill	Intangible assets					
		Software	Technology	Patents	Customer related assets	Others	Total
Balance at 31 March 2014	(27,009)	(99,036)	(74,823)	(72,070)	(14,186)	(22,648)	(282,765)
Amortisation expense (iii)	—	(11,557)	(7,152)	(10,001)	(11,537)	(7,385)	(47,632)
Impairment loss (iv)	(372)	—	—	—	—	(211)	(211)
Disposals (ii)	—	2,213	—	—	—	63	2,276
Effect of foreign currency exchange differences	(4,303)	(5,954)	(3,621)	(22)	2,383	(1,503)	(8,717)
Others	1,211	(531)	—	(95)	(804)	(2,333)	(3,762)
Balance at 31 March 2015	(30,473)	(114,866)	(85,597)	(82,188)	(24,144)	(34,018)	(340,812)

(Thousands of U.S. Dollars (Note 2))

Carrying amount	Goodwill	Intangible assets					
		Software	Technology	Patents	Customer related assets	Others	Total
Balance at 31 March 2015	82,967	25,911	23,587	5,727	80,044	28,338	163,607

Note:

- (i) There were no significant internally-generated intangible assets for the years ended 31 March 2014 and 2015.
- (ii) Loss on disposal of intangible assets is set out in Note 25 “Revenue and expenses (excluding finance income and costs)”, (6) Other expenses.
- (iii) Amortisation expense is included in the line item ‘Depreciation and amortisation’ in the consolidated statement of comprehensive income.
- (iv) Refer to Note 8 “Impairment losses” for details of impairment losses.

No intangible assets have been pledged as collateral to secure the debt. There is no restriction on legal title of these assets. Details of commitments for the acquisition of intangible assets are set out in Note 34 “Commitments for expenditure”.

The details of intangible assets in the consolidated statement of financial position are as follows:

		As at 31 March 2014		As at 31 March 2015		
		Carrying amount (Millions of Yen)	Remaining useful lives (Year)	Carrying amount (Millions of Yen)	Carrying amount (Thousands of U.S. Dollars (Note 2))	Remaining useful lives (Year)
Technology	Medical related products	2,962	10	2,313	19,252	10
Patents	Medical related products	1,604	1	536	4,461	0
Customer related assets	Health Care related products	6,896	10	6,220	51,760	9
	Medical related products	2,771	11	2,276	18,941	10

8. Impairment losses

The following are the details of impairment losses recognised.

Impairment losses have been included in the line item 'Impairment losses' in the consolidated statement of comprehensive income.

	(Millions of Yen) For the year ended 31 March 2014	(Millions of Yen) For the year ended 31 March 2015	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2015
Buildings and structures	2,555	—	—
Machinery and equipment	740	—	—
Tools, equipment and fixtures	104	85	704
Land	852	—	—
Construction in progress	310	131	1,091
Total impairment losses on property, plant and equipment	4,561	216	1,795
Goodwill	148	45	372
Intangible assets	62	25	211
Total impairment losses	4,770	286	2,379

(1) Cash-generating units

The Group identifies each strategic business unit ("SBU") as a cash-generating unit for impairment testing purposes. Each business unit has been set based on the production and sale of product lines. For any asset expected to be sold or disposed, or any idle asset, an individual asset is tested for impairment.

(2) Impairment losses on assets in business units

For the year ended 31 March 2014

The Group identified indications of impairment due to the delay in profit recovery in the electronics related products, although the Group has been promoting the products by developing and improving their brand recognition. In addition, the Group performed an impairment test for goodwill in Life Care based on the latest business plan, and the following impairment losses were recognised. Recoverable amount was measured at the value in use and determined using cash flow projections based on the financial budgets for the following four or five fiscal years approved by the Group's management, and a discount rate of 10% per annum which is the SBU's pre-tax weighted average capital cost ("WACC").

	(Millions of Yen)
	Impairment losses
Information Technology	
Electronics related products	
Buildings and structures	558
Machinery and carriers	647
Tools, equipment and fixtures	1
Total property, plant and equipment	1,207
Software	2
Total Information Technology	1,210
Life Care	
Health Care related products	
Goodwill	148
Total Life Care	148
Total	1,357

For the year ended 31 March 2015

No impairment losses on assets were recognised in business units.

(3) Impairment losses on idle assets

For the year ended 31 March 2014, the carrying amount of idle assets and the assets whose intended purpose the Group plans to change following a business restructuring, and which were not expected to be used in the future, was written down to the recoverable amount which was measured at fair value less related selling costs, and the corresponding impairment loss was recognised. The fair value was based on an appraisal or publicly posted land price. For any asset to be disposed of, its recoverable amount was considered to be zero.

Impairment losses were recognised as follows for the year ended 31 March 2014:

	(Millions of Yen)
	Impairment losses
Information Technology	
Buildings and structures	1,996
Machinery and carriers	93
Tools, equipment and fixtures	103
Construction in progress	310
Total property, plant and equipment	2,502
Software	10
Total Information Technology	2,512
Life Care	
Other intangible assets	49
Total Life Care	49
Corporate	
Land	852
Total Corporate	852
Total	3,413

For the year ended 31 March 2015, with regards to some products developed in R&D, as the initial plan for commercialisation that the Group promoted has been delayed, the carrying amount of the related assets (including goodwill), which were not expected to be used in the future, was written down to the recoverable amount which was measured at fair value less related selling costs, and the corresponding impairment loss was recognised.

Impairment losses were recognised as follows for the year ended 31 March 2015:

	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	Impairment losses	Impairment losses
Corporate		
Tools, equipment and fixtures	85	704
Construction in progress	131	1,091
Total Property, plant and equipment	216	1,795
Goodwill	45	372
Other intangible assets	25	211
Total	286	2,379

(4) Goodwill allocated to cash-generating units

When the recoverable amount of the goodwill specifically associated with a cash-generating unit is lower than the carrying amount of such goodwill, an impairment loss is recognised and the goodwill is written down to the recoverable amount. The recoverable amount of goodwill allocated to cash-generating units was measured at the value in use and it was determined using cash flow projections based on the financial budgets that had been approved by the Group's management and a discount rate of 5% to 10% per annum which is the cash-generating units' pre-tax WACC. Cash flow projections during the budget period are based on the same expected gross margins and inflation throughout the budget period. The cash flows beyond budget period have been extrapolated using a steady annum growth rate which is the projected long-term average growth rate for the main products market. Management believes that any reasonably possible change in the key assumptions (e.g., profit ratio, inflation, the projected long-term average growth rate and the before tax, weighted average cost of capital) on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

The carrying amount of goodwill was allocated to the cash-generating units as follows:

(Millions of Yen)

As at 31 March 2014				
	Life Care		Adjustments	Total
	Health Care related products	Medical related products	R&D	
	Eyeglass lenses	Medical accessories		
Japan	791	733	—	1,524
Americas	6,175	71	38	6,284
Europe	694	911	—	1,605
Asia	1,549	—	—	1,549
Total	9,209	1,714	38	10,961

(Millions of Yen)

As at 31 March 2015				
	Life Care		Adjustments	Total
	Health Care related products	Medical related products	R&D	
	Eyeglass lenses	Medical accessories		
Japan	791	733	—	1,524
Americas	5,120	78	—	5,198
Europe	655	838	—	1,492
Asia	1,756	—	—	1,756
Total	8,322	1,648	—	9,970

(Thousands of U.S. Dollars (Note 2))

As at 31 March 2015				
	Life Care		Adjustments	Total
	Health Care related products	Medical related products	R&D	
	Eyeglass lenses	Medical accessories		
Japan	6,585	6,098	—	12,682
Americas	42,607	647	—	43,254
Europe	5,448	6,971	—	12,419
Asia	14,611	—	—	14,611
Total	69,251	13,716	—	82,967

Note:

(i) Impairment loss on goodwill of Health Care related products (Eyeglass lens) was recognised in the amount of 148 million yen for the year ended 31 March 2014.

(ii) Impairment loss on goodwill of Corporate (R&D) was recognised in the amount of 45 million yen (372 thousand U.S. dollars) for the year ended 31 March 2015.

9. Investments in associates

A summary of the Group's associates, which are not individually significant, is as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at / for the year ended 31 March 2014	As at / for the year ended 31 March 2015	As at / for the year ended 31 March 2015
The Group's share of net income (loss)	(268)	(10)	(80)
The Group's share of other comprehensive income (loss)	31	7	59
The Group's share of comprehensive income (loss)	(238)	(2)	(21)
The Group's share of net assets	140	186	1,544

Details of the Group's associates, which are not individually significant, are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Segment	Ownership interest (%)	
				As at 31 March 2014	As at 31 March 2015
AVANSTRATE, INC.	Production and sale of glass substrate for thin film transistor (TFT) liquid crystal	JAPAN	Corporate	46.6	46.6
JIASHAN CANDEO OPTICAL GLASS CO., LTD.	Production and sale of special glass, such as coloured glass	CHINA	Information Technology	49.0	49.0
HTK LENTES OFTALMICAS LTDA	Sales of optical lens	BRAZIL	Life Care	—	39.5

The Group's unrecognised share of loss on associates is as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at / for the year ended 31 March 2014	As at / for the year ended 31 March 2015	As at / for the year ended 31 March 2015
The Group's unrecognised share of net loss (income)	2,722	(2,347)	(19,529)
The Group's unrecognised share of accumulated net loss	2,722	375	3,124

10. Deferred taxes and income taxes

(1) Deferred taxes

Details of deferred tax assets and liabilities are as follows:

(Millions of Yen)

	As at 1 April 2013	Recognised in profit or loss	Recognised in other comprehensive income	Business combinations	As at 31 March 2014
Temporary differences					
Enterprise tax payable	364	448	—	2	813
Written down inventories	495	704	—	179	1,377
Allowance for doubtful accounts	652	77	—	33	761
Provisions	834	(52)	—	32	814
Accrued expenses	5,002	(1,257)	—	348	4,093
Unrealised profit on inventories	2,472	(12)	—	—	2,460
Depreciation and amortisation	5,366	(738)	—	0	4,629
Tax goodwill	(0)	0	—	—	—
Impairment losses	1,146	(141)	—	—	1,005
Exchange differences on translating foreign operations	712	—	(160)	—	552
Others	3,392	347	(15)	27	3,751
Subtotal	20,436	(625)	(175)	620	20,255
Undistributed retained earnings of subsidiaries	(1,106)	(901)	—	—	(2,007)
Depreciation and amortisation	(7,920)	630	—	(1,679)	(8,970)
Net gain/(loss) on revaluation of available-for-sale financial assets	(312)	—	72	—	(240)
Others	(586)	(5)	—	—	(591)
Subtotal	(9,924)	(276)	72	(1,679)	(11,808)
Tax losses carryforward and tax credits					
Tax losses carryforward	2,615	(828)	—	276	2,063
Tax credits	188	(188)	—	—	—
Subtotal	2,802	(1,015)	—	276	2,063
Total	13,314	(1,917)	(103)	(784)	10,510

Note:

The difference between the total amount of “Recognised in profit or loss” as above and “Deferred tax expenses” in Note 10 “Deferred tax and income taxes” (2) Income taxes is due to foreign exchange fluctuations.

