HOYA Corporation and its subsidiaries

Consolidated Financial Statements under IFRSs and Independent Auditor's Report

For the year ended 31 March 2011

HOYA Corporation

Contents

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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 2011, 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 2011, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

21 June 2011

HOYA Corporation and its subsidiaries

Consolidated Statement of Financial Position

As at 31 March 2011

		(Millions of Yen)		(Thousands of U.S.Dollars(Note 2))
	Notes	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment—net	6, 8,37	122,203	**118,574**	1,426,030
Goodwill	7,8	5,484	**2,629**	31,614
Intangible assets	7,8	17,782	**15,157**	182,279
Investments in associates	9	9,214	**11,247**	135,263
Long-term financial assets	11,23	18,809	**19,043**	229,021
Other non-current assets	8,12,19	2,962	**1,634**	19,651
Deferred tax assets	10	44,684	**35,901**	431,767
Total non-current assets		221,138	**204,185**	2,455,625
CURRENT ASSETS:				
Inventories	13	61,214	**63,665**	765,668
Trade and other receivables	14,23	94,298	**86,454**	1,039,733
Other short-term financial assets	11,23	5,586	**26,964**	324,283
Income tax receivables		2,326	**2,273**	27,340
Other current assets	12	7,465	**9,848**	118,431
Cash and cash equivalents	15,23	167,938	**185,252**	2,227,922
Sub total		338,827	**374,456**	4,503,377
Assets held for sale	24	325	**—**	—
Total current assets		339,152	**374,456**	4,503,377
Total assets		560,290	**578,641**	6,959,002

HOYA Corporation and its subsidiaries

Consolidated Statement of Financial Position

As at 31 March 2011-Continued

		(Millions of Yen)		(Thousands of U.S.Dollars(Note 2))
	Notes	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
EQUITY AND LIABILITIES				
EQUITY				
Share capital	22(1)	6,264	**6,264**	75,336
Capital reserves	22(1)	15,899	**15,899**	191,204
Treasury shares	22(2)	(11,010)	**(10,964)**	(131,854)
Other capital reserves	22(2),25	(3,014)	**(2,495)**	(30,015)
Retained earnings	22(3),38	396,019	**427,722**	5,143,980
Accumulated other comprehensive income/(loss)		(46,603)	**(59,590)**	(716,654)
Equity attributable to owners of the Company		357,555	**376,836**	4,531,997
Non-controlling interests	22(4)	1,194	**705**	8,480
Total equity		358,749	**377,541**	4,540,477
LIABILITIES				
NON-CURRENT LIABILITIES:				
Interest-bearing long-term debt	16,17,23	102,995	**100,769**	1,211,894
Other long-term financial liabilities	11,23	7	**197**	2,374
Retirement benefits obligation	19	8,186	**8,121**	97,663
Other provisions	20	1,718	**1,461**	17,569
Other non-current liabilities	12	1,703	**1,198**	14,413
Deferred tax liabilities	10	10	**214**	2,575
Total non-current liabilities		114,619	**111,960**	1,346,488
CURRENT LIABILITIES:				
Interest-bearing short-term debt	16,17,23	4,290	**2,415**	29,050
Trade and other payables	21,23	47,279	**51,433**	618,559
Other short-term financial liabilities	11,23	385	**823**	9,893
Income tax payables		4,469	**3,110**	37,398
Other provisions	20	904	**803**	9,658
Other current liabilities	12	29,595	**30,556**	367,479
Total current liabilities		86,922	**89,140**	1,072,037
Total liabilities		201,541	**201,100**	2,418,525
Total equity and liabilities		560,290	**578,641**	6,959,002

HOYA Corporation and its subsidiaries

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

		(Millions of Yen)		(Thousands of U.S.Dollars(Note 2))
	Notes	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Continuing operations				
Revenue:				
Sales	26	402,430	**413,349**	4,971,127
Finance income	27	912	**918**	11,038
Share of profit of associates	9	466	**1,605**	19,303
Other income	6,26	5,341	**3,741**	44,987
Total Revenue		409,149	**419,613**	5,046,455
Expense:				
Changes in inventories of goods, products and work in progress		10,930	**(4,834)**	(58,131)
Raw materials and consumables used		90,069	**98,975**	1,190,318
Employee benefits expense	19,26	91,275	**93,997**	1,130,451
Depreciation and amortisation	6,7,26	31,172	**30,369**	365,228
Subcontracting cost		7,046	**7,395**	88,932
Advertising and promotion expense		10,648	**12,088**	145,375
Commission expense	26	21,764	**21,510**	258,688
Impairment losses	8	834	**1,944**	23,379
Finance costs	27	2,896	**2,585**	31,085
Other expenses	6,7,18,26	92,001	**91,826**	1,104,350
Total Expense		358,635	**355,855**	4,279,675
Profit before tax		50,514	**63,758**	766,780
Income tax expense	10	9,957	**14,053**	169,004
Profit for the year from continuing operations		40,557	**49,705**	597,776
Discontinued Operations				
Profit for the year from discontinued operations	28	960	**9,874**	118,743
Profit for the year		41,517	**59,579**	716,519
Other comprehensive income:	29			
Net gain on revaluation of available-for-sale financial assets		495	**406**	4,880
Exchange differences on translation of foreign operations		5,866	**(14,188)**	(170,635)
Share of other comprehensive income of associates		(281)	**241**	2,899
Income tax relating to components of other comprehensive income	10	(64)	**511**	6,152
Total other comprehensive income/(loss)		6,016	**(13,030)**	(156,704)
Total comprehensive income for the year		47,533	**46,549**	559,815
Profit attributable to:				
Owners of the Company		41,213	**59,744**	718,512
Non-controlling interests		304	**(165)**	(1,993)
Total		41,517	**59,579**	716,519
Total comprehensive income attributable to:				
Owners of the Company		47,216	**46,757**	562,322
Non-controlling interests		317	**(208)**	(2,507)
Total		47,533	**46,549**	559,815

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011-Continued

	Notes	(Yen) For the year ended 31 March 2010	For the year ended 31 March 2011	(U.S.Dollars(Note 2)) For the year ended 31 March 2011
Basic earnings per share	30			
Continuing operations		93.02	**115.60**	1.39
Discontinued operations		2.22	**22.89**	0.28
Basic earnings per share		95.24	**138.49**	1.67
Diluted earnings per share	30			
Continuing operations		92.93	**115.54**	1.39
Discontinued operations		2.22	**22.87**	0.27
Diluted earnings per share		95.15	**138.41**	1.66

HOYA Corporation and its subsidiaries

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

(Millions of Yen)

	Notes	Share capital 22(1)	Capital reserves 22(1)	Treasury shares 22(2)	Other capital reserves 22(2)	Retained earnings 22(3)
Balance at 1 April 2009		6,264	15,899	(7,985)	(3,303)	382,941
Total comprehensive Income/(loss) for the year						
Profit for the year						41,213
Other comprehensive income/(loss)	29					
Total comprehensive income/(loss) for the year						41,213
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares				(3,275)		
Disposal of treasury shares				250	(140)	
Dividends, 65 Yen per share	22(3),38					(28,135)
Change in non-controlling interests						
Share-based payments (Stock option)	25				429	
Total contributions by and distributions to owners				(3,025)	289	(28,135)
Total transactions with owners				(3,025)	289	(28,135)
Balance at 31 March 2010		6,264	15,899	(11,010)	(3,014)	396,019
Total comprehensive Income/(loss) for the year						
Profit for the year						59,744
Other comprehensive income/(loss)	29					
Total comprehensive income/(loss) for the year						59,744
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares				(6)		
Disposal of treasury shares				52	(25)	
Dividends, 65 Yen per share	22(3),38					(28,041)
Change in non-controlling interests						
Share-based payments (Stock option)	25				544	
Total contributions by and distributions to owners				46	519	(28,041)
Total transactions with owners				46	519	(28,041)
Balance at 31 March 2011		6,264	15,899	(10,964)	(2,495)	427,722

HOYA Corporation and its subsidiaries

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011-Continued

(Millions of Yen)