(Millions of Yen)

	As at 1 April 2014	Recognised in profit or loss	Recognised in other comprehensive income	Business combinations	As at 31 March 2015
Temporary differences					
Enterprise tax payable	813	(432)	—	—	381
Written down inventories	1,377	173	—	—	1,550
Allowance for doubtful accounts	761	(267)	—	—	494
Provisions	814	53	—	26	893
Accrued expenses	4,093	(322)	—	41	3,811
Unrealised profit on inventories	2,460	564	—	—	3,024
Depreciation and amortisation	4,629	(3,043)	—	27	1,612
Impairment losses	1,005	(255)	—	—	750
Exchange differences on translating foreign operations	552	—	(480)	—	72
Others	3,751	(119)	39	26	3,697
Subtotal	20,255	(3,648)	(442)	119	16,284
Undistributed retained earnings of subsidiaries	(2,007)	(476)	—	—	(2,483)
Depreciation and amortisation	(8,970)	3,408	—	230	(5,331)
Net gain/(loss) on revaluation of available-for-sale financial assets	(240)	—	245	—	4
Others	(591)	(10)	—	8	(593)
Subtotal	(11,808)	2,923	245	238	(8,402)
Tax losses carryforward and tax credits					
Tax losses carryforward	2,063	(415)	—	95	1,743
Tax credits	—	272	—	—	272
Subtotal	2,063	(143)	—	95	2,015
Total	10,510	(868)	(197)	452	9,897

Note:

The difference between the total amount of “Recognised in profit or loss” as above and “Deferred tax expenses” in Note 10 “Deferred taxes and income taxes” (2) Income taxes is due to foreign exchange fluctuations.

(Thousands of U.S. Dollars (Note 2))

	As at 1 April 2014	Recognised in profit or loss	Recognised in other comprehensive income	Business combinations	As at 31 March 2015
Temporary differences					
Enterprise tax payable	6,769	(3,596)	—	—	3,173
Written down inventories	11,458	1,438	—	—	12,897
Allowance for doubtful accounts	6,336	(2,221)	—	—	4,115
Provisions	6,771	440	—	218	7,429
Accrued expenses	34,058	(2,683)	—	338	31,712
Unrealised profit on inventories	20,471	4,696	—	—	25,167
Depreciation and amortisation	38,517	(25,325)	—	222	13,415
Impairment losses	8,361	(2,122)	—	—	6,239
Exchange differences on translating foreign operations	4,595	—	(3,997)	—	599
Others	31,217	(988)	322	214	30,766
Subtotal	168,553	(30,359)	(3,675)	991	135,511
Undistributed retained earnings of subsidiaries	(16,701)	(3,961)	—	—	(20,662)
Depreciation and amortisation	(74,641)	28,363	—	1,918	(44,359)
Net gain/(loss) on revaluation of available-for-sale financial assets	(2,000)	—	2,037	—	37
Others	(4,919)	(81)	—	63	(4,936)
Subtotal	(98,261)	24,322	2,037	1,981	(69,921)
Tax losses carryforward and tax credits					
Tax losses carryforward	17,165	(3,453)	—	793	14,504
Tax credits	—	2,265	—	—	2,265
Subtotal	17,165	(1,188)	—	793	16,769
Total	87,457	(7,226)	(1,638)	3,765	82,359

Note:

The difference between the total amount of “Recognised in profit or loss” as above and “Deferred tax expenses” in Note 10 “Deferred taxes and income taxes” (2) Income taxes is due to foreign exchange fluctuations.

Tax losses carryforward and deductible temporary differences for which deferred tax assets have not been recognised are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Tax losses carryforward	14,808	13,388	111,410
Deductible temporary differences	3,340	4,672	38,879
Total	18,147	18,060	150,289

The expiration date and amounts of tax losses carryforward for which deferred tax assets are not recognised are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Year 1	799	288	2,399
Year 2	640	611	5,085
Year 3	1,203	753	6,265
Year 4	1,455	1,531	12,743
Year 5 or later	10,712	10,205	84,919
Total	14,808	13,388	111,410

The aggregate amounts of temporary differences associated with undistributed retained earnings of the subsidiaries for which deferred tax liabilities have not been recognised at 31 March 2014 and 2015, were 264,188 million yen and 313,356 million yen (2,607,608 thousand U.S. dollars), respectively. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The Company recognised no deferred tax assets on the tax losses as at 31 March 2014 and 2015.

(2) Income taxes

In Japan, the normal effective statutory tax rates are approximately 38.0 % and 35.5% for the years ended 31 March 2014 and 2015, respectively.

Current or deferred taxes at other tax jurisdictions are calculated by the tax rates generally applied to those tax jurisdictions.

Details of current tax expense and deferred tax expense are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Current tax expense: (i)			
Current year	22,705	24,263	201,908
Prior years	115	(221)	(1,837)
Total current tax expense	22,819	24,043	200,071
Deferred tax expense: (ii)			
Origination and reversal of temporary difference	2,174	505	4,202
Changes in tax rates	354	761	6,329
Total deferred tax expense	2,527	1,265	10,530
Total income tax expense	25,347	25,308	210,602
Continuing operations	25,347	25,308	210,602
Discontinued operations	—	—	—

Note:

(i) ‘Current tax expense’ includes previously unrecognised tax benefits from tax losses carryforward, tax credits and deductible temporary differences. These benefits were 43 million yen and 518 million yen (4,307 thousand U.S. dollars) for the years ended 31 March 2014 and 2015, respectively.

(ii) ‘Deferred tax expense’ includes previously unrecognised tax benefits from tax losses carryforward, tax credits, deductible temporary differences, and expenses or benefits arising from write-downs of deferred tax assets or the reversal of previous write-downs of deferred tax assets. These effects increased the deferred tax expense by 2,128 million yen and 1,089 million yen (9,065 thousand U.S. dollars) for the years ended 31 March 2014 and 2015, respectively.

(iii) On 26 June 2013, the Company received a reassessment notice for additional tax on the transfer pricing taxation. The additional tax assessment was 8,419 million yen. The Company has lodged an objection with the Tokyo Regional Taxation Bureau (“TRTB”) seeking withdrawal of the assessment in accordance with the relevant law. Consequently, 8,419 million yen is included in “Other current assets” as suspense payment.

A reconciliation of the normal effective statutory tax rate with the actual tax rate is as follows. The actual tax rate represents the ratio of income tax expense and profit before tax from continuing operations.

	For the year ended 31 March 2014	For the year ended 31 March 2015
Effective statutory tax rate	38.0%	35.5%
Expenses not deductible for tax purposes	1.0%	1.0%
Income not taxable for tax purposes	(0.2)%	0.0%
Effect of unrecognised deferred tax assets	2.5%	0.4%
Impact of different tax rates applied to overseas subsidiaries	(16.4)%	(18.2)%
Profits and losses on investments in associates	0.1%	0.0%
Adjustment on deferred tax assets and liabilities due to the change of corporate tax rate	0.4%	0.6%
Tax rate difference due to the elimination of the unrealised profit on inventories	0.5%	0.5%
Increase/decrease in deferred tax liabilities related to undistributed earnings of foreign subsidiaries	1.1%	0.4%
Others	2.6%	1.2%
Actual tax rate	29.6%	21.4%

There was no effect on income tax resulting from dividends paid to shareholders.

11. Other financial assets and liabilities

Details of other financial assets and liabilities are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Other financial assets			
FVTPL financial assets (derivative instruments)	1,295	—	—
Available-for-sale financial assets	2,821	885	7,361
Loans and receivables			
Loans and receivables	16,500	27,179	226,171
Allowance for doubtful accounts	(1,063)	(956)	(7,955)
Loans and receivables—net	15,437	26,223	218,216
Total	19,554	27,108	225,577
Total non-current assets (long-term financial assets)	9,062	7,037	58,556
Total current assets (other short-term financial assets)	10,492	20,071	167,021

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Other financial liabilities			
FVTPL financial liabilities (derivative instruments)	—	3,400	28,296
Other financial liabilities measured at amortised cost	152	163	1,354
Total	152	3,563	29,650
Total non-current liabilities (other long-term financial liabilities)	—	667	5,551
Total current liabilities (other short-term financial liabilities)	152	2,896	24,099

12. Other assets and liabilities

Details of other assets and liabilities are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Non-current: Other assets			
Long-term prepaid expenses	2,222	2,935	24,427
Others	305	85	704
Total	2,527	3,020	25,131
Current: Other assets			
Suspense payment (i)	8,419	8,419	70,057
Prepaid expenses	1,948	2,462	20,488
Refundable consumption taxes	2,337	2,505	20,842
Others	1,266	2,855	23,761
Total	13,970	16,241	135,148

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Non-current: Other liabilities			
Consideration payable for business combination (ii)	998	—	—
Deposit received and long-term advance revenue, etc.	1,189	1,010	8,407
Total	2,188	1,010	8,407
Current: Other liabilities			
Accrued salary/bonus/vacation pay	12,251	13,541	112,686
Other accrued expenses	14,161	14,553	121,108
Advance received/deferred revenue (iii)	2,959	3,115	25,917
Accrued consumption taxes	1,907	1,535	12,769
Others	3,381	2,972	24,733
Total	34,660	35,716	297,213

Note:

(i) On 26 June 2013, the Company received a reassessment notice for additional tax on the transfer pricing taxation. The additional tax assessment was 8,419 million yen. The Company has lodged an objection with TRTB seeking withdrawal of the assessment in accordance with the relevant law. Consequently, 8,419 million yen is included in “Other current assets” as suspense payment.

(ii) The amount represents a part of the consideration payable for the business combination of eyeglass lens development and manufacturing of Seiko Epson Corporation on 1 February 2013 which will be paid when the actual amount of royalties for the four years after the closing date is determined. The Group settled this payable in the year ended 31 March 2015.

(iii) Details of advance received and deferred revenue are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Advance received/deferred revenue			
Government grants	335	233	1,943
Others	2,624	2,881	23,974
Total	2,959	3,115	25,917

13. Inventories

Details of inventories are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Goods and products	31,937	36,342	302,422
Work in progress	5,670	6,679	55,580
Raw materials	14,367	14,326	119,214
Supplies	10,672	11,578	96,348
Total	62,647	68,925	573,564
Inventories expected to be sold after more than 12 months	4	5	44

The cost of inventories recognised as expense during the years ended 31 March 2014 and 2015, was 221,199 million yen and 239,829 million yen (1,995,747 thousand U.S. dollars), respectively.

The cost of inventories recognised as expense in respect of write-down and the reversal of such write-down is as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Amount of write-down	2,564	2,904	24,166
Amount of reversal of write- down	—	—	—

14. Trade and other receivables

Details of trade and other receivables are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Accounts receivable	89,400	93,615	779,024
Notes receivable and electronically recorded monetary claims- operating	6,878	5,970	49,680
Other receivables	1,644	2,033	16,921
Allowance for doubtful accounts	(2,393)	(2,421)	(20,145)
Total	95,529	99,198	825,480

The credit terms for customers are set between 90 days and 120 days on average.

Refer to Note 23 "Financial instruments" for credit risk management and fair value of trade and other receivables.

15. Cash and cash equivalents

Details of cash and cash equivalents are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Cash and cash equivalents			
Cash and deposit within three months	331,094	348,819	2,902,715
Short-term investments within three months	—	—	—
Total	331,094	348,819	2,902,715

16. Interest-bearing debt

Details of interest-bearing debt are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	Average interest rate (%) (i)	Due
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015		
Long-term bank loans (excluding current portion)	261	26	220	0.68	2017-2020
Current portion of long-term bank loans	82	8	69	—	—
Short-term bank loans	2,007	1,760	14,647	1.23	—
Bonds (ii)	35,032	35,024	291,451	1.93	—
Current portion of bonds (ii)	25,119	21	175	1.51	—
Long-term finance lease obligations (Note 17)	536	478	3,978	—	2016-2021
Short-term finance lease obligations (Note 17)	242	243	2,024	—	—
Total interest-bearing debt	63,279	37,561	312,564		
Total non-current debt	35,829	35,528	295,649		
Total current debt	27,450	2,033	16,915		

Note:

(i) Interest rates are based on the weighted-average rates that applied to the balances at the end of each fiscal year.

(ii) The summary of issuance conditions for bonds is as follows:

Company	Item	Issue Date	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	Interest rate (%)	Collateral (Millions of Yen)	Due
			As at 31 March 2014	As at 31 March 2015	As at 31 March 2015			
HOYA CORPORATION	Unsecured bond (No. 3)	11 September 2007	34,956	34,968	290,989	1.93	—	20 September 2017
HOYA Technosurgical, Inc.	1 Private Note	5 November 2011	203	77	637	1.51	—	2015-2018
Total	—	—	35,159	35,045	291,626	—	—	—

Buildings and structures of 34 million yen and machinery and carriers of 22 million yen are pledged as collateral for long-term and short-term bank loans (including current portion) stated above.