	Notes	Net gain/(loss) on revaluation of available-for-sale financial assets	Exchange differences on translation of foreign operations	Share of other comprehensive income of associates	Accumulated other comprehensive income/(loss)	Equity Attributable to owners of the Company	Non-controlling interests 22(4)	Total equity
Balance at 1 April 2009		(303)	(50,314)	(1,989)	(52,606)	341,210	1,774	342,984
Total comprehensive Income/(loss) for the year								
Profit for the year						41,213	304	41,517
Other comprehensive income/(loss)	29	451	5,833	(281)	6,003	6,003	13	6,016
Total comprehensive income/(loss) for the year		451	5,833	(281)	6,003	47,216	317	47,533
Transactions with owners								
Contributions by and distributions to owners								
Acquisition of treasury shares						(3,275)		(3,275)
Disposal of treasury shares						110		110
Dividends, 65 Yen per share	22(3), 38					(28,135)	(159)	(28,294)
Change in non-controlling interests							(738)	(738)
Share-based payments (Stock option)	25					429		429
Total contributions by and distributions to owners						(30,871)	(897)	(31,768)
Total transactions with owners						(30,871)	(897)	(31,768)
Balance at 31 March 2010		148	(44,481)	(2,270)	(46,603)	357,555	1,194	358,749
Total comprehensive Income/(loss) for the year								
Profit for the year						59,744	(165)	59,579
Other comprehensive income/(loss)	29	213	(13,441)	241	(12,987)	(12,987)	(43)	(13,030)
Total comprehensive income/(loss) for the year		213	(13,441)	241	(12,987)	46,757	(208)	46,549
Transactions with owners								
Contributions by and distributions to owners								
Acquisition of treasury shares						(6)		(6)
Disposal of treasury shares						27		27
Dividends, 65 Yen per share	22(3), 38					(28,041)	(69)	(28,110)
Change in non-controlling interests							(212)	(212)
Share-based payments (Stock option)	25					544		544
Total contributions by and distributions to owners						(27,476)	(281)	(27,757)
Total transactions with owners						(27,476)	(281)	(27,757)
Balance at 31 March 2011		361	(57,922)	(2,029)	(59,590)	376,836	705	377,541

HOYA Corporation and its subsidiaries

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011-Continued

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

	Notes	Share capital 22(1)	Capital reserves 22(1)	Treasury shares 22(2)	Other capital reserves 22(2)	Retained earnings 22(3)
Balance at 31 March 2010		75,336	191,204	(132,414)	(36,249)	4,762,704
Total comprehensive Income/(loss) for the year						
Profit for the year						718,512
Other comprehensive income/(loss)	29					
Total comprehensive income/(loss) for the year						718,512
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares				(70)		
Disposal of treasury shares				630	(308)	
Dividends, 0.78 Dollars per share	22(3),38					(337,236)
Change in non-controlling interests						
Share-based payments (Stock option)	25				6,542	
Total contributions by and distributions to owners				560	6,234	(337,236)
Total transactions with owners				560	6,234	(337,236)
Balance at 31 March 2011		75,336	191,204	(131,854)	(30,015)	5,143,980

(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	Share of other comprehensive income of associates	Accumulated other comprehensive income/(loss)	Equity Attributable to owners of the Company	Non-controlling interests 22(4)	Total equity
Balance at 31 March 2010		1,775	(534,932)	(27,307)	(560,464)	4,300,117	14,364	4,314,481
Total comprehensive Income/(loss) for the year								
Profit for the year						718,512	(1,993)	716,519
Other comprehensive income/(loss)	29	2,564	(161,653)	2,899	(156,190)	(156,190)	(514)	(156,704)
Total comprehensive income/(loss) for the year		2,564	(161,653)	2,899	(156,190)	562,322	(2,507)	559,815
Transactions with owners								
Contributions by and distributions to owners								
Acquisition of treasury shares						(70)		(70)
Disposal of treasury shares						322		322
Dividends, 0.78 Dollars per share	22(3), 38					(337,236)	(833)	(338,069)
Change in non-controlling interests							(2,544)	(2,544)
Share-based payments (Stock option)	25					6,542		6,542
Total contributions by and distributions to owners						(330,442)	(3,377)	(333,819)
Total transactions with owners						(330,442)	(3,377)	(333,819)
Balance at 31 March 2011		4,339	(696,585)	(24,408)	(716,654)	4,531,997	8,480	4,540,477

HOYA Corporation and its subsidiaries

Consolidated Statement of Cash Flows (including discontinued operations)

For the year ended 31 March 2011

	Notes	For the year ended 31 March 2010 (Millions of Yen)	For the year ended 31 March 2011 (Millions of Yen)	For the year ended 31 March 2011 (Thousands of U.S.Dollars(Note 2))
Cash flows from operating activities				
Profit before tax		50,514	**63,758**	766,780
Profit before tax from discontinued operations		1,043	**10,162**	122,212
Depreciation and amortisation		33,954	**31,294**	376,355
Impairment losses		834	**1,944**	23,379
Finance income		(920)	**(923)**	(11,099)
Finance costs		2,896	**2,585**	31,085
Share of profits of associates		(466)	**(1,605)**	(19,303)
(Gain)/loss on sales of property, plant and equipment		307	**(177)**	(2,134)
Loss on disposal of property, plant and equipment		1,057	**539**	6,481
Gain on business transfer	28	—	**(10,343)**	(124,386)
Others		6,703	**4,083**	49,114
Cash generated from operations (before movements in working capital)		95,922	**101,317**	1,218,484
Movements in working capital				
Decrease/(increase) in inventories		10,093	**(10,126)**	(121,774)
Decrease/(increase) in trade and other receivables		(12,737)	**2,671**	32,126
Increase in trade and other payables		1,126	**7,007**	84,257
Decrease in retirement benefits obligation and other provisions		(455)	**(306)**	(3,674)
Sub total		93,949	**100,563**	1,209,419
Interests received		846	**791**	9,520
Dividends received		55	**56**	668
Interests paid		(2,037)	**(1,894)**	(22,776)
Income taxes paid		(10,727)	**(8,370)**	(100,666)
Income taxes refunded		1,648	**1,368**	16,453
Net cash generated from operating activities		83,734	**92,514**	1,112,618

HOYA Corporation and its subsidiaries

Consolidated Statement of Cash Flows (including discontinued operations)

For the year ended 31 March 2011-Continued

		(Millions of Yen)		(Thousands of U.S.Dollars(Note 2))
	Notes	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Cash flows from investing activities				
Withdrawals of time deposit		4,652	1,548	18,614
Deposits for time deposit		(3,157)	(2,959)	(35,581)
Payments for purchase of certificate of deposit		—	(20,000)	(240,529)
Proceeds from sales of property, plant and equipment		2,050	1,140	13,709
Payments for acquisition of property, plant and equipment		(26,651)	(36,041)	(433,445)
Proceeds from disposal of investment securities		43	—	—
Payments for purchase of investment securities		—	(569)	(6,848)
Net cash outflow on acquisition of subsidiary	34	(3,423)	—	—
Payments to minority shareholders on merger		(85)	(21)	(251)
Proceeds from business transfer	28	—	20,654	248,390
Other proceeds		739	596	7,165
Other payments		(14,891)	(2,839)	(34,139)
Net cash used in investing activities		(40,723)	(38,491)	(462,915)
Cash flows from financing activities				
Dividends paid to owners of the Company		(28,236)	(27,971)	(336,392)
Dividends paid to non-controlling interests		(159)	(69)	(833)
Increase (decrease) in short-term debt		(1,563)	112	1,342
Decrease in commercial paper		(41,978)	—	—
Proceeds from long-term borrowings		225	—	—
Repayments of long-term borrowings		(9,145)	(3,337)	(40,128)
Proceeds from disposal of treasury shares		0	0	1
Payments for purchase of treasury shares		(3,275)	(6)	(70)
Payments for purchase of treasury shares by subsidiaries		(709)	—	—
Proceeds from exercise of stock options		110	27	322
Net cash used in financing activities		(84,730)	(31,244)	(375,758)
Net increase/(decrease) in cash and cash equivalents		(41,719)	22,779	273,945
Cash and cash equivalents at the beginning of the year		207,928	167,938	2,019,702
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies		1,729	(5,465)	(65,725)
Cash and cash equivalents at the end of the year	15	167,938	185,252	2,227,922

Note:
Cash flows from discontinued operations are stated in Note 28 “Discontinued operations” and non-cash transactions are stated in Note 31 “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 Group first adopted IFRSs for the fiscal year ended 31 March 2010, with a date of transition to IFRSs on 1 April 2008.

The accompanying consolidated financial statements are stated in Japanese Yen and rounded to the nearest million 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 ¥83.15 to $1, the foreign exchange rate at 31 March 2011. 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.

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 and IFRIC interpretations for the year ended 31 March 2011;

IFRSs		Subject of new standards/amendments and transitional provisions
IAS 1	Presentation of Financial Statements	- Clarification on current/non-current classification of the liability component of convertible instruments
IAS 7	Statement of Cash Flows	- Clarification on the classification of expenditures not capitalised
IAS 17	Leases	- Revision on the classification of leases which includes both land and buildings elements
IAS 27	Consolidated and Separate Financial Statements	- Revision to step acquisition that previously-held equity interest in the acquiree must be remeasured at acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss. - Revision to non-controlling interests that total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance (Transitional provision) - Treatment for non-controlling interests with a deficit balance, treatment for changes in the parent's ownership interest in a subsidiary without loss of control, and treatment for loss of control over a subsidiary are applied prospectively for the year ended March 2011.
IAS 32	Financial Instruments: Presentation	- Amendment of the classification of rights issues
IAS 36	Impairment of Assets	- Amendment about cash-generating units for impairment testing of goodwill

IFRSs		Subject of new standards/amendments and transitional provisions
IAS 39	Financial Instruments: Recognition and Measurement	- Prohibition of the consideration of time value of money for option-type derivatives in determining the hedging relationship - Treatment for loan prepayment penalties as closely related embedded derivatives - Scope exemption for business combination contracts - Amendment for cash flow hedge accounting
IFRS 2	Share-based Payment	- Revision of IFRS 2 in accordance with the revision of IFRS 3 in 2008 on the definition of business combinations
IFRS 3	Business Combinations	- Amendment that on the date when control is obtained or lost, the entity's share to the acquiree should be remeasured at fair value, and changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions - Amendment to acquisition costs: costs are expensed as incurred (Transitional provision) - The standard is applied to the business combination for the year ended March 2011 and is not applied retrospectively.
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	- Amendment to the treatment when a committed sales plan involves loss of control of a subsidiary - Clarification for disclosures for non-current assets (or disposed group) classified as held for sale or discontinued operations
IFRIC 9	Reassessment of Embedded Derivatives	- Amendment to the scope of IFRIC 9 for business combinations
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	- Amendment to the restriction for companies that can hold hedging instruments
IFRIC 17	Distributions of Non-cash Assets to Owners	- Clarification that an entity should measure the dividend payable at the fair value of the non-cash assets to be distributed - Clarification that an entity should remeasure the dividend liability at each reporting date with changes recognised directly in equity - Clarification that an entity should recognise the difference between the carrying amount of the assets distributed and the carrying amount of dividend payable in profit or loss with a separate note disclosure

These standards and interpretations were applied in accordance with respective transitional provisions. There are no standards that were early adopted by the Group.
These standards and interpretations have no significant impact for the year ended 31 March 2011. IAS 27 and IFRS 3 were not applicable and had no significant impact as comprehensive income attributable to non-controlling interests was minor, respectively, for the year ended 31 March 2011. However, those may have a significant impact on gain/loss of control of a subsidiary or business combination in the future.

(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;

IFRSs		Mandatory adoption (From the year beginning)	To be adopted by the Group from the year ending	Subject of new standards/amendment
IAS 1	Presentation of Financial Statements	1 January 2011	March 2012	- Clarification on the presentation of each component of equity in the statement of changes in equity
		1 July 2012	March 2014	- Revision to the presentation of other comprehensive income
IAS 12	Income Taxes	1 January 2012	March 2013	- Introduction of a presumption, in measuring the deferred tax relating to an asset, that recovery of the carrying amount will, normally be, be through sale
IAS 19	Employee Benefits	1 January 2013	March 2014	- Revision to the treatment of actuarial gains or losses eliminating the use of the 'corridor' approach and all remeasurement results be recognised in OCI - Revision to recognition of actuarial gains and losses to be recognised in other comprehensive income - Revision to the calculation method for interest cost with the removal of expected return on plan assets - Introduction of enhanced disclosures for defined benefit plans
IAS 24	Related Party Disclosures	1 January 2011	March 2012	- Partial exemption of disclosure for government-related entities - Revision of the definition of related party
IAS 27	Separate Financial Statements	1 July 2010	March 2012	- Clarification on the transition requirements for amendments to IAS 21, IAS 28 and IAS 31 arising as a result of revised IAS 27 (2008)
		1 January 2013	March 2016	- Transitional provisions for consolidated financial statements to IFRS 10
IAS 28	Investments in Associates and Joint Ventures	1 January 2013	March 2014	- Amendments based on the publication of IFRS 10, IFRS11 and IFRS 12
IAS 34	Interim Financial Reporting	1 January 2011	March 2012	- Amendments to emphasise the disclosure principles and to add further guidance, including additional examples, to illustrate how to apply these principles
IFRS 3	Business Combinations	1 July 2010	March 2012	- Revision to measurement of non-controlling interests - Revision to un-replaced and voluntarily replaced share-based payments transactions - Transition requirements for contingent consideration from a business combination that occurred before the effective date of revised IFRS 3 (2008)
IFRS 7	Financial Instruments: Disclosures	1 January 2011	March 2012	- Revision to disclosures of the nature and extent of risks associated with financial instruments
		1 July 2011	March 2013	- Amendment on enhancing disclosures for transferred financial assets

IFRSs		Mandatory adoption (From the year beginning)	To be adopted by the Group from the year ending	Subject of new standards/amendment
IFRS 9	Financial Instruments	1 January 2013	March 2014	- 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 investments in equity instruments are measured at fair value through other comprehensive income, only dividends on the investments are recognised in profit or loss. Where financial instruments measured at fair value through profit or loss or amortised cost, all relating gains or losses are recognised in profit or loss - Prohibition on the recycling of amount presented in other comprehensive income to profit or loss - Amendment that the changes in fair value of financial liabilities designated at FVTPL due to 1. changes in the own credit risk 2. other should be recognised directly in other comprehensive income and in profit or loss, respectively.
IFRS 10	Consolidated Financial Statements	1 January 2013	March 2014	- Guidance for consolidated financial statements to include the definition of control
IFRS 11	Joint Arrangements	1 January 2013	March 2014	- Classification of joint arrangements as either joint operations (combining the existing concepts of jointly controlled assets and jointly controlled operations) or joint ventures (equivalent to the existing concept of a jointly controlled entity) - Requirement of the use of the equity method of accounting for interests in joint ventures and the elimination of the proportionate consolidation method - The investor of a joint operaion must include in its financial statements its share of assets, liabilities, revenues and expenses relating to the joint operation
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013	March 2014	- Requirements for disclosure items such as the nature of and risks associated with interests in other entities and the effects of those interests on the financial statements
IFRS 13	Fair Value Measurement	1 January 2013	March 2014	- Establishment of a single framework for both financial and non-financial items measured at fair value
IFRIC 13	Customer Loyalty Programmes	1 January 2011	March 2012	- Clarification that when the fair value of award credits is measured on the basis of the redemption value of the awards. The fair value of the award credits should take into account the expected forfeitures as well as the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011	March 2012	- Amendment that an early payment of contribution to cover minimum funding requirements should be deemed as economic benefits
IFRIC19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	March 2012	- Guidance on “debt-equity swap”.

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 impact on the future consolidated financial statements of the Group, except for IFRS 9 “Financial Instruments”.

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 in principle. The principal accounting policies are set out below.

(2) Basis of consolidation

1. Subsidiaries

The Group has adopted IAS 27 (2008) "Consolidated and Separate Financial Statements" for the year ended 31 March 2011. The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company as at 31 March of each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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 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
2. previous carrying amounts 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. Due to the revision of IAS 27 "Consolidated and Separate Financial Statements", from the year ended 31 March 2011, total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if the results in the non-controlling interests is a deficit balance. Until 31 March 2010, the deficit balance was allocated to the Company except to the extent that the non-controlling interests had a binding obligation and were able to increase their investment in the susidiary to cover losses.