The obligations under finance lease are secured by the leased assets for which the lessor has ownership. Refer to Note 17 "Finance lease obligations".

There is no debt with covenants as at 31 March 2015.

Details of the remaining contractual maturity for long-term borrowings and bonds and fair values are set out in Note 23 "Financial instruments".

17. Finance lease obligations

Details of finance lease obligations are as follows:

	Minimum lease payments			Present Value of Minimum Lease Payments		
	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Amounts payable under finance leases:						
Not later than one year	266	268	2,230	242	243	2,024
Later than one year but not later than five years	595	542	4,512	516	475	3,949
Later than five years	23	3	25	21	3	29
Total	884	813	6,767	778	721	6,002
Less future finance charges	(106)	(92)	(766)			
Present value of lease obligations	778	721	6,002	778	721	6,002
Less amount due for settlement within 12 months				242	243	2,024
Amount due for settlement after 12 months				536	478	3,978

The Group has not entered into any new finance lease contracts in its policy, except the case only when it concludes that it has a number of advantages of having a lease arrangement in respect of cost reduction or the avoidance of the risk associated with product obsolescence. The average remaining lease term is approximately two to four years as at 31 March 2015.

Some lease contracts include renewal options or purchase options. However, there is no sub-lease contract, contingent rent, escalation payments and specific limitations (such as dividends, additional borrowing, and additional lease contract) included in these lease contracts.

The Group's fair values of lease obligations are set out in Note 23 "Financial instruments".

18. Operating lease arrangements

Details of minimum lease payments and contingent lease payments for the period under operating lease arrangements are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Minimum lease payments	7,664	8,231	68,491
Contingent rent	545	606	5,042
Total	8,209	8,836	73,533

The amounts above are included in the line item 'Other expenses' in the consolidated statement of comprehensive income.

Contingent rent, which is determined in rent contracts for stores at shopping malls, is the rent based on the stores' sales amounts.

As at 31 March 2014 and 2015, the maturity periods of the outstanding commitments under non-cancellable operating leases are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Not later than one year	1,805	1,843	15,341
Later than one year but not later than five years	3,990	3,423	28,483
Later than five years	2,572	2,737	22,780
Total	8,367	8,004	66,604

Operating lease payments represent rentals payable by the Group for the land used for an office, building and machinery, and tools, equipment and fixtures. The average remaining operating lease terms for those assets as at 31 March 2015, are 38 years, two years and one year, respectively.

Some lease contracts include renewal options, purchase options or escalation payments. However, there are no sub-lease contract or restrictions (such as dividends, additional borrowing, and additional lease contract), included in these contracts.

19.Retirement benefit plans

The Group has contributory defined contribution plans and defined benefit plans, and non-contributory defined benefit plans. The accounting policies adopted by the Group for retirement benefit plans are stated in Note 3 “Significant accounting policies (19) Retirement benefit costs”.

The Company and its domestic subsidiaries mainly have defined contribution plans. Overseas subsidiaries have benefit plans required by local law and regulations of each country. Unless a defined benefit plan is required by the laws of the country in which the overseas subsidiaries operate, a defined contribution plan has been put into place. The plan in U.K. represents a substantial portion of the pension plans of the Group, where it is the closed plan that stopped new registrations. Management believes that general risks, such as investment, credit and salary risks are not significant in the plan.

The Group does not have retirement benefit plans other than pension plans and lump-sum retirement allowances.

(1) Defined benefit plans

The amounts included in the consolidated statement of financial position arising from the Group’s obligations in respect of its defined benefit plans are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Present value of funded defined benefit obligation	4,832	5,928	49,331
Fair value of plan assets	(3,191)	(3,871)	(32,212)
Total	1,641	2,057	17,120
The effect of the changes to the asset ceiling	31	32	267
Net liability arising from defined benefit plans obligations	1,672	2,089	17,387
Balance in the consolidated statement of financial position			
Liability	1,675	2,098	17,455
Asset (Other non-current assets)	3	8	68

Amounts recognised in the consolidated statement of comprehensive income in respect of these defined benefit plans are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Service cost			
Current service cost	389	438	3,646
Past service cost and (gain)/loss from settlements	(28)	1	10
Net interest expense	54	27	228
Components of defined benefit costs recognised in profit or loss	415	467	3,884
Remeasurement of the net defined benefit liability			
Return on plan assets	(10)	(387)	(3,221)
Actuarial gains and losses arising from changes in demographic assumptions	(20)	14	118
Actuarial gains and losses arising from changes in financial assumptions	(218)	508	4,230
Actuarial gains and losses arising from experience adjustments	166	70	585
Adjustments for restrictions on the defined benefit asset	0	0	0
Components of defined benefit costs recognised in other comprehensive income	(81)	206	1,712
Total	334	672	5,596

Service cost and net interest expense are included in 'Employee benefits expense' and 'Finance cost' in the consolidated statement of comprehensive income.

Movements in the present value of the defined benefit obligations are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Beginning balance	3,870	4,832	40,209
Current service cost	389	438	3,646
Interest cost	175	166	1,385
Remeasurement (gains)/losses			
Actuarial gains and losses arising from changes in demographic assumptions	(20)	14	118
Actuarial gains and losses arising from changes in financial assumptions	(218)	508	4,230
Actuarial gains and losses arising from experience adjustments	166	70	585
Past service cost	(28)	1	10
Increase due to acquisition of subsidiaries	78	24	197
Benefits paid	(94)	(431)	(3,583)
Effect of foreign currency exchange differences	513	304	2,534
Ending balance	4,832	5,928	49,331

Movements in the present value of the plan assets are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Beginning balance	2,442	3,191	26,550
Interest income	121	139	1,157
Remeasurement gain (loss)			
Return on plan assets (excluding amounts included in net interest expense)	10	387	3,221
Contributions from the employer	384	230	1,918
Benefits paid	(184)	(230)	(1,911)
Effect of foreign currency exchange differences	418	153	1,277
Ending balance	3,191	3,871	32,212

Movements in the effect of the changes to the asset ceiling are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Beginning balance	26	31	257
Interest expense	0	0	0
Remeasurement gain (loss)			
The effect of the changes in the asset ceiling	0	0	0
Effect of foreign currency exchange differences	5	1	10
Ending balance	31	32	267

The fair values of major categories of plan assets as at 31 March 2014 and 2015, are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Cash and cash equivalents	363	538	4,478
Equity instruments - Foreign equity instruments	1,016	1,391	11,577
Debt instruments - Foreign governmental bonds	1,299	615	5,118
Debt instruments - Foreign bonds	474	334	2,776
Others	38	993	8,262
Total	3,191	3,871	32,212

The fair values of financial instruments are measured at quoted market price in active markets. No transferable instrument is included in plan assets.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	As at 31 March 2014	As at 31 March 2015
Discount rate	4.5%	3.3%

The Group believes there is no material impact on operating results, financial positions and cash flows due to the defined benefit plan of the Group, including the amount, timing and uncertainty of future cash flows.

(2) Defined contribution plans

The total expense recognised was 1,908 million yen and 2,147 million yen (17,863 thousand U.S. dollars) for the years ended 31 March 2014 and 2015, respectively.

(3) Severance payments

Under certain circumstances (such as retirement before the predetermined retirement date), additional payments are made upon retirement. The total expense recognised was 1,790 million yen and 2,451 million yen (20,395 thousand U.S. dollars) for the years ended 31 March 2014 and 2015, respectively.

20.Provisions

Details of provisions are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Asset retirement obligation	2,142	2,251	18,731
Warranties provision	969	1,075	8,942
Total	3,111	3,326	27,673
Non-current liabilities	2,155	2,262	18,827
Current liabilities	955	1,063	8,847

An analysis of the change in provisions is as follows:

(Millions of Yen)

	Asset retirement obligation	Warranties provision	Total
Balance at 1 April 2014	2,142	969	3,111
Provision for the year	55	380	435
Business Combination	82	—	82
Interest cost associated with passage of time	15	—	15
Reduction resulting from settlement for the year	(158)	(355)	(513)
Effect of foreign currency exchange differences	116	81	196
Balance at 31 March 2015	2,251	1,075	3,326

(Thousands of U.S. Dollars (Note 2))

	Asset retirement obligation	Warranties provision	Total
Balance at 1 April 2014	17,825	8,061	25,887
Provision for the year	454	3,162	3,616
Business Combination	680	—	680
Interest cost associated with passage of time	125	—	125
Reduction resulting from settlement for the year	(1,314)	(2,954)	(4,268)
Effect of foreign currency exchange differences	961	673	1,635
Balance at 31 March 2015	18,731	8,942	27,673

Note:

Refer to Note 3 “Significant accounting policies (20) Provisions and contingent liabilities assumed in a business combination” for details of each provision.

21. Trade and other payables

Details of trade and other payables are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Accounts payable	23,323	19,195	159,734
Notes payable, trade	407	5,840	48,597
Processing cost payable	959	591	4,922
Other payables	15,585	15,044	125,187
Notes payable for capital investment	16	576	4,796
Total	40,291	41,247	343,236

Trade notes payable are due 120 days on average.

Accounts payable are due 30 to 60 days from the invoice date in Asia except for Japan, and due 90 to 120 days from the invoice date in Japan. Accounts payable in Europe and U.S.A. are mainly payable related to the intragroup transactions; thus, upon consolidation, these trade accounts payable are eliminated. The Group arranges a cash pooling for Japan, Europe and the U.S.A. to ensure that all payables are paid within the pre-agreed credit terms.

22. Share capital and other equity items

(1) Share capital and capital reserves

	Number of authorised shares (Ordinary shares with no par value)	Number of issued shares (Ordinary shares with no par value)	Number of outstanding shares (Ordinary shares with no par value)	Share capital (Millions of Yen)	Capital reserves (Millions of Yen)	Share capital (Thousands of U.S. Dollars (Note 2))	Capital reserves (Thousands of U.S. Dollars (Note 2))
Balance at 1 April 2013	1,250,519,400	435,017,020	431,496,141	6,264	15,899	52,128	132,301
Increase (ii)	—	—	598,558	—	—	—	—
Balance at 31 March 2014	1,250,519,400	435,017,020	432,094,699	6,264	15,899	52,128	132,301
Decrease (i), (ii)	—	9,234,100	8,163,722	—	—	—	—
Balance at 31 March 2015	1,250,519,400	425,782,920	423,930,977	6,264	15,899	52,128	132,301

Note:

(i) Decrease in number of issued shares is due to cancellation of treasury shares.

(ii) Increase or decrease in number of outstanding shares is due to increase or decrease in treasury shares.

(2) Treasury shares and other capital reserves

① Treasury shares

	Numbers of shares	Amount (Millions of Yen)
Balance at 1 April 2013	3,520,879	10,712
Repurchase of odd-lot shares	1,842	5
Decrease on exercise of stock option	(600,400)	(1,827)
Balance at 31 March 2014	2,922,321	8,890
Repurchase of treasury shares	9,234,100	30,000
Cancellation of treasury shares	(9,234,100)	(29,573)
Repurchase of odd-lot shares	1,346	5
Disposal of odd-lot shares	(124)	(0)
Decrease on exercise of stock options	(1,071,600)	(3,390)
Balance at 31 March 2015	1,851,943	5,932

	Numbers of shares	Amount (Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2014	2,922,321	73,979
Repurchase of treasury shares	9,234,100	249,646
Cancellation of treasury shares	(9,234,100)	(246,092)
Repurchase of odd-lot shares	1,346	45
Disposal of odd-lot shares	(124)	(3)
Decrease on exercise of stock options	(1,071,600)	(28,211)
Balance at 31 March 2015	1,851,943	49,363

② Other capital reserves

	Gain (loss) on disposal of treasury shares	Stock option (i)	Others	Total
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Balance at 1 April 2013	(4,989)	3,070	(393)	(2,313)
Disposal of treasury shares	(535)	(233)	—	(768)
Share-based payments	—	242	—	242
Balance at 31 March 2014	(5,524)	3,078	(393)	(2,839)
Repurchase of treasury shares	—	—	(30)	(30)
Disposal of treasury shares	(741)	(512)	—	(1,253)
Share-based payments	—	386	—	386
Balance at 31 March 2015	(6,265)	2,952	(423)	(3,736)

	Gain (loss) on disposal of treasury shares	Stock option (i)	Others	Total
	(Thousands of U.S. Dollars (Note 2))	(Thousands of U.S. Dollars (Note 2))	(Thousands of U.S. Dollars (Note 2))	(Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2014	(45,971)	25,613	(3,270)	(23,627)
Repurchase of treasury shares	—	—	(250)	(250)
Disposal of treasury shares	(6,167)	(4,264)	—	(10,430)
Share-based payments	—	3,214	—	3,214
Balance at 31 March 2015	(52,138)	24,564	(3,519)	(31,093)

Note:

(i) Refer to Note 24 “Share-based payments” for details of stock option.