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, and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as assets 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 as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of individual 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.

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) Business combination

Business combinations are accounted for on the basis of IFRS 3 (2008) “Business Combination”, and acquisitions of subsidiaries and businesses are accounted for using the acquisition method. Any costs directly attributable to the business combination are expensed as incurred. The acquiree's identifiable assets and liabilities are measured 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 acquired non-current 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.
(b) Contingent consideration classified as an asset or a liability is accounted for in accordance with IFRS 9, IAS 37, IAS 39 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 after performing an impairment test in accordance with the previous Japanese GAAP. Business combinations before the year ended 31 March 2010 were accounted for based on IFRS 3 (2004).

(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 (its functional currency). For the purpose of the consolidated financial statements, the financial position, financial results 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 retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss in the period. The exchange gain or loss is included in 'other expenses' in the consolidated statement of comprehensive income.

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 equity, 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 accumulated 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 parts as individual assets to be depreciated with specific useful lives. All other repair and maintenance costs are recognised in profits or losses 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	3-10 years
Tools, equipment and fixtures	2-20 years

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

(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.
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 accumulated impairment losses.

1. Intangible assets acquired separately and intangible assets acquired in a business combination
Intangible assets acquired separately are carried at cost at the time of initial recognition. Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost), when these are identifiable and their fair value is reasonably measured.

2. Internally-generated intangible assets - research and development expenses
Expenditure on research activities is recognised as an expense in the period in which it is 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 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 book value is expensed.

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

3. Amortisation of intangible assets
Amortisation is recognised on a straight-line basis over their estimated useful lives as follows. The Group does not have any intangible assets with indefinite useful lives.

Patents	7-12 years
Technology	10-15 years
Customer List	5-8 years
Software	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 from a business combination 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 net of the acquisition-date amounts 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 purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are 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 a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of 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

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 is any indication 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 (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 to 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 firm future transactions. The Group also uses interest rate swaps to manage the exposure to interest rate risk arising from variable rate of interest-bearing debt. Hedge accounting does not apply to these derivative transactions.

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 fair value through profit or loss (FVTPL),
- held-to-maturity investments,
- loans and receivables and
- available-for-sale financial assets

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

2. Financial assets 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 other than a financial asset held for trading may be designated as an FVTPL upon initial recognition if:

(a) such designation eliminates or significantly reduces a measurement or recognition inconsistency (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 an FVTPL.

Financial assets 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 dividend, interest or fair value gain or loss from evaluation on the financial assets and is included in the consolidated statement of comprehensive income. Fair value is determined in the manner described in Note 23. "Financial instruments".

As at 31 March 2010 and 31 March 2011, the Group did not have financial assets 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 revenue recognised on an effective yield basis. As at 31 March 2010 and 31 March 2011, 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 (the calculation reflects effective interest method including premium or discount between the counterparty) 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. Principally, interest income is recognised by applying the effective interest rate.

5. Available-for-sale financial assets

Financial assets except 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.

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as available-for-sale financial assets and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. 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 and accumulated in accumulated other comprehensive income (net gain or (loss) on revaluation of available-for-sale financial assets), with the exception of impairment losses and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss, that were previously accumulated in accumulated other comprehensive income (net gain on revaluation of available-for-sale financial assets), 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 security 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; or
(b) default or delinquency in interest or principal payments; or
(c) a probability that the borrower will enter 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 what the amortised cost would have been had the impairment not been recognised.

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

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 also recognises a collateralised borrowing for the proceeds received.

(12) Inventories

Inventories are valued 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 present location and condition, are assigned to inventories by mainly 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 comprise of cash on hand and bank deposits including term deposits. The term deposits with original maturities of three months or less are deemed as cash equivalents since they are readily convertible to cash without restriction.

(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 continued 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 (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 (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 25 "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 and other capital reserve 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 reserve.

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 Distribution

Dividend distribution to the Company's shareholders is recognised as a liability 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 as FVTPL or other financial liabilities.

3. Financial liabilities 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 an 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 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 2010 and 31 March 2011, the Group did not have financial liabilities measured as FVTPL except for derivative transactions.

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 liabilities
Financial guarantee contract liabilities 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.

Actuarial gains and losses as at the end of the prior year are amortised over the expected average remaining working lives (mainly 10 years) of the participating employees.

Past service cost is recognised immediately to the extent that the benefits are already vested. The Group's defined benefit plans are mostly closed pension funds and benefits are already vested. Accordingly, past service costs for those funds are immediately recognised in profit or loss.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the present value of the defined benefit obligations as adjusted for unrecognised actuarial gains and losses, and as reduced by the fair value of plan assets.

Contributions to defined contribution plans are recognised as an expense when these are paid.

(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 (future cash outflow), taking into account the risks and uncertainties surrounding the obligation.

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

The types of provisions are as follows;

1. Asset retirement obligation reserve
The Group recognises provisions for an asset retirement obligation reserve 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. Provision is provided based on past experience of actual cost and considers each property individually. The discount rate is mainly 2.25% and depends on the useful life and the country. Future expected timing of outflow of economic benefits is mainly more than one year from each reporting period.

2. Warranties provision
The provision is estimated and recognised based on past experience of the occurrence of defective goods such as camera and glasses 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, fair value of the points earned 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 transfers 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 attaching 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) Taxation

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 the following;
- Temporary differences of goodwill
- Temporary differences resulted from initial recognition of transactions that do not affect accounting income and taxable income (exclude business combination) of assets/liabilities
- 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.

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 (6) “Leases”)
- 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 “Income taxes”)
- Assumptions used for treatment of retained earnings of overseas subsidiaries and associates for tax purposes (Note 10 “Income taxes”)
- Discrepancy in opinion with a tax authority relating to tax calculations (Note 10 “Income taxes”)
- Assumptions used to calculate retirement benefits obligation (Note 19 “Retirement benefit plans”)
- Asset retirement obligations arising from legal obligations and constructive obligations (Note 20 “Other provisions”)
- Fair value of stock options (Note 25 “Share-based payments”)
- Possibility of outflow of resources embodying economic benefits on contingent liabilities (Note 36 “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 impact 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 belongs to
- 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
- Fluctuation of currency exchange rates
- The trend of environmental and governmental regulation

Estimated loss on disaster arising from the Great East Japan Earthquake on 11 March 2011 is based on the information and knowledge obtained by the Group. Due to uncertainty, actual losses of the following may differ from the current estimate;
- Loss on physical damage of property, plant and equipments and inventories (Note 6 “Property, plant and equipment” and Note 13 “Inventories”)
- Inspection costs and removal costs of damaged assets (Note 26 “Revenue and expenses (excluding finance income and costs)”)
- Restoration costs of damaged assets (Note 26 “Revenue and expenses (excluding finance income and costs)”)
- Financial deterioration in customers (Note 23 “Financial instruments” (6) Credit risks)

The global economic stagnation and the disaster arising from the 11 March 2011 earthquake 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 "Income taxes")

5. Operating segment information

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

The reportable segments are constituent units 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 cameras, Interchangeable lenses, Digital camera modules, Optical devices, Laser equipments.
Life Care	Health Care related products	Eyeglass lenses, Contact lenses.
	Medical related products	Endoscopes, Intraocular lenses, Artificial bone, Medical accessories.
Other		Design of information systems, 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 March 2010	Information Technology	Life Care	Other	Total	Adjustments	Consolidated
Revenue from external customers	200,963	199,175	2,289	402,427	3	402,430
Inter-segment	122	22	3,880	4,024	(4,024)	—
Total	201,085	199,197	6,169	406,451	(4,021)	402,430
Interest income	336	223	8	567	257	824
Interest expense	(524)	(448)	(48)	(1,020)	(1,312)	(2,332)
Depreciation and amortisation	(19,409)	(10,765)	(101)	(30,275)	(897)	(31,172)
Share of profit(loss) of associates	—	98	(8)	90	376	466
Impairment losses	(133)	(127)	—	(260)	(574)	(834)
Others	(148,848)	(155,480)	(5,983)	(310,311)	(8,557)	(318,868)
Segment profit before tax	32,507	32,698	37	65,242	(14,728)	50,514
Other disclosure						
Capital expenditure	15,908	9,367	109	25,384	1,728	27,112

(Millions of Yen)