(3) Retained earnings and dividends

	Amount (Millions of Yen)
Balance at 1 April 2013	485,836
Profit for the year (attributable to owners of the Company)	58,390
Dividends	(28,050)
Transfer to retained earnings	66
Balance at 31 March 2014	516,243
Profit for the year (attributable to owners of the Company)	92,804
Cancellation of treasury shares	(29,573)
Dividends	(32,145)
Transfer to retained earnings	(167)
Balance at 31 March 2015	547,162

	Amount (Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2014	4,295,938
Profit for the year (attributable to owners of the Company)	772,273
Cancellation of treasury shares	(246,092)
Dividends	(267,493)
Transfer to retained earnings	(1,390)
Balance at 31 March 2015	4,553,236

Details of dividends are as follows:

Date of resolution	Dividends per share (Yen)	Dividends per share (U.S. Dollars (Note 2))	Total dividends (Millions of Yen)	Total dividends (Thousands of U.S. Dollars (Note 2))	Record date	Effective date
30 May 2013	35	0.29	15,102	125,675	31 March 2013	3 June 2013
31 October 2013	30	0.25	12,947	107,740	30 September 2013	29 November 2013
21 May 2014	45	0.37	19,444	161,806	31 March 2014	29 May 2014
30 October 2014	30	0.25	12,700	105,687	30 September 2014	28 November 2014
21 May 2015	45	0.37	19,077	158,749	31 March 2015	1 June 2015

Dividends payable are included in the line item 'Other short-term financial liabilities' in the consolidated statement of financial position.

(4) Non-controlling interests

	Amount (Millions of Yen)
Balance at 1 April 2013	(187)
Profit for the year, attributable to non-controlling interests	1,750
Translation differences for foreign operations (other comprehensive income)	123
Dividends	(6)
Increase due to acquisition of subsidiaries	4,441
Balance at 31 March 2014	6,121
Profit for the year, attributable to non-controlling interests	137
Other comprehensive income	(168)
Dividends	(9)
Balance at 31 March 2015	6,081

	Amount (Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2014	50,938
Profit for the year, attributable to non-controlling interests	1,137
Other comprehensive income	(1,400)
Dividends	(74)
Balance at 31 March 2015	50,603

23. Financial instruments

(1) Capital risk management

The Group manages its capital for its continuous growth and to maximise the corporate value of the Group.

The net debt and equity of the Group are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Interest-bearing debt	63,279	37,561	312,564
Less: Cash and cash equivalents	331,094	348,819	2,902,715
Net debt	(267,814)	(311,259)	(2,590,152)
Equity	542,648	596,095	4,960,428

In order to maximise the corporate value of the Group, cash flows have been a priority of the Group management. As at 31 March 2014 and 2015, the Group maintained cash and cash equivalents balances in excess of interest-bearing debt balances. The Group is not subject to any externally imposed capital regulation as at 31 March 2015.

Details of interest-bearing debt, cash and cash equivalents and equity are described in Note 16 “Interest-bearing debt”, Note 15 “Cash and cash equivalents”, and Note 22 “Share capital and other equity items”, respectively.

(2) Significant accounting policies

Accounting policies and criteria for recognition of financial assets, financial liabilities and equity instruments, basis of measurement and recognition of income and expenses are described in Note 3 “Significant accounting policies”.

(3) Categories of financial instruments

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Financial assets			
FVTPL financial assets (derivative instruments) (ii)	1,295	—	—
Loans and receivables			
Trade and other receivables	95,529	99,198	825,480
Other financial assets (ii)	15,437	26,223	218,216
Available-for-sale financial assets (ii)	2,821	885	7,361
Cash and cash equivalents	331,094	348,819	2,902,715
Financial liabilities			
FVTPL financial liabilities (derivative instruments) (iii)	—	3,400	28,296
Financial liabilities measured at amortised cost			
Trade and other payables	40,291	41,247	343,236
Interest-bearing debt	63,279	37,561	312,564
Other financial liabilities (iii)	152	163	1,354

Note:

(i) The items above are not included in discontinued operations and disposal group held for sale. The Group does not have held-to-maturity investments and derivative instruments designated as hedging instruments. Likewise, the Group does not have financial assets or financial liabilities using the fair value option.

(ii) FVTPL financial assets (derivative instruments), other financial assets and available-for-sale financial assets are included in 'Long-term financial assets' or 'Other short-term financial assets' in the consolidated statement of financial position.

(iii) FVTPL financial liabilities (derivative instruments) and other financial liabilities are included in 'Other long-term/short-term financial liabilities' in the consolidated statement of financial position.

(iv) Financial assets or liabilities to be offset as at 31 March 2014 and 2015, are immaterial.

(4) Financial risk management

In its operations, the Group is exposed to various financial risks. The Group undertakes risk management steps to minimise the effects of these financial risks. In an effort to manage these risks, the Group's risk management approach is to eliminate the sources of these risks or to minimise the risks that are not avoidable.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. In certain cases, the Group obtains additional borrowings from financial institutions to react to temporary cash shortages or uses forward foreign exchange contracts to sustain cash flows. The above financial risks are managed by the financial department of the Group.

(5) Market risk management

The Group is exposed to risks arising from changes in the economic environment and financial markets. The factors of the risk relating to financial markets are fluctuation risk of foreign currency, interest rate, and fair value of equity instruments.

① Foreign currency risk

1) Foreign currency risk management

As the Group's businesses have expanded globally, foreign exchange fluctuations, in particular from Thai Baht, Euro and U.S. dollar, have a significant impact on the Group's financial results. If the Japanese yen appreciates against these currencies, both sales and profit stated in Japanese yen might decrease even though sales and profit stated in local currencies have increased.

The Group intends to marry major currencies the Group uses (i.e., Euro, U.S. dollar and Yen) in settlements of receivables/payables resulting from operating activities. Specifically, the subsidiaries that continuously conduct import or export transactions retain foreign currencies obtained from exports of goods for payables on imported supplies. This enables the Group to mitigate foreign currency risk. On the other hand, as the Company has multiple SBUs and conducts its own finance and dividend payments to the Company's shareholders, and the holding companies under the Company receive dividends from their subsidiaries and distribute them to the Company and/or other group companies, the Group's foreign currency-dominated balances in receivables, liabilities and/or bank deposits may not fully offset each other. This might cause significant gains or losses on foreign exchange differences when the Yen appreciates or depreciates against the U.S. dollar or the Euro, or when the Euro appreciates or depreciates against the U.S. dollar.

2) Foreign currency sensitivity analysis

The chart below shows the impact on the profit and equity in the case of a 1% appreciation of the Yen against the Thai Baht, the Euro and the U.S. dollar with the assumption that other currencies are constant.

	For the year ended 31 March 2014	For the year ended 31 March 2015
Average exchange rate (Yen per each currency)		
Thai Baht	3.18	3.41
Euro	135.12	138.43
U.S. dollar	100.49	110.62
Impact on profit for the year (Millions of Yen)		
Thai Baht	(140)	(152)
Euro	(15)	(114)
U.S. dollar	(160)	(339)
Impact on equity (Millions of Yen)		
Thai Baht	(194)	(318)
Euro	(441)	(491)
U.S. dollar	(274)	(601)

	For the year ended 31 March 2015
Impact on profit for the year (Thousands of U.S. Dollars (Note 2))	
Thai Baht	(1,269)
Euro	(947)
U.S. dollar	(2,824)
Impact on equity (Thousands of U.S. Dollars (Note 2))	
Thai Baht	(2,648)
Euro	(4,086)
U.S. dollar	(4,998)

Note:

Numbers in brackets mean the amount of negative impact on profit and equity resulting from a 1% appreciation of the Yen. The amounts above represent the impact on the consolidated financial statements of the Group resulting from foreign currency conversion, not the impact on the Group's cash flows or operations themselves.

Likewise, the charts below show the impact in the case of a 1% appreciation of functional currencies of the Company and its holding company within the Group on their receivables/liabilities and bank deposits denominated in foreign currency on the assumption that other currencies are constant. The information about its holding companies with immaterial risk is not included in the chart below.

2)-1. Parent company (the Company)

(Millions of Yen)

	Euro		U.S. dollar	
	31 March 2014	31 March 2015	31 March 2014	31 March 2015
Trade and other receivables	(23)	(19)	(75)	(81)
Trade and other payables	1	1	34	16
Long-term financial assets	—	—	—	—
Short-term financial assets	7	—	—	(0)
Cash and cash equivalents	(17)	(17)	(661)	(218)
Total	(31)	(35)	(702)	(283)

(Thousands of U.S. Dollars (Note 2))

	Euro	U.S. dollar
	31 March 2015	31 March 2015
Trade and other receivables	(161)	(673)
Trade and other payables	9	136
Long-term financial assets	—	—
Short-term financial assets	—	(0)
Cash and cash equivalents	(142)	(1,816)
Total	(294)	(2,353)

Note:

Numbers in brackets are the amounts of negative impact on profit and equity resulting from a 1% appreciation of the Yen. A 1% depreciation of the Yen has a positive impact in the same amount.

Intercompany receivables/payables are included in the calculation of the impact as they cause foreign exchange gain or loss in the process of translation.

Short-term financial assets include the fair value of forward contracts in long or short positions in currency derivative instruments.

2)-2. Holding company (Europe)

(Millions of Yen)

	Yen		U.S. dollar	
	31 March 2014	31 March 2015	31 March 2014	31 March 2015
Trade and other receivables	—	—	—	—
Trade and other payables	0	0	0	—
Long-term financial assets	—	—	(0)	(22)
Short-term financial assets	—	—	(27)	(147)
Cash and cash equivalents	(110)	(135)	(559)	(20)
Total	(110)	(135)	(585)	(189)

(Thousands of U.S. Dollars (Note 2))

	Yen	U.S. dollar
	31 March 2015	31 March 2015
Trade and other receivables	—	—
Trade and other payables	0	—
Long-term financial assets	—	(183)
Short-term financial assets	—	(1,227)
Cash and cash equivalents	(1,121)	(166)
Total	(1,121)	(1,576)

Note:

Numbers in brackets are the amounts of negative impact on profit and equity resulting from a 1% appreciation of the Euro. A 1% depreciation of the Euro has a positive impact in the same amount.

Intercompany receivables/payables are included in the calculation of the impact as they cause foreign exchange gain or loss in the process of translation.

Long-term and short-term financial assets include the fair value of forward contracts in long or short positions in currency derivative instruments.

3) Currency derivatives

The Group's policy prohibits the use of derivative instruments such as forward foreign exchange contracts, except for certain circumstances in which the use of such derivatives is determined to be beneficial. In such case, the Group can enter into contracts upon obtaining formal approval from the Chief Financial Officer ("CFO") of the Group in accordance with its group headquarters approval process.

In order to economically hedge foreign currency exposures on intercompany receivables, payables and dividends, forward foreign exchange contracts are occasionally entered into. In these cases, the same approval policy as stated above is adhered to.