For the year ended March 2011	Information Technology	Life Care	Other	Total	Adjustments	Consolidated
Revenue from external customers	208,735	203,006	1,584	413,325	24	413,349
Inter-segment	455	12	3,568	4,035	(4,035)	—
Total	209,190	203,018	5,152	417,360	(4,011)	413,349
Interest income	338	175	9	522	339	861
Interest expense	(241)	(311)	(0)	(552)	(1,438)	(1,990)
Depreciation and amortisation	(19,111)	(10,661)	(110)	(29,882)	(487)	(30,369)
Share of profit(loss) of associates	(8)	185	—	177	1,428	1,605
Impairment losses	—	(1,944)	—	(1,944)	—	(1,944)
Others	(153,662)	(153,719)	(4,105)	(311,486)	(6,268)	(317,754)
Segment profit before tax	36,506	36,743	946	74,195	(10,437)	63,758
Other disclosure						
Capital expenditure	27,923	9,371	85	37,379	917	38,296

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

For the year ended March 2011	Information Technology	Life Care	Other	Total	Adjustments	Consolidated
Revenue from external customers	2,510,338	2,441,440	19,058	4,970,836	291	4,971,127
Inter-segment	5,473	147	42,911	48,531	(48,531)	—
Total	2,515,811	2,441,587	61,969	5,019,367	(48,240)	4,971,127
Interest income	4,069	2,102	103	6,274	4,087	10,361
Interest expense	(2,894)	(3,739)	(5)	(6,638)	(17,299)	(23,937)
Depreciation and amortisation	(229,838)	(128,216)	(1,323)	(359,377)	(5,851)	(365,228)
Share of profit(loss) of associates	(99)	2,226	—	2,127	17,176	19,303
Impairment losses	—	(23,379)	—	(23,379)	—	(23,379)
Others	(1,848,010)	(1,848,689)	(49,368)	(3,746,066)	(75,401)	(3,821,467)
Segment profit before tax	439,039	441,892	11,376	892,308	(125,528)	766,780
Other disclosure						
Capital expenditure	335,816	112,698	1,024	449,538	11,032	460,570

Note:
(i) Adjustments to revenue from external customers of 3 million yen and 24 million yen (291 thousand U.S.dollars) for the year ended March 2010 and 2011, respectively, represent revenue by R&D department which is not included in any reportable segment.
(ii) Adjustments to segment profit before tax of (14,728) million yen consist of elimination of an inter-segment transaction of (21,124) million yen, and profit or loss of the Company's headquarters, R&D department and overseas holding companies of 6,396 million yen for the year ended March 2010 and (10,437) million yen (125,528 thousand U.S.dollars) consist of elimination of inter-segment transaction of (60,017) million yen (721,792 thousand U.S.dollars), and profit or loss of the Company's headquarters, R&D department and overseas holding companies of 49,580 million yen (596,264 thousand U.S.dollars) for the year ended March 2011.
(iii) Transfer prices between operating segments are on an arm's length basis for the years ended 31 March 2010 and 2011, respectively.
(iv) In addition to the above, capital expenditures in discontinued operations for the years ended March 2010 and 2011 are 1,908 million and 192 million yen (2,300 thousand U.S. dollars), respectively, and the total capital expenditures in the Group for the year ended March 2010 and 2011 are 29,020 million yen and 38,488 million yen (462,870 thousand U.S.dollars), respectively.

(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 2010 and 2011;

	(Millions of Yen)		(Thousands of U.S.Dollars(Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Information Technology			
Electronics related products	99,111	**110,737**	1,331,770
Imaging related products	101,852	**97,998**	1,178,568
Information Technology Total	200,963	**208,735**	2,510,338
Life Care			
Health Care related products	147,580	**152,254**	1,831,074
Medical related products	51,595	**50,752**	610,366
Life Care Total	199,175	**203,006**	2,441,440
Other	2,289	**1,584**	19,058
Corporate (R&D)	3	**24**	291
Total revenue from external customers	402,430	**413,349**	4,971,127

(4) Information about geographical areas

Revenue from external customers

	(Millions of Yen)		(Thousands of U.S.Dollars(Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Japan	152,366	**160,210**	1,926,765
U.S.A.	43,927	**44,910**	540,114
China	37,149	**48,537**	583,734
Others	168,988	**159,692**	1,920,514
Total	402,430	**413,349**	4,971,127

Note:
Geographical areas are based on the location of the customers.

Non-current assets

	(Millions of Yen)		(Thousands of U.S.Dollars(Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Japan	65,070	**58,603**	704,782
Thailand	19,586	**19,555**	235,181
Philippines	5,972	**17,209**	206,964
Others	56,553	**41,042**	493,589
Total	147,181	**136,409**	1,640,516

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 Philippines is insignificant; therefore the amount is included in Others.
Non-current assets located in U.S.A.and China 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 percent 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 (iv)	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress (iii)	Total
Balance at 1 April 2009	80,741	247,024	44,625	15,147	13,363	400,900
Additions	2,645	4,994	2,779	1,547	13,675	25,640
Acquisitions through business combinations	—	6	15	—	—	21
Sales and disposals (i)	(1,923)	(9,536)	(2,916)	(519)	(385)	(15,279)
Transfer from construction in progress	1,001	11,514	967	—	(13,482)	—
Transfer to assets held for sale	(1,416)	—	—	—	—	(1,416)
Effect of foreign currency exchange differences	(7)	(131)	(23)	80	(239)	(320)
Others	836	(3,117)	(190)	—	(612)	(3,083)
Balance at 31 March 2010	81,877	250,754	45,257	16,255	12,320	406,463
Additions	1,085	3,495	3,369	2,940	28,762	39,651
Business transfer (ii)	(562)	(32,962)	(114)	—	—	(33,638)
Sales and disposals (i)	(1,241)	(4,464)	(2,111)	(708)	(82)	(8,606)
Transfer from construction in progress	3,543	19,662	1,487	—	(24,692)	—
Effect of foreign currency exchange differences	(3,097)	(7,935)	(1,879)	(152)	(688)	(13,751)
Others	577	(1,233)	(265)	(1,378)	(811)	(3,110)
Balance at 31 March 2011	**82,182**	**227,317**	**45,744**	**16,957**	**14,809**	**387,009**

(Millions of Yen)

Accumulated depreciation and impairment losses	Buildings and structures (iv)	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress (iii)	Total
Balance at 1 April 2009	(41,790)	(199,980)	(28,045)	(304)	(283)	(270,402)
Depreciation expense	(3,911)	(22,283)	(4,256)	—	—	(30,450)
Impairment losses (ii)	—	(194)	(9)	—	—	(203)
Sales and disposals (i)	1,196	9,186	2,617	—	283	13,282
Transfer to assets held for sales	1,034	—	—	—	—	1,034
Effect of foreign currency exchange differences	(34)	206	(15)	—	—	157
Others	72	1,728	522	—	—	2,322
Balance at 31 March 2010	(43,433)	(211,337)	(29,186)	(304)	—	(284,260)
Depreciation expense	(3,852)	(19,066)	(4,555)	—	—	(27,473)
Impairment losses (ii)	—	—	—	(58)	—	(58)
Business transfer (ii)	175	25,725	106	—	—	26,006
Sales and disposals (i)	1,205	4,298	1,709	39	—	7,251
Effect of foreign currency exchange differences	1,317	6,187	1,367	—	—	8,871
Others	(61)	640	649	—	—	1,228
Balance at 31 March 2011	**(44,649)**	**(193,553)**	**(29,910)**	**(323)**	—	**(268,435)**

(Millions of Yen)

Carrying amount	Buildings and structures (iv)	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress (iii)	Total
Balance at 1 April 2009	38,951	47,044	16,580	14,843	13,080	130,498
Balance at 31 March 2010	38,444	39,417	16,071	15,951	12,320	122,203
Balance at 31 March 2011	**37,533**	**33,764**	**15,834**	**16,634**	**14,809**	**118,574**

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

Cost	Buildings and structures (iv)	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress (iii)	Total
Balance at 31 March 2010	984,685	3,015,689	544,290	195,484	148,163	4,888,311
Additions	13,047	42,030	40,522	5,941	345,904	447,444
Business transfer (ii)	(17,054)	(53,681)	(25,393)	(8,516)	(987)	(105,631)
Sales and disposals (i)	(6,761)	(396,411)	(1,369)	—	—	(404,541)
Transfer from construction in progress	38,173	228,378	17,980	—	(284,531)	—
Effect of foreign currency exchange differences	(35,119)	(95,432)	(22,598)	(1,824)	(8,275)	(163,248)
Others	11,386	(6,759)	(3,288)	12,852	(22,177)	(7,986)
Balance at 31 March 2011	988,357	2,733,814	550,144	203,937	178,097	4,654,349

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

Accumulated depreciation and impairment losses	Buildings and structures (iv)	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress (iii)	Total
Balance at 31 March 2010	(522,346)	(2,541,637)	(351,010)	(3,652)	—	(3,418,645)
Depreciation expense	(46,330)	(229,292)	(54,784)	—	—	(330,406)
Impairment losses (ii)	—	—	—	(699)	—	(699)
Business transfer (ii)	2,103	309,385	1,269	—	—	312,757
Sales and disposals (i)	14,491	51,688	20,547	472	—	87,198
Effect of foreign currency exchange differences	15,837	74,403	16,440	—	—	106,680
Others	(727)	7,696	7,827	—	—	14,796
Balance at 31 March 2011	(536,972)	(2,327,757)	(359,711)	(3,879)	—	(3,228,319)

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

Carrying amount	Buildings and structures (iv)	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress (iii)	Total
Balance at 31 March 2011	451,385	406,057	190,433	200,058	178,097	1,426,030

Note:

(i) Gain and loss arising from sale or disposal of property, plant and equipment for the years ended 31 March 2010 and 2011 are set out in Note 26 “Revenue and expenses (excluding finance income and costs)” . Gain and loss on sale of assets held for sale were included in the above ‘gain on sale of property, plant and equipment’ and ‘loss on sale of property, plant and equipment’ in Note 26.

(ii) Details of impairment losses are set out in Note 8 “Impairment losses” and details of business transfer are set out in Note 28 “Discontinued operations”.

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

(iv) Building with carrying amount of 32 million yen (379 thousand U.S.dollars) has been pledged as collateral to secure 19 million yen (226 thousand U.S.dollars) ‘Interest-bearing long-term debt’ and 3 million yen (40 thousand U.S.dollars) ‘Interest-bearing short-term debt’ as at 31 March 2011. Refer to Note 16 “Interest-bearing debt” for details.

(v) Details of commitments for the acquisition of property, plant, and equipment are set out in Note 37 “Commitments for expenditure”.

(vi) 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 2010 and 2011, which are included in each corresponding amount in the table above. Impairment losses are recognised on a part of leased assets;

(Millions of Yen)

	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Total
Balance at 31 March 2010	304	269	372	945
Balance at 31 March 2011	**345**	**209**	**136**	**690**

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

	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Total
Balance at 31 March 2011	4,153	2,509	1,642	8,304

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	Others (i)	Total
Balance at 1 April 2009	2,693	11,926	8,235	11,983	5,272	37,416
Additions	—	1,579	—	—	2,053	3,632
Acquisitions through business combinations	3,011	—	—	167	645	812
Disposals (ii)	—	(164)	—	—	(2,085)	(2,249)
Effect of foreign currency exchange differences	(220)	(624)	—	(204)	(462)	(1,290)
Balance at 31 March 2010	5,484	12,717	8,235	11,946	5,423	38,321
Additions	—	1,206	—	—	94	1,300
Disposals (ii)	—	(299)	—	—	(94)	(393)
Effect of foreign currency exchange differences	(504)	(399)	—	(26)	(327)	(752)
Others	(923)	96	—	—	923	1,019
Balance at 31 March 2011	4,057	13,321	8,235	11,920	6,019	39,495

(Millions of Yen)

Accumulated amortisation and impairment losses	Goodwill	Intangible assets				
		Software	Technology	Patents	Others	Total
Balance at 1 April 2009	—	(8,380)	(4,077)	(3,824)	(1,907)	(18,188)
Amortisation expense (iii)	—	(1,241)	(489)	(1,349)	(425)	(3,504)
Disposals (ii)	—	152	—	—	47	199
Effect of foreign currency exchange differences	—	591	—	115	248	954
Balance at 31 March 2010	—	(8,878)	(4,566)	(5,058)	(2,037)	(20,539)
Amortisation expense (iii)	—	(1,381)	(489)	(1,296)	(655)	(3,821)
Impairment losses (iv)	(1,428)	—	—	—	(458)	(458)
Disposals (ii)	—	274	—	—	94	368
Effect of foreign currency exchange differences	—	280	—	68	28	376
Others	—	(41)	—	—	(223)	(264)
Balance at 31 March 2011	(1,428)	(9,746)	(5,055)	(6,286)	(3,251)	(24,338)

(Millions of Yen)

Carrying amount	Goodwill	Intangible assets				
		Software	Technology	Patents	Others	Total
Balance at 1 April 2009	2,693	3,546	4,158	8,159	3,365	19,228
Balance at 31 March 2010	5,484	3,839	3,669	6,888	3,386	17,782
Balance at 31 March 2011	**2,629**	**3,575**	**3,180**	**5,634**	**2,768**	**15,157**

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

Cost	Goodwill	Intangible assets				
		Software	Technology	Patents	Others (i)	Total
Balance at 31 March 2010	65,953	152,941	99,036	143,673	65,216	460,866
Additions	—	14,505	—	—	1,135	15,640
Disposals (ii)	—	(3,598)	—	—	(1,129)	(4,727)
Effect of foreign currency exchange differences	(11,098)	1,150	—	—	11,097	12,247
Others	(6,065)	(4,798)	—	(318)	(3,936)	(9,052)
Balance at 31 March 2011	48,790	160,200	99,036	143,355	72,383	474,974

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

Accumulated amortisation and impairment losses	Goodwill	Intangible assets				
		Software	Technology	Patents	Others (i)	Total
Balance at 31 March 2010	—	(106,769)	(54,909)	(60,829)	(24,507)	(247,014)
Amortisation expense (iii)	—	(16,612)	(5,884)	(15,589)	(7,863)	(45,948)
Impairment losses (iv)	(17,176)	—	—	—	(5,504)	(5,504)
Disposals (ii)	—	3,298	—	—	1,130	4,428
Effect of foreign currency exchange differences	—	(497)	—	—	(2,676)	(3,173)
Others	—	3,369	—	821	326	4,516
Balance at 31 March 2011	(17,176)	(117,211)	(60,793)	(75,597)	(39,094)	(292,695)

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

Carrying amount	Goodwill	Intangible assets				
		Software	Technology	Patents	Others	Total
Balance at 31 March 2011	31,614	42,989	38,243	67,758	33,289	182,279

Note:
(i) 'Others' include capitalised development cost in the amount of 35 million yen as at 1 April 2009. Except for this, there were no significant internally-generated intangible assets for the years ended 31 March 2010 and 2011.
(ii) Loss on disposal of intangible assets is set out in Note 26 "Revenue and expenses (excluding finance income and costs)" (5) 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.

The Group owns Technology and Patents for manufacturing of the medical related products. The carrying amount of Technology is 3,180 million yen (38,243 thousand U.S.dollars) as at 31 March 2011 (as at 31 March 2010: 3,669 million yen). The carrying amount of Patents is 4,883 million yen (58,727 thousand U.S.dollars) as at 31 March 2011 (as at 31 March 2010: 5,968 million yen). The remaining useful lives of Technology are 6 years as at 31 March 2011(as at 31 March 2010: 7 years). The remaining useful lives of Patents are 4 years as at 31 March 2011 (as at 31 March 2010: 5 years).

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)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Buildings and structures (i)	57	—	—
Machinery and carriers	194	—	—
Tools, equipment and fixtures	9	—	—
Land	—	58	699
Subtotal losses on property, plant and equipment	260	58	699
Goodwill	—	1,428	17,176
Intangible assets	—	458	5,504
Other non-current assets(Long-term prepaid expenses)	574	—	—
Total impairment losses	834	1,944	23,379

Note:
(i) Buildings and structures were classified as assets held for sale in the previous year. Refer to Note 24 "Assets held for sale" for details.

(1) Cash-generating units

The Group identifies each business unit as 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 the necessity of impairment.