The following are the details of the forward foreign exchange contracts at the end of each reporting period:

(Millions of Yen)

For the year ended 31 March 2014	Average exchange rate	Foreign currency (mil)	Notional amount	Fair value
Forward foreign exchange contracts				
More than one year				
US\$Sell (€Buy)	0.75 (€/US\$)	\$70.9	7,567	383
Within one year				
US\$Sell (€Buy)	0.76 (€/US\$)	\$206.6	22,137	912
€Buy (Yen Sell)	141.44 (Yen/€)	€5.2	735	1

(Millions of Yen)

(Thousands of U.S. Dollars (Note 2))

For the year ended 31 March 2015	Average exchange rate	Foreign currency (mil)	Notional amount	Fair value	Notional amount	Fair value
Forward foreign exchange contracts						
More than one year						
US\$Sell (€Buy)	0.74 (€/US\$)	\$32.7	3,167	(667)	26,352	(5,551)
Within one year						
US\$Sell (€Buy)	0.74 (€/US\$)	\$113.8	11,028	(2,733)	91,773	(22,745)

Note:

The fair values of forward foreign exchange contracts are determined based on the forward exchange rate at the market at the end of each reporting period.

② Interest rate risk management

The majority of the interest-bearing debt consists of bonds with fixed interest rates. The Group's cash and cash equivalents exceed the interest-bearing debt, and currently, the impact of interest expense on the Group's profit/loss is immaterial. Therefore, the Group considers that the interest rate risk is immaterial and has not performed a sensitivity analysis such as Basis Point Value.

③ Price risks management in equity instruments

The Group is exposed to equity price risks arising from equity instruments (i.e., listed shares). These investments are held from a viewpoint of business strategy, not for short-term trading purposes. The Group does not sell these investments frequently and the Group periodically reviews the fair value of these instruments as well as the financial condition of investees.

The sensitivity analysis has been based on the exposure to the price of equity instruments (listed shares) at the end of the reporting period. If equity prices increase or decrease by 5%, accumulated other comprehensive income (pre-tax) would change by 105 million yen and 10 million yen (81 thousand U.S. dollars) as at 31 March 2014 and 2015, respectively, as a result of changes in fair value of the equity instruments.

(6) Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group manages its credit risk by setting credit limits that are approved by the authorised personnel of each SBU.

The main customers for the Information technology business are globalised companies that have relatively large-scale and stable financial conditions. On the other hand, credit losses were incurred on a sporadic basis in the Life Care business as those products were sold to relatively small and diversified customers, such as end consumers, retailers, and medical institutions. Accordingly, no significant credit losses were incurred in the past. A division in the Life Care business of selling goods to medical institutions and operating wholesale business in certain countries has some past-due receivables due to the financial conditions of those medical institutions or customers. Credit limits have been set for those customers to minimise the loss from a failure to collect the receivables.

Trade receivables consist of large number of customers across a diverse range of industries and geographical areas. The Group has neither significant credit risk exposure for a specific customer or customer group categorised by similarity, nor concentration of credit risk over 5% of total financial assets as at 31 March 2015.

① Financial assets and other credit exposures

Except for the items below, the carrying amounts after impairment presented in the consolidated financial statements are the maximum exposure for the Group's credit risk without considering the appraised value of the related collateral.

	Maximum credit risk		
	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Guarantee liabilities	290	135	1,127

The Group does not hold any collateral or other credit enhancements to cover the risks disclosed above. Details of guarantee liabilities are described in Note 33 "Contingent liabilities".

② Impaired or past-due financial assets

The following table provides the ageing details of the financial assets not yet due and the financial assets past-due but not impaired at the end of the reporting period:

(Millions of Yen)

Balance at 31 March 2014	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Trade and other receivables (gross)	97,922	84,773	6,556	2,128	838	798	2,829
Allowance for doubtful accounts	(2,393)	(525)	(10)	(73)	(142)	(87)	(1,555)
Trade and other receivables (net)	95,529	84,249	6,546	2,055	696	711	1,273
Other financial assets (gross)	16,500	15,580	12	—	—	—	907
Allowance for doubtful accounts	(1,063)	(254)	—	—	—	—	(809)
Other financial assets (net)	15,437	15,327	12	—	—	—	98

(Millions of Yen)

Balance at 31 March 2015	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Trade and other receivables (gross)	101,618	87,628	6,571	2,613	993	792	3,021
Allowance for doubtful accounts	(2,421)	(574)	(36)	(69)	(60)	(107)	(1,575)
Trade and other receivables (net)	99,198	87,055	6,535	2,544	933	685	1,446
Other financial assets (gross)	27,179	26,419	—	—	—	—	760
Allowance for doubtful accounts	(956)	(267)	—	—	—	—	(689)
Other financial assets (net)	26,223	26,151	—	—	—	—	72

(Thousands of U.S. Dollars (Note 2))

Balance at 31 March 2015	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Trade and other receivables (gross)	845,622	729,202	54,681	21,744	8,260	6,595	25,140
Allowance for doubtful accounts	(20,145)	(4,774)	(297)	(575)	(497)	(892)	(13,110)
Trade and other receivables (net)	825,477	724,429	54,384	21,169	7,763	5,703	12,030
Other financial assets (gross)	226,171	219,845	—	—	—	—	6,326
Allowance for doubtful accounts	(7,955)	(2,224)	—	—	—	—	(5,731)
Other financial assets (net)	218,216	217,621	—	—	—	—	595

The Group does not hold any collateral or other credit enhancements on the above financial assets.

In case of impairment on financial assets, the Group does not directly write off such assets by reducing the carrying amount, instead records an allowance for doubtful accounts. Movement in the allowance for doubtful accounts is as follows:

(Millions of Yen)

	Allowance for doubtful accounts (Current)	Allowance for doubtful accounts (Non-current)	Total
Balance at 1 April 2013	1,992	990	2,982
Provision for the year	322	348	670
Reduction resulting from settlement for the year	(28)	(285)	(313)
Reduction for the year (reversal)	(148)	(44)	(192)
Business combinations	54	6	60
Other (foreign exchange translation gain or losses, etc.)	201	47	249
Balance at 31 March 2014	2,393	1,063	3,456
Provision for the year	302	74	376
Reduction resulting from settlement for the year	(145)	(5)	(150)
Reduction for the year (reversal)	(65)	(203)	(268)
Other (foreign exchange translation gain or losses, etc.)	(64)	27	(38)
Balance at 31 March 2015	2,421	956	3,377

(Thousands of U.S. Dollars (Note 2))

	Allowance for doubtful accounts (Current)	Allowance for doubtful accounts (Non-current)	Total
Balance at 31 March 2014	19,917	8,845	28,761
Provision for the year	2,509	619	3,129
Reduction resulting from settlement for the year	(1,203)	(43)	(1,245)
Reduction for the year (reversal)	(544)	(1,687)	(2,232)
Other (foreign exchange translation gains or losses, etc.)	(534)	222	(312)
Balance at 31 March 2015	20,145	7,955	28,100

The Group continuously monitors the financial status of customers that appear to represent a credit risk in collecting receivables, including restructured receivables. Based on this monitoring, the Group sets the allowance for doubtful accounts considering the collectability of the receivables.

Because the Group operations are global, the credit risk is widely diversified among customers and the Group does not depend on specific customers. Therefore, the possibility of a chain-reaction of bankruptcies at a certain customer is considered to be remote and the Group does not set additional general allowance for doubtful accounts resulting from the concentration of this credit risk.

③ Transfer of financial assets

The Group transferred some of its notes receivable to financial institutions before maturity on a discounted basis. The Group is required to repurchase these notes in the event of a default. Accordingly, the Group continues to recognise the full carrying amount of the notes receivable until maturity and the cash proceeds received on the sale of the notes receivable is accounted for as a secured borrowing.

There were no notes receivable transferred and discounted that were outstanding as at 31 March 2014 and 2015.

(7) Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the CFO of the Group who is appointed by the board of directors. Based on the instructions from the CFO, the financial headquarters of the Group mainly manages the Group's liquidity risk by maintaining an appropriate level of retained earnings and credit facilities, and monitors the actual cash flows and forecasted cash flows. Temporary cash shortages due to dividends or bonus payments are funded through the issuance of commercial paper, etc.

The following table details the contractual maturity of its financial liabilities, including derivative financial instruments but excluding guarantee liabilities:

(Millions of Yen)

Balance at 31 March 2014	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Non-derivative liabilities								
Trade and other payables	40,291	40,291	40,291	—	—	—	—	—
Long-term bank loans (excluding current portion)	261	261	—	161	81	10	7	2
Current portion of long-term bank loans	82	82	82	—	—	—	—	—
Short-term bank loans	2,007	2,007	2,007	—	—	—	—	—
Bonds (excluding current portion)	35,032	35,077	—	21	21	35,021	14	—
Current portion of bonds	25,119	25,126	25,126	—	—	—	—	—
Long-term finance lease obligations	536	536	—	206	165	104	40	21
Short-term finance lease obligations	242	242	242	—	—	—	—	—
Other financial liabilities	152	152	152	—	—	—	—	—
Total	103,722	103,773	67,899	389	267	35,135	60	22

(Millions of Yen)

Balance at 31 March 2015	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Non-derivative liabilities								
Trade and other payables	41,247	41,247	41,247	—	—	—	—	—
Long-term bank loans (excluding current portion)	26	26	—	12	7	6	2	—
Current portion of long-term bank loans	8	8	8	—	—	—	—	—
Short-term bank loans	1,760	1,760	1,760	—	—	—	—	—
Bonds (excluding current portion)	35,024	35,056	—	21	35,021	14	—	—
Current portion of bonds	21	21	21	—	—	—	—	—
Long-term finance lease obligations	478	478	—	219	161	72	23	3
Short-term finance lease obligations	243	243	243	—	—	—	—	—
Other financial liabilities	163	163	163	—	—	—	—	—
Derivative liabilities								
Currency derivative	3,400	3,400	2,733	211	456	—	—	—
Total	82,371	82,402	46,175	463	35,645	91	24	3

(Thousands of U.S. Dollars (Note 2))

Balance at 31 March 2015	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Non-derivative liabilities								
Trade and other payables	343,236	343,236	343,236	—	—	—	—	—
Long-term bank loans (excluding current portion)	220	220	—	97	60	51	13	—
Current portion of long-term bank loans	69	69	69	—	—	—	—	—
Short-term bank loans	14,647	14,647	14,647	—	—	—	—	—
Bonds (excluding current portion)	291,451	291,716	—	175	291,429	112	—	—
Current portion of bonds	175	175	175	—	—	—	—	—
Long-term finance lease obligations	3,978	3,978	—	1,822	1,340	597	190	29
Short-term finance lease obligations	2,024	2,024	2,024	—	—	—	—	—
Other financial liabilities	1,354	1,354	1,354	—	—	—	—	—
Derivative liabilities								
Currency derivative	28,296	28,296	22,745	1,756	3,795	—	—	—
Total	685,450	685,715	384,250	3,850	296,624	760	203	29

Note:

Guarantee liabilities have been excluded from the above table as the likelihood of execution has been determined as low. Assets and liabilities recognised as a result of undertaking derivative instruments transactions are presented on a net basis.

Temporary cash shortages due to dividends or bonus payments are funded in the following ways.

Details of financing methods and status are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Bank overdraft			
Used	—	—	—
Unused	65,000	65,000	540,900
Total	65,000	65,000	540,900
Commercial paper			
Used	—	—	—
Unused	50,000	50,000	416,077
Total	50,000	50,000	416,077

(8) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that have been measured at fair value subsequent to initial recognition.

The fair values are categorised into Levels 1 to 3.

Level 1: Fair value derived from quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Forward exchange contracts are measured at fair value on forward exchange rate at the closing date
- Preferred shares with convertible rights are measured at fair value based on the fair value of common stocks

Level 3: Fair value derived from inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

- Unlisted shares are measured by recognising the Group's share of the net asset of issuing companies at stated periods. Any excess of the cost of the investment over the Group's share of net assets is deemed as fair value.