(2) Impairment losses on assets in business units

The assets impaired for the year ended 31 March 2010 are individual assets, not a cash-generating unit subject to impairment test.

The Group performed impairment test on the goodwill and intangible assets acquired from the purchase of Starion in April 2009. The impairment test is based on the current business plan. The following impairment losses were recognised for the year ended 31 March 2011.
Recoverable amount was measured at the value in use and determined using cash flow projections based on the financial budgets for the following five fiscal years which had been approved by the Group's management, and a discount rate of 15% per annum which is the Group's pre-tax weighted average capital cost (WACC).

	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	Impairment losses	Impairment losses
Life Care		
Medical related products (Endoscopes, Intraocular lenses, Artificial bone)		
Goodwill	1,428	17,176
Intangible assets	458	5,504
Life Care Total	1,886	22,680

(3) Impairment losses on assets to be sold or disposed, and idle assets

The carrying amount of assets to be sold or disposed of, and idle assets resulting from business restructuring, which were not expected to be used in the future, was written down to the estimated 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 appraisal or publicly posted land price. For any asset to be disposed of, its recoverable amount was considered to be zero.

The following are impairment losses recognised for the year ended 31 March 2010;

(Millions of Yen)

	Impairment losses
Information Technology	
Machinery and carriers	124
Tools, equipment and fixtures	9
Information Technology Total	133
Life Care	
Buildings and structures (i)	57
Machinery and carriers	70
Life Care Total	127
Adjustments (Headquarters)	
Other non-current assets	574
Adjustments (Headquarters) Total	574
Total	834

Note:
(i) These buildings and structures were classified as assets held for sale in the previous year.

Impairment losses were recognised as follows for the year ended 31 March 2011;

	(Millions of Yen) Impairment losses	(Thousands of U.S.Dollars (Note 2)) Impairment losses
Life Care		
Land (ii)	58	699
Life Care Total	58	699
Total	58	699

Note:
(ii) Refer to Note 24 “Assets held for sale”. The Group decided the sale of the land subsequent to the year ended 31 March 2011. The sale was completed prior to the approval of the consolidated financial statements for the year ended 31 March 2011.

(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. 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 for the following five fiscal years which had been approved by the Group’s management, and a discount rate of 11% to 15% per annum which is the cash-generating units’ pre-tax weighted average capital cost (WACC).

Before recognising impairment losses, the carrying amount of goodwill was allocated to the cash-generating units as follows;

(Millions of Yen)

	As at 31 March 2010				
	Information Technology	Life Care		Adjustments	
	Imaging related products	Health Care related products	Medical related products	R&D	Total
	Laser equipments, etc.	Eyeglass lenses	Medical accessories		
Japan	—	—	—	—	—
Americas	108	1,200	2,852	35	4,195
Europe	—	824	—	—	824
Asia	—	465	—	—	465
Total	108	2,489	2,852	35	5,484

(Millions of Yen)

	As at 31 March 2011				
	Information Technology	Life Care		Adjustments	
	Imaging related products	Health Care related products	Medical related products (i)	R&D	Total
	Laser equipments, etc.	Eyeglass lenses	Medical accessories		
Japan	—	—	—	—	—
Americas	96	150	2,549	31	2,826
Europe	—	776	—	—	776
Asia	—	455	—	—	455
Total	96	1,381	2,549	31	4,057

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

	As at 31 March 2011				
	Information Technology	Life Care		Adjustments	
	Imaging related products	Health Care related products	Medical related products (i)	R&D	Total
	Laser equipments, etc.	Eyeglass lenses	Medical accessories		
Japan	—	—	—	—	—
Americas	1,159	1,804	30,655	371	33,989
Europe	—	9,328	—	—	9,328
Asia	—	5,473	—	—	5,473
Total	1,159	16,605	30,655	371	48,790

Note:
(i) Impairment loss on goodwill of Medical related products (Medical accessories) was recognised in the amount of 1,428 million yen (17,176 thousand U.S.dollars) for the year ended 31 March 2011.

9. Investments in associates

Details of the Group's main associates are as follows;

Name of associate	Principal activity	Place of incorporation and operation	Segment	Ownership interest (%)	
				As at 31 March 2010	As at 31 March 2011
AVAN STRATE INC. (i)	Production and sale of glass substrate for TFT liquid crystal	JAPAN	Corporate	47.2	46.6
OPTOTAL HOYA S.A	Production and sale of eyeglass lenses	BRAZIL	Life care	25.0	25.0
PRIME OPTICS, CO.,LTD.	Other	JAPAN	Other	50.0	50.0
JIASHAN CANDEO OPTICAL GLASS CO.,LTD. (ii)	Production and sale of special glass, such as coloured glass	CHINA	Information Technology	—	49.0

Note:
(i) The ownership interest of the Group decreased to 46.6%, resulting from the public offering on 29 June 2010.
(ii) The company was incorporated on 19 May 2010.

Summarised financial information in respect of the Group's associates is set out below.

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	As at / for the year ended 31 March 2010	As at / for the year ended 31 March 2011	As at / for the year ended 31 March 2011
Total assets	169,670	**173,199**	2,082,975
Total liabilities	(131,662)	**(130,229)**	(1,566,193)
Net assets	38,008	**42,970**	516,782
Group's share of net assets of associates	9,214	**11,247**	135,263
Total revenue	49,379	**56,884**	684,116
Total expense	48,438	**52,970**	637,040
Total profit for the period	941	**3,914**	47,076
Group's share of profit of associates	466	**1,605**	19,303

Note:
There are no quoted stock prices available for associates.

10. Income taxes

(1) Deferred taxes

Detail of the deferred tax assets and liabilities are as follows;

(Millions of Yen)

	As at 1 April 2009	Recognised in profit or loss	Recognised in other comprehensive income	Acquisitions of subsidiaries	As at 31 March 2010
Temporary differences					
Enterprise tax payable	284	(197)	—	—	87
Written down inventories	2,833	(720)	—	—	2,113
Allowance for doubtful accounts	715	(392)	—	—	323
Other provision	669	(77)	—	—	592
Accrued expenses	3,406	539	—	—	3,945
Unrealised profit on inventories	1,764	119	—	—	1,883
Depreciation expense	3,544	368	—	—	3,912
Tax goodwill	13,711	(4,534)	—	—	9,177
Impairment losses	3,716	(1,857)	—	—	1,859
Exchange differences on translation of foreign operations	37	—	(20)	—	17
Others	4,920	(998)	—	—	3,922
Sub total	35,599	(7,749)	(20)	—	27,830
Undistributed retained earnings of subsidiaries	(2,482)	1,952	—	—	(530)
Depreciation expense	(2,439)	(505)	—	—	(2,944)
Net loss on revaluation of available-for-sale financial assets	(10)	—	(44)	—	(54)
Others	(624)	258	—	—	(366)
Sub total	(5,555)	1,705	(44)	—	(3,894)
Tax losses carry forward and tax credits					
Tax losses carry forward	16,940	3,015	—	777	20,732
Tax credits	148	(142)	—	—	6
Sub total	17,088	2,873	—	777	20,738
Total	47,132	(3,171)	(64)	777	44,674

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

(Millions of Yen)

	As at 1 April 2010	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2011
Temporary differences				
Enterprise tax payable	87	(63)	—	**24**
Written down Inventories	2,113	(409)	—	**1,704**
Allowance for doubtful accounts	323	(114)	—	**209**
Other provision	592	23	—	**615**
Accrued expenses	3,945	59	—	**4,004**
Unrealised profit on inventories	1,883	(589)	—	**1,294**
Depreciation expense	3,912	1,082	—	**4,994**
Tax goodwill	9,177	(4,117)	—	**5,060**
Impairment losses	1,859	(813)	—	**1,046**
Exchange differences on translation of foreign operations	17	—	704	**721**
Others	3,922	737	—	**4,659**
Sub total	27,830	(4,204)	704	**24,330**
Undistributed retained earnings of subsidiaries	(530)	29	—	**(501)**
Depreciation expense	(2,944)	313	—	**(2,631)**
Net loss on revaluation of available-for-sale financial assets	(54)	—	(193)	**(247)**
Others	(366)	(922)	—	**(1,288)**
Sub total	(3,894)	(580)	(193)	**(4,667)**
Tax losses carry forward and tax credits				
Tax losses carry forward	20,732	(4,708)	—	**16,024**
Tax credits	6	(6)	—	**—**
Sub total	20,738	(4,714)	—	**16,024**
Total	44,674	(9,498)	511	**35,687**

Note:
The difference between the amount of "Recognised in profit or loss" recognised in the above and "Deferred tax expenses" recognised in Note 10 "Income taxes" (2) Income taxes, is due to foreign exchange fluctuations.