① Financial instruments that are measured at fair value

(Millions of Yen)

As at 31 March 2014	Level 1	Level 2	Level 3	Total
FVTPL financial assets (derivative instruments)	—	1,295	—	1,295
Available-for-sale financial assets	2,102	—	720	2,821
Total	2,102	1,295	720	4,116
FVTPL financial liabilities (derivative instruments)	—	—	—	—
Total	—	—	—	—

(Millions of Yen)

As at 31 March 2015	Level 1	Level 2	Level 3	Total
FVTPL financial assets (derivative instruments)	—	—	—	—
Available-for-sale financial assets	196	—	689	885
Total	196	—	689	885
FVTPL financial liabilities (derivative instruments)	—	3,400	—	3,400
Total	—	3,400	—	3,400

(Thousands of U.S. Dollars (Note 2))

As at 31 March 2015	Level 1	Level 2	Level 3	Total
FVTPL financial assets (derivative instruments)	—	—	—	—
Available-for-sale financial assets	1,629	—	5,732	7,361
Total	1,629	—	5,732	7,361
FVTPL financial liabilities (derivative instruments)	—	28,296	—	28,296
Total	—	28,296	—	28,296

Note:

No transfers occurred between Levels 1, 2 and 3 during the years ended 31 March 2014 and 2015, excluding that:

- The preferred shares were transferred from Level 2 to Level 1 due to the conversion to common stocks during the year ended 31 March 2014.
- The common stocks which became possible to be measured at quoted prices in active markets, were transferred from Level 3 to Level 1 during the year ended 31 March 2015.

② Reconciliation of financial assets categorised at Level 3 from beginning balance to ending balance

	Fair value measurement as at the end of the reporting period		
	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
Available-for-sale financial assets	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Opening balance	693	720	5,988
Total gains or losses recognised:	27	(15)	(122)
- in profit or loss (i)	(16)	8	70
- in other comprehensive income (ii)	43	(23)	(191)
Purchase	0	—	—
Sale	—	(13)	(105)
Transfer to Level 1	—	(5)	(40)
Others	0	1	11
Closing balance	720	689	5,732

Note:

(i) In the total gains or losses for the years ended 31 March 2014 and 2015, included in profit or loss, 16 million yen in loss and 8 million yen (70 thousand U.S. dollars) in profit, respectively, relate to available-for-sale financial assets at the end of the reporting period. Related loss of these assets is included in the line item 'Finance costs' in the consolidated statement of comprehensive income. Refer to Note 26 "Finance income and costs".

(ii) In the total gains or losses for the years ended 31 March 2014 and 2015, included in other comprehensive income, 43 million yen in gain and 23 million yen (191 thousand U.S. dollars) in loss, respectively, relate to the shares not traded in the market. Related loss and profit are included in the line item 'Net gain/ (loss) on revaluation of available-for-sale financial assets' in Note 27 "Other comprehensive income".

(9) Fair value of financial assets and liabilities that are measured at fair value on a non-recurring basis

① Carrying amounts and fair value

	(Millions of Yen)		(Millions of Yen)		(Thousands of U.S. Dollars (Note 2))	
	As at 31 March 2014		As at 31 March 2015		As at 31 March 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Loans and receivables						
Current portion of long-term loans to subsidiaries and affiliates	—	—	8,500	8,521	70,733	70,912
Lease deposits	4,413	4,372	4,562	4,536	37,966	37,748
Total	4,413	4,372	13,062	13,058	108,699	108,659
Liabilities						
Financial liabilities measured at amortised cost						
Long-term bank loans (excluding current portion)	261	272	26	27	220	222
Current portion of long-term bank loans	82	85	8	8	69	69
Bonds (excluding current portion)	35,032	37,030	35,024	36,915	291,451	307,186
Current portion of bonds	25,119	25,302	21	21	175	179
Long-term finance lease obligations	536	631	478	573	3,978	4,768
Short-term finance lease obligations	242	255	243	259	2,024	2,154
Total	61,272	63,574	35,801	37,803	297,917	314,578

② Fair value hierarchy

Level 1: Fair value derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Fair value of loans and receivables is measured by the present value of future cash flows of each loan categorised according to a certain range of term, discounted by the risk-free rate, etc.
- Fair value of bonds issued by the Company is measured by discounting the total of principal and interest using an interest rate that reflects each bond's credit risk.
- Fair value of interest-bearing debt other than bonds is measured by the present value of future cash flows of each debt categorised according to a certain range of term, and discounted by the interest rate that reflects the remaining period to the maturity and credit risk.

Level 3: Fair value derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Millions of Yen)

As at 31 March 2014	Level 1	Level 2	Level 3	Total
Assets				
Loans and receivables				
Lease deposits	—	4,372	—	4,372
Total	—	4,372	—	4,372
Liabilities				
Financial liabilities measured at amortised cost				
Long-term bank loans (excluding current portion)	—	272	—	272
Current portion of long-term bank loans	—	85	—	85
Bonds (excluding current portion)	—	37,030	—	37,030
Current portion of bonds	—	25,302	—	25,302
Long-term finance lease obligations	—	631	—	631
Short-term finance lease obligations	—	255	—	255
Total	—	63,574	—	63,574

(Millions of Yen)

As at 31 March 2015	Level 1	Level 2	Level 3	Total
Assets				
Loans and receivables				
Current portion of long-term loans to subsidiaries and affiliates	—	8,521	—	8,521
Lease deposits	—	4,536	—	4,536
Total	—	13,058	—	13,058
Liabilities				
Financial liabilities measured at amortised cost				
Long-term bank loans (excluding current portion)	—	27	—	27
Current portion of long-term bank loans	—	8	—	8
Bonds (excluding current portion)	—	36,915	—	36,915
Current portion of bonds	—	21	—	21
Long-term finance lease obligations	—	573	—	573
Short-term finance lease obligations	—	259	—	259
Total	—	37,803	—	37,803

(Thousands of U.S. Dollars (Note 2))

As at 31 March 2015	Level 1	Level 2	Level 3	Total
Assets				
Loans and receivables				
Current portion of long-term loans to subsidiaries and affiliates	—	70,912	—	70,912
Lease deposits	—	37,748	—	37,748
Total	—	108,659	—	108,659
Liabilities				
Financial liabilities measured at amortised cost				
Long-term bank loans (excluding current portion)	—	222	—	222
Current portion of long-term bank loans	—	69	—	69
Bonds (excluding current portion)	—	307,186	—	307,186
Current portion of bonds	—	179	—	179
Long-term finance lease obligations	—	4,768	—	4,768
Short-term finance lease obligations	—	2,154	—	2,154
Total	—	314,578	—	314,578

24. Share-based payments

(1) Detail of share-based payments

The Company has a stock option plan. The purpose of the plan is to increase the value of the Group and to improve the financial results of the Group by motivating the members such as directors, officers, employees of the Group, as well as to retain valuable employees.

After the details and eligible members are approved at the meeting of board of directors, options are granted to individuals on the condition that they render services over the vesting period, that is, subsequent to the grant date, if a member terminates his or her employment prior to the vesting date, the options will expire. The exercise period of the options is the period determined in each option contract. The options not exercised within this exercise period will expire. The option contract includes a clause that limits the maximum number of stock options a member can exercise each year during the exercisable periods.

Stock options granted to members are accounted for as share-based payment transactions. Expense recorded in the consolidated statement of comprehensive income from undertaking share-based payment transactions was 242 million yen and 386 million yen (3,214 thousand U.S. dollars) for the years ended 31 March 2014 and 2015, respectively.

Details of the stock options that are outstanding for the years ended 31 March 2014 and 2015, are as follows:

No.	Number of shares	Grant date	Expiry date	Exercise price (Yen)	Fair value at grant date (Yen)
5	445,000	1 Jan 2006	30 Sep 2015	4,150	2,917
6	585,600	7 Nov 2006	30 Sep 2016	4,750	3,961
7	77,600	14 Nov 2007	30 Sep 2017	4,230	3,357
8	1,036,000	28 Nov 2008	30 Sep 2018	1,556	952
10	1,247,600	8 Dec 2009	30 Sep 2019	2,215	2,784
11	1,225,600	7 Dec 2010	30 Sep 2020	1,947	1,861
12	680,800	17 Jan 2012	30 Sep 2021	1,616	1,427
13	560,800	16 Jan 2013	30 Sep 2022	1,648	1,707
14	758,800	15 Jan 2014	30 Sep 2023	2,846	3,141
15	582,400	14 Jan 2015	30 Sep 2024	3,972.5	3,585

Note:

The fair value of the stock options at grant date does not include the fair value of stock options to which IFRS 2 “Share-based Payments” does not apply, as mentioned in (4) below.

(2) Determination of stock option value

Weighted-average fair value of the stock options granted during the years ended 31 March 2014 and 2015, was 3,141 yen and 3,585 yen, respectively.

In determining the expense of the stock options, the options were priced using the Black-Scholes model. The following table details the assumptions used in the Black-Scholes model for the options granted in the years ended 31 March 2014 and 2015.

Expected volatility was determined based on recent historical daily share price volatility from the grant date to the forecasted remaining period.

	No. 14	No. 15
Share price at grant date (Yen)	2,994	4,056
Exercise price (Yen)	2,846	3,972.5
Expected volatility	33.71%	29.11%
Expected remaining option life (years)	6.0	6.0
Dividends yield	2.17%	1.85%
Risk free rate	0.28%	0.01%

(3) The number and weighted-average exercise prices of stock options

Weighted-average exercise price of the outstanding options was 2,522 yen and 2,914 yen as at the years ended 31 March 2014 and 2015, respectively. Weighted-average remaining contractual life was 6.2 years and 4.5 years as at 31 March 2014 and 2015, respectively.

	For the year ended 31 March 2014		For the year ended 31 March 2015	
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)
Outstanding at the beginning of the period	4,602,800	2,323	4,251,100	2,522
Granted	758,800	2,846	582,400	3,973
Forfeited (i)	(510,100)	2,100	(171,700)	2,678
Exercised	(600,400)	1,762	(1,055,000)	1,960
Outstanding at the end of the period	4,251,100	2,522	3,606,800	2,914
Exercisable at the end of the period	2,691,500	2,673	2,171,200	2,835

Note:

(i) Stock options forfeited were due to employee retirements.

Stock options exercised during the year ended 31 March 2015, were as follows:

No.	Number of shares exercised	Exercise period	Weighted average of share price at exercise date (Yen)
5	9,800	February to March 2015	4,893
8	158,000	April 2014 to March 2015	3,503
10	304,000	April 2014 to March 2015	3,553
11	299,200	April 2014 to March 2015	3,831
12	140,400	April 2014 to March 2015	3,838
13	92,000	April 2014 to March 2015	3,798
14	51,600	October 2014 to March 2015	4,441
Total	1,055,000		

Note:

The number of shares exercised and the amount paid by key management personnel are 105,600 shares and 229 million yen, respectively.

Stock options exercised during the year ended 31 March 2014, were as follows:

No.	Number of shares exercised	Exercise period	Weighted average of share price at exercise date (Yen)
8	260,000	May 2013 to March 2014	2,584
10	101,200	December 2013 to March 2014	2,955
11	127,200	June 2013 to March 2014	2,876
12	88,400	July 2013 to March 2014	2,613
13	23,600	October 2013 to March 2014	2,576
Total	600,400		

(4) Stock options to which IFRS 2 is not applied

The following are details of the stock options granted after 7 November 2002 and vested before 1 April 2008, the opening balance of the first time adoption of IFRSs, resulting in IFRS 2 not being applied:

No.	Number	Grant date	Expiry date	Exercise price (Yen)	Fair value at grant date (Yen)
5	445,000	1 Jan 2006	30 Sep 2015	4,150	2,518
6	195,200	7 Nov 2006	30 Sep 2016	4,750	1,113

Weighted-average exercise price of the outstanding options was 4,326 yen and 4,335 yen as at 31 March 2014 and 2015, respectively. Weighted-average remaining contractual life was 1.8 years and 0.8 years as at 31 March 2014 and 2015, respectively.

	For the year ended 31 March 2014		For the year ended 31 March 2015	
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)
Outstanding at the beginning of the period	476,400	4,333	456,900	4,326
Forfeited (i)	(19,500)	4,504	(27,500)	4,292
Exercised	—	—	16,600	4,150
Outstanding at the end of the period	456,900	4,326	412,800	4,335
Exercisable at the end of the period	456,900	4,326	412,800	4,335

Note:

(i) Stock options forfeited were due to employee retirements.

Stock options exercised during the year ended 31 March 2015, were as follows:

There were no stock options exercised for these plans during the year ended 31 March 2014.

No.	Number of shares exercised	Exercise period	Weighted average of share price at exercise date (Yen)
5	16,600	February to March 2015	4,854
Total	16,600		

25.Revenue and expenses (excluding finance income and costs)

(1) Sales from continuing operations

The following is an analysis of the Group's sales from continuing operations:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Sales of goods and products	426,727	488,143	4,062,105
Service revenue	848	1,817	15,124
Total sales	427,575	489,961	4,077,229

(2) Other income from continuing operations

The following is an analysis of the Group's other income from continuing operations:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Commission	437	480	3,995
Rent	83	89	744
Government grants	509	400	3,332
Gain on sale of plant, property and equipment	771	834	6,941
Insurance proceeds	813	42	351
Others	2,841	1,630	13,564
Total other income	5,453	3,476	28,926

(3) R&D expenses recognised as incurred

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Employee benefits expenses	7,427	7,432	61,842
Depreciation and amortisation	1,632	1,618	13,464
Commission expenses	1,424	1,467	12,209
Other expenses	8,647	8,014	66,689
Total R&D expenses recognised as incurred	19,130	18,531	154,205

Note:

The above items are included in the corresponding line items in the consolidated statement of comprehensive income.

(4) Employee benefits expense

The following is an analysis of the Group's employee benefits expense from continuing operations:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Salary, bonuses and others	93,842	104,665	870,976
Retirement benefit			
Defined benefit	361	439	3,656
Defined contribution	1,908	2,147	17,863
Retirement benefit total	2,269	2,586	21,520
Share-based payments (stock option)	242	386	3,214
Severance payments	1,790	2,451	20,395
Others	4,618	5,130	42,687
Total employee benefits expense	102,759	115,218	958,791

(5) Foreign exchange gains or losses

Foreign exchange gains or losses include gains resulting from changes in fair value of currency derivatives.

(6) Other expenses

The following is an analysis of the Group's other expenses from continuing operations:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Packaging/shipping/transportation	8,083	9,338	77,710
Travel	5,360	6,019	50,085
Rent	6,275	6,655	55,376
Utilities	11,860	12,717	105,828
Repair and maintenance	9,413	10,947	91,099
Loss on sales of property, plant and equipment	113	222	1,850
Loss on disposal of property, plant and equipment	419	279	2,326
Loss on disposal of intangible assets	31	3	22
Others	45,196	57,984	482,516
Total other expenses	86,749	104,165	866,812

26. Finance income and costs

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Finance income			
Interest income			
Cash and cash equivalents, loans and receivables	1,137	1,408	11,715
Dividend income			
Available-for-sale financial assets	56	53	444
Gain on sale			
Available-for-sale financial assets	656	835	6,949
Total finance income	1,849	2,296	19,107
Finance costs			
Interest costs			
Interest-bearing debt	1,220	1,031	8,579
Retirement benefits liabilities	49	27	228
Provisions	14	15	125
Other liabilities	11	49	409
Loss on sale			
Available-for-sales financial assets	—	35	293
Impairment losses			
Available-for-sales financial assets (i)	15	42	353
Others	—	9	73
Total finance costs	1,309	1,209	10,060

Note:

(i) Impairment losses were recognised on listed shares and the shares of private companies categorised as available-for-sale financial assets due to significant or prolonged decline in the fair values against the carrying amount.

27. Other comprehensive income

For the years ended 31 March 2014 and 2015, items that may be reclassified subsequently to profit or loss comprise the following:

(Thousands of U.S. Dollars)

	(Millions of Yen)	(Millions of Yen)	(Note2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
<i>Items that may be reclassified subsequently to profit or loss :</i>			
① Net gain/(loss) on revaluation of available-for-sale financial assets (i)			
Gains (losses) arising during the year	443	59	494
Reclassification adjustments to profit or loss for the year	(629)	(757)	(6,303)
Total	(185)	(698)	(5,809)
② Exchange differences on translation of foreign operations (ii)			
Gains (losses) arising during the year	34,187	19,061	158,615
Reclassification adjustments to profit or loss for the year	302	2,212	18,405
Total	34,488	21,272	177,019
Other comprehensive income/(loss) before tax	34,303	20,574	171,211
Income tax relating to components of other comprehensive income	(89)	(236)	(1,960)
Total other comprehensive income/(loss) (net of tax)	34,214	20,339	169,250

Note:

(i) 'Net gain/(loss) on revaluation of available-for-sale financial assets' represents unrealised gain or loss on available-for-sale financial assets at the end of the reporting period.

(ii) 'Exchange differences on translation of foreign operations' consist of differences on foreign currency conversion for financial statements of foreign operations.

Deferred and current taxes on each item of other comprehensive income for the years ended 31 March 2014 and 2015, is as follows:

	(Millions of Yen)			(Millions of Yen)			(Thousands of U.S. Dollars (Note 2))		
	For the year ended 31 March 2014			For the year ended 31 March 2015			For the year ended 31 March 2015		
	Total	Tax	Net of tax	Total	Tax	Net of tax	Total	Tax	Net of tax
Other comprehensive income attributable to owners of the Company									
① Net gain/(loss) on revaluation of available-for-sale financial assets	(185)	72	(114)	(693)	245	(449)	(5,771)	2,037	(3,734)
② Exchange differences on translation of foreign operations	34,365	(160)	34,205	21,436	(480)	20,956	178,380	(3,997)	174,384
③ Remeasurements of the net defined benefit liability (asset)	81	(15)	66	(206)	39	(167)	(1,712)	322	(1,390)
Subtotal	34,261	(103)	34,158	20,537	(197)	20,340	170,897	(1,638)	169,259
Other comprehensive income attributable to Non-controlling interests									
① Net gain/(loss) on revaluation of available-for-sale financial assets	—	—	—	(5)	—	(5)	(38)	—	(38)
② Exchange differences on translation of foreign operations	123	—	123	(164)	—	(164)	(1,361)	—	(1,361)
Subtotal	123	—	123	(168)	—	(168)	(1,400)	—	(1,400)
Total other comprehensive income	34,384	(103)	34,281	20,369	(197)	20,172	169,498	(1,638)	167,860

28. Earnings per share

(1) Basic earnings per share and diluted earnings per share

	(Yen)	(Yen)	(U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Basic earnings per share			
From continuing operations	135.26	218.23	1.82
From discontinued operations	—	—	—
Total basic earnings per share	135.26	218.23	1.82
Diluted earnings per share			
From continuing operations	135.04	217.63	1.81
From discontinued operations	—	—	—
Total diluted earnings per share	135.04	217.63	1.81

(2) The basis of calculation of basic earnings per share and diluted earnings per share

① Basic earnings per share

(a) Profit for the year attributable to owners of the Company

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Profit attributable to owners of the Company from continuing operations	58,390	92,804	772,273
Profit attributable to owners of the Company from discontinued operations	—	—	—
Profit used in the calculation of basic earnings per share	58,390	92,804	772,273

(b) Weighted-average number of ordinary shares used in the calculation of basic earnings per share

(Shares in thousands)

	For the year ended 31 March 2014	For the year ended 31 March 2015
Weighted-average number of ordinary shares	431,678	425,248

② Diluted earnings per share

(a) Profit for the year attributable to owners of the Company

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Profit attributable to owners of the Company from continuing operation after dilution	58,390	92,804	772,273
Profit attributable to owners of the Company from discontinued operation after dilution	—	—	—
Profit used in the calculation of diluted earnings per share	58,390	92,804	772,273

(b) Weighted-average number of ordinary shares used in the calculation of diluted earnings per share

(Shares in thousands)

	For the year ended 31 March 2014	For the year ended 31 March 2015
Weighted-average number of ordinary shares	431,678	425,248
Shares deemed to be issued for no consideration in respect of:		
Stock options	701	1,183
Weighted-average number of ordinary shares used in the calculation of diluted earnings per share	432,379	426,432

29. Non-cash transactions

Non-cash transactions for the years ended 31 March 2014 and 2015, consisted of acquiring property, plant and equipment through new finance lease arrangements in the amount of 186 million yen and 267 million yen (2,222 thousand U.S. dollars), respectively.

30.Subsidiaries

(1) Composition of the Group

Information about the composition of the Group as at 31 March 2014 and 2015, is as follows:

Reportable Segment	Location	Number of wholly owned subsidiaries	
		As at 31 March 2014	As at 31 March 2015
Information Technology	U.S.A.	2	1
	SINGAPORE	2	1
	THAILAND	2	2
	PHILIPPINES	3	3
	VIETNAM	4	4
	MALAYSIA	1	1
	SOUTH KOREA	1	1
	TAIWAN	1	1
	CHINA	8	8
	JAPAN	1	1
Life Care	U.S.A.	5	5
	ARGENTINA	1	1
	UNITED KINGDOM	2	2
	ITALY	1	1
	INDIA	3	3
	INDONESIA	1	1
	AUSTRALIA	1	1
	NETHERLANDS	4	4
	CANADA	2	2
	SINGAPORE	3	3
	SWEDEN	1	1
	SPAIN	1	1
	THAILAND	2	2
	CZECH REPUBLIC	1	1
	DENMARK	1	1
	GERMANY	4	4
	HUNGARY	2	2
	PHILIPPINES	2	2
	FINLAND	1	1
	BRAZIL	2	2
	FRANCE	3	3
	BULGARIA	1	1
	VIETNAM	1	1
BELGIUM	1	1	
POLAND	1	1	
MALAYSIA	3	3	

Reportable Segment	Location	Number of wholly owned subsidiaries	
		As at 31 March 2014	As at 31 March 2015
Life Care	SOUTH KOREA	1	1
	TAIWAN	1	1
	CHINA	7	7
	SOUTH AFRICA	1	1
	JAPAN	5	6
Other	U.S.A.	2	2
	NETHERLANDS	1	2
	SINGAPORE	1	1
	SOUTH KOREA	1	1
	JAPAN	1	1

Reportable Segment	Location	Number of non-wholly owned subsidiaries	
		As at 31 March 2014	As at 31 March 2015
Information Technology	PHILIPPINES	1	1
	CHINA	3	3
Life Care	IRELAND	1	1
	U.S.A.	1	1
	UNITED KINGDOM	1	1
	ITALY	1	1
	NETHERLANDS	4	1
	SPAIN	1	1
	GERMANY	3	3
	FRANCE	1	1
	VIETNAM	1	1
	BELGIUM	1	1
	CHINA	3	3
	JAPAN	3	3

(2) Details of the non-wholly owned subsidiaries that have material non-controlling interests

Details of the non-wholly owned subsidiaries that have material non-controlling interests are as follows:

Name of subsidiaries	Location	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests			Accumulated non-controlling interests		
				(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars)	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars)
		As at 31 March 2014	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
WASSENBURG MEDICAL B.V. and five other companies	NETHERLANDS and other countries	49.0%	49.0%	60	232	1,932	2,942	2,965	24,673
SEIKO OPTICAL PRODUCTS CO., LTD and seven other companies	JAPAN and other countries	50.0%	50.0%	—	(254)	(2,110)	1,608	1,428	11,885
Individually immaterial subsidiaries with non-controlling interests							1,571	1,688	14,045
Total							6,121	6,081	50,603

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	(Millions of Yen) As at / for the year ended 31 March 2014	(Millions of Yen) As at / for the year ended 31 March 2015	(Thousands of U.S. Dollars) As at / for the year ended 31 March 2015
WASSENBURG MEDICAL B.V. and five other companies			
Non-current assets	5,074	4,427	36,840
Current assets	3,621	3,936	32,754
Non-current liabilities	(1,177)	(818)	(6,809)
Current liabilities	(1,513)	(1,494)	(12,435)
Equity attributable to owner of the Company	3,063	3,086	25,677
Non-controlling interests	2,942	2,965	24,673
Revenue	2,258	5,713	47,543
Expenses	(2,401)	(5,239)	(43,600)
Profit/(loss) for the year	(144)	474	3,943
Other comprehensive income/(loss)	46	(502)	(4,181)
Comprehensive income/(loss)	(98)	(29)	(237)
Dividends paid to non-controlling interests	—	—	—
Net cash flow from operating activities	398	277	2,307
Net cash flow from investing activities	(30)	(156)	(1,297)
Net cash flow from financing activities	(71)	(296)	(2,464)
Net cash flow	298	(175)	(1,453)

	(Millions of Yen) As at / for the year ended 31 March 2014	(Millions of Yen) As at / for the year ended 31 March 2015	(Thousands of U.S. Dollars) As at / for the year ended 31 March 2015
SEIKO OPTICAL PRODUCTS CO., LTD. and seven other companies			
Non-current assets	2,813	2,016	16,774
Current assets	9,659	11,540	96,027
Non-current liabilities	(108)	(185)	(1,541)
Current liabilities	(9,066)	(9,787)	(81,440)
Equity attributable to owner of the Company	1,649	1,792	14,910
Non-controlling interests	1,649	1,792	14,910
Revenue	—	29,349	244,229
Expenses	—	(29,203)	(243,017)
Profit/(loss) for the year	—	146	1,212
Dividends paid to non-controlling interests	—	148	1,233
Other comprehensive income/(loss)	—	294	2,445
Comprehensive income/(loss)	—	—	—
Net cash flow from operating activities	—	407	3,385
Net cash flow from investing activities	—	(144)	(1,195)
Net cash flow from financing activities	—	(501)	(4,167)
Net cash flow	—	(238)	(1,977)

Note

(i) The Company holds less than a majority of the voting rights of SEIKO OPTICAL PRODUCTS CO., LTD. (“SOP”), however, the Company has the power to appoint a majority of its board of directors. Thus, the Company is considered to control SOP and includes it in its subsidiaries.

(3) Details of the material subsidiaries

Details of the Company's material subsidiaries are as follows:

Name of subsidiary	Reportable segment	Major products/ services in the reportable segment	Location	Proportion of shares held	Proportion of shares held
				As at 31 March 2014	As at 31 March 2015
HOYA GLASS DISK (THAILAND) LTD.	Information Technology	Electronics related products	THAILAND	100.0%	100.0%
HOYA GLASS DISK PHILIPPINES, INC.	Information Technology	Electronics related products	PHILIPPINES	100.0%	100.0%
HOYA GLASS DISK VIETNAM LTD.	Information Technology	Electronics related products	VIETNAM	100.0%	100.0%
HOYA GLASS DISK VIETNAM II LTD.	Information Technology	Electronics related products	VIETNAM	100.0%	100.0%
HOYA MICROELECTRONICS TAIWAN CO., LTD.	Information Technology	Electronics related products	TAIWAN	100.0%	100.0%
HOYA ELECTRONICS KOREA CO., LTD.	Information Technology	Electronics related products	SOUTH KOREA	100.0%	100.0%
HOYA ELECTRONICS MALAYSIA SDN.BHD.	Information Technology	Electronics related products	MALAYSIA	100.0%	100.0%
HOYA ELECTRONICS SINGAPORE PTE. LTD.	Information Technology	Electronics related products	SINGAPORE	100.0%	100.0%
HOYA CORPORATION USA	Information Technology	Electronics related products	U.S.A.	100.0%	100.0%
EAST CHEER INVESTMENT LIMITED	Information Technology	Electronics related products	CHINA	100.0%	100.0%
HOYA OPTICS (THAILAND) LTD.	Information Technology	Imaging related products	THAILAND	100.0%	100.0%
HOYA OPTO-ELECTRONICS QINGDAO LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%
HOYA OPTICAL TECHNOLOGY (SUZHOU) LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%
HOYA OPTICAL (ASIA) CO., LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%
HOYA OPTICAL TECHNOLOGY (WEIHAI) CO., LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%
PENTAX CEBU PHILIPPINES CORPORATION	Information Technology	Imaging related products	PHILIPPINES	100.0%	100.0%
HOYA LENS MANUFACTURING MALAYSIA SDN.BHD.	Life Care	Health Care related products	MALAYSIA	100.0%	100.0%
HOYA LENS THAILAND LTD.	Life Care	Health Care related products	THAILAND	100.0%	100.0%
HOYA LENS GUANGZHOU LTD.	Life Care	Health Care related products	CHINA	95.0%	95.0%
HOYA LENS AUSTRALIA PTY.LTD.	Life Care	Health Care related products	AUSTRALIA	100.0%	100.0%

Name of subsidiary	Reportable segment	Major products/ services in the reportable segment	Location	Proportion of shares held	Proportion of shares held
				As at 31 March 2014	As at 31 March 2015
HOYA LENS INDIA PRIVATE LIMITED	Life Care	Health Care related products	INDIA	100.0%	100.0%
HOYA LENS VIETNAM LTD.	Life Care	Health Care related products	VIETNAM	100.0%	100.0%
HOYA HOLDINGS N.V.	Life Care and Corporate	Health Care related products and EU headquarters	NETHERLANDS	100.0%	100.0%
HOYA LENS DEUTSCHLAND GMBH	Life Care	Health Care related products	GERMANY	100.0%	100.0%
HOYA LENS U.K. LTD.	Life Care	Health Care related products	UNITED KINGDOM	100.0%	100.0%
HOYA LENS ITALIA S.P.A.	Life Care	Health Care related products	ITALY	100.0%	100.0%
HOYA LENS IBERIA S.A.	Life Care	Health Care related products	SPAIN	100.0%	100.0%
HOYA LENS FRANCE S.A.S.	Life Care	Health Care related products	FRANCE	100.0%	100.0%
HOYA LENS OF AMERICA, INC.	Life Care	Health Care related products	U.S.A.	100.0%	100.0%
SEIKO OPTICAL PRODUCTS CO., LTD.	Life Care	Health Care related products	JAPAN	50.0%	50.0%
PENTAX EUROPE GMBH	Life Care	Medical related products	GERMANY	100.0%	100.0%
PENTAX ITALIA S.R.L.	Life Care	Medical related products	ITALY	60.0%	60.0%
PENTAX U.K. LTD.	Life Care	Medical related products	UNITED KINGDOM	100.0%	100.0%
PENTAX CANADA, INC.	Life Care	Medical related products	CANADA	100.0%	100.0%
MICROLINE SURGICAL, INC.	Life Care	Medical related products	U.S.A.	100.0%	100.0%
HOYA HOLDINGS ASIA PACIFIC PTE. LTD.	Corporate	Asia and Oceania headquarters	SINGAPORE	100.0%	100.0%
HOYA HOLDINGS (ASIA) B.V.	Corporate	Asia and Oceania holding company	NETHERLANDS	100.0%	100.0%
HOYA FINANCE B.V.	Corporate	Asia and Oceania financing company	NETHERLANDS	—	100.0%
HOYA HOLDINGS, INC.	Corporate	North America headquarters	U.S.A.	100.0%	100.0%

Note

(i) Loss associated with loss of control of a subsidiary due to liquidation was recognised in the amount of 2,213 million yen (before tax effect) (18,413 thousand U.S. dollars) and included in “Other expenses” in the consolidated statement of comprehensive income for the year ended 31 March 2015.

31.Related party disclosures

Transactions between the Company and its subsidiaries which are related parties of the Company, have been eliminated in consolidation and are not disclosed in this note. Details of the balances and transactions between the Company and other related parties are disclosed as follows:

(1) Transactions with related parties, and receivables and payables balances

The Group had transactions with related parties as follows:

As at/for the year ended 31 March 2014:

	Name of subsidiary	Nature of related party transactions	Transaction amount
			(Millions of Yen)
Subsidiaries	SEIKO OPTICAL PRODUCTS CO., LTD	Sales of products	6,150
	SEIKO OPTICAL EUROPE GMBH	Sales of products	373
	SEIKO OPTICAL PRODUCTS OF AMERICA, INC.	Sales of products	556

The Company acquired 9,000 stocks, or 30% of the outstanding shares, of SEIKO OPTICAL PRODUCTS CO., LTD. ("SOP") on 1 June 2013. As a result, SOP became an affiliate of the Group. On 31 March 2014, the Company acquired an additional 6,000 shares, or 20% of the outstanding shares. As a result of obtaining control, SOP became a subsidiary of the Group. SEIKO OPTICAL EUROPE GMBH and SEIKO OPTICAL PRODUCTS OF AMERICA, INC. are the wholly owned subsidiaries of SOP.

As the transaction amounts with SOP in the year ended 31 March 2014, are included in the consolidated financial statements, the transaction amounts are disclosed as transactions with related parties. The outstanding balances are not disclosed, as the receivables and payables have been eliminated in consolidation.

As at/for the year ended 31 March 2015:

	Name of affiliates	Nature of related party transactions	Transaction amount	Outstanding balance	Transaction amount	Outstanding balance
			(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	(Thousands of U.S. Dollars (Note 2))
Affiliates	AvanStrate, Inc.	Loans of funds	8,500	8,500	70,733	70,733
		Interest received	179	62	1,488	515
		Advance paid	388	—	3,231	—

Note:

The platinum owned by a subsidiary of the affiliate is pledged as collateral.

(2) Remuneration of key management personnel

The remuneration of directors and other key management personnel during the year is as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2015
Short-term benefits	486	673	5,604
Share-based payments	66	172	1,435
Total remuneration of key management personnel	552	846	7,039

The remuneration of directors and key management personnel is determined by the remuneration committee based on the business environment of the Company, the remuneration of other companies and the performance.

32.Business combinations

The Group acquired a company through a business combination during the year ended 31 March 2015. However, the disclosure is omitted due to its immateriality.

33. Contingent liabilities

Guarantee liabilities

The Group provides guarantees to financial institutions on borrowings of business partners as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Business partners	290	135	1,127
Total	290	135	1,127

34. Commitments for expenditure

Payment commitments after the reporting date are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2014	As at 31 March 2015	As at 31 March 2015
Commitments for the acquisition of property, plant and equipment and intangible assets	5,781	8,576	71,369

35. Subsequent events

Resolution on cash dividends

On 21 May 2015, a resolution was made by the Company's board of directors for the payment of a cash dividend to shareholders of record on 31 March 2015 of 19,077 million yen (158,749 thousand U.S. dollars) (45 yen per common share).

Repurchase of treasury stock

The board of directors made a resolution to purchase the Company's treasury stock on 12 May 2015 based on Article 39 of the Articles of Incorporation pursuant to the first paragraph of Article 459 of the Companies Act.

1. Reason for purchase of treasury stock

The Company decided to acquire its own shares with the aim of shareholders benefit, improving capital efficiency and ensuring a flexible capital policy.

2. Outline of Repurchase

- (1) Class of shares: Common stock issued by Hoya Corporation
- (2) Total number of shares: Up to 10 million shares (2.36% of total shares outstanding, excluding treasury stock)
- (3) Total purchase cost: Up to 45 billion yen (374,470 thousand U.S. dollars)
- (4) Period for purchase: 13 May 2015 to 30 September 2015
- (5) Method of purchase: Purchase at the Tokyo Stock Exchange based on a discretionary investment contract
- (6) Others: Purchased stocks are planned to be cancelled with the aim of increase of shareholders benefit

36. Approval of financial statements

The consolidated financial statements for the year ended 31 March 2015, were approved by the Company's board of directors and authorised for issue on 21 May 2015.