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

	As at 1 April 2010	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 March 2011
Temporary differences				
Enterprise tax payable	1,044	(756)	—	288
Written down inventories	25,411	(4,914)	—	20,497
Allowance for doubtful accounts	3,879	(1,371)	—	2,508
Other provision	7,125	269	—	7,394
Accrued expenses	47,443	713	—	48,156
Unrealised profit on inventories	22,644	(7,083)	—	15,561
Depreciation expense	47,045	13,011	—	60,056
Tax goodwill	110,366	(49,514)	—	60,852
Impairment losses	22,356	(9,775)	—	12,581
Exchange differences on translation of foreign operations	204	—	8,468	8,672
Others	47,168	8,867	—	56,035
Sub total	334,685	(50,553)	8,468	292,600
Undistributed retained earnings of subsidiaries	(6,374)	347	—	(6,027)
Depreciation expense	(35,408)	3,760	—	(31,648)
Net loss on revaluation of available-for-sale financial assets	(642)	—	(2,316)	(2,958)
Others	(4,389)	(11,100)	—	(15,489)
Sub total	(46,813)	(6,993)	(2,316)	(56,122)
Tax losses carry forward and tax credits				
Tax losses carry forward	249,327	(56,613)	—	192,714
Tax credits	70	(70)	—	—
Sub total	249,397	(56,683)	—	192,714
Total	537,269	(114,229)	6,152	429,192

Note:
The difference between the amount of "Recognised in profit or loss" recognised in the above and "Deferred tax expenses" recognised in Note 10 "Income taxes" (2) Income taxes, is due to foreign exchange fluctuations.

Tax losses carry forward and deductible temporary differences for which deferred tax assets have not been recognised are as follows;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Tax losses carry forward	11,495	12,603	151,565
Deductible temporary differences	1,201	1,445	17,388
Total	12,696	14,048	168,953

The expiration date and amounts of tax losses carry forward for which deferred tax assets are not recognised are as follows;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Year 1	1,805	2,518	30,279
Year 2	605	213	2,562
Year 3	703	1,229	14,781
Year 4	1,634	258	3,098
Year 5 or later	6,748	8,385	100,845
Total	11,495	12,603	151,565

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 2010 and 2011 were 171,302 million yen and 49,457 million yen (594,789 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.

For the years ended 31 March 2010 and 2011, the Company incurred tax losses. The Company recognised deferred tax assets on the tax losses as at 31 March 2010 and 31 March 2011 of 18,315million yen, and 15,155 million yen (182,259 thousand U.S.dollars), respectively.

Both of these tax losses were incurred from the same business combination which was a temporary factor. The Company concluded that the entire amount of the deferred tax assets relating to the business combination are recoverable using the estimated future taxable income based on the financial budgets for the following five fiscal years which had been approved by the Group’s management.

(2) Income taxes

In Japan, the normal effective statutory tax rate is approximately 40.5% for the years ended 31 March 2010 and 2011.

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)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Current tax expense: (i)			
Current year	7,258	**5,441**	65,432
Prior years	121	**180**	2,169
Total current tax expense	7,379	**5,621**	67,601
Deferred tax expense: (ii)			
Recognition and reversal of temporary difference	2,736	**8,781**	105,607
Changes in tax rates	(76)	**(61)**	(735)
Total deferred tax expense	2,660	**8,720**	104,872
Total income tax expense	10,039	**14,341**	172,473
Continuing operations	9,957	**14,053**	169,004
Discontinued operations	82	**288**	3,469

Note:
(i) 'Current tax expense' includes previously unrecognised tax benefits from tax losses carry forward, tax credits and deductible temporary differences. These benefits were 1,366 million yen and 794 million yen (9,551 thousand U.S.dollars) for the years ended March 2010 and 2011, respectively.
(ii) 'Deferred tax expense' includes previously unrecognised tax benefits from tax losses carry forward, 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 1,404 million yen and 820 million yen (9,865 thousand U.S.dollars) for the years ended March 2010 and 2011, respectively.

Adjustments from normal effective statutory tax rate to actual tax rate are as follows; the actual tax rate represents the ratio of profit before tax and income tax expenses, for continuing operations.

	For the year ended 31 March 2010	For the year ended 31 March 2011
Effective statutory tax rate	40.5%	**40.5%**
Expenses not deductible for tax purposes	3.8%	**2.9%**
Effect of unrecognised deferred tax assets	(0.4%)	**0.8%**
Impact of different tax rates applied to overseas subsidiaries	(23.5%)	**(21.1%)**
Profit or loss on investments in associates	(0.1%)	**(1.3%)**
Impact of different tax rates for elimination of unrealised profits on inventory	0.4%	**(0.6%)**
Others	(1.0%)	**0.8%**
Actual tax rate	19.7%	**22.0%**

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)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Other financial assets			
Available-for-sale financial assets	3,366	3,591	43,190
Loans and receivables			
Loans and receivables	21,657	42,909	516,047
Allowance for doubtful accounts	(628)	(493)	(5,933)
Loans and receivables –net	21,029	42,416	510,114
Total	24,395	46,007	553,304
Non-current assets total (long-term financial assets)	18,809	19,043	229,021
Current assets total (Other short-term financial assets)	5,586	26,964	324,283

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Other financial liabilities			
FVTPL financial liabilities (derivative instruments)	392	763	9,179
Other financial liabilities measured at amortised cost	—	257	3,088
Total	392	1,020	12,267
Non-current liabilities total (Other long-term financial liabilities)	7	197	2,374
Current liabilities total (Other short-term financial liabilities)	385	823	9,893

12. Other assets and liabilities

Details of other assets and liabilities are as follows;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Non-current: Other assets			
Long-term prepaid expenses	2,801	**1,603**	19,279
Others	161	**31**	372
Total	2,962	**1,634**	19,651
Current: Other assets			
Prepaid expenses	2,038	**2,554**	30,712
Advance payment	561	**4,072**	48,976
Refundable consumption taxes	2,362	**2,182**	26,242
Others	2,504	**1,040**	12,501
Total	7,465	**9,848**	118,431

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Non-current: Other liabilities			
Deposit received and other	1,703	**1,198**	14,413
Total	1,703	**1,198**	14,413
Current: Other liabilities			
Accrued salary/Accrued bonus/Accrued vacation pay	10,397	**10,670**	128,328
Other accrued expenses	11,795	**12,500**	150,329
Advance received/Deferred revenue (i)	3,368	**4,188**	50,366
Accrued consumption taxes	1,272	**1,339**	16,108
Others	2,763	**1,859**	22,348
Total	29,595	**30,556**	367,479

Note:
(i) Details of advance received and deferred revenue are as follows;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Advance received/Deferred revenue			
Customer loyalty programmes	1,730	**646**	7,765
Government grants	126	**188**	2,255
Others	1,512	**3,354**	40,346
Total	3,368	**4,188**	50,366

13. Inventories

Details of inventories are as follows;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Goods and products	26,825	**30,897**	371,584
Work in progress	8,323	**7,138**	85,840
Raw materials	13,006	**15,022**	180,667
Supplies	13,060	**10,608**	127,577
Total	61,214	**63,665**	765,668
Inventories expected to be sold after more than 12 months	682	**590**	7,091

No inventories were pledged as collateral to secure debt.

The cost of inventories recognised as an expense during the years ended 31 March 2010 and 2011 was 222,654 million yen and 222,338 million yen (2,673,935 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)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Amount of write-down	1,087	**1,400**	16,835
Amount of reversal of write-down	(1)	**—**	—

The reversal was mainly due to an upturn in the market.

14. Trade and other receivables

Details of trade and other receivables are as follows;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Accounts receivable	84,037	**78,781**	947,454
Notes receivable	9,375	**8,669**	104,256
Other receivables	2,712	**999**	12,011
Allowance for doubtful accounts	(1,826)	**(1,995)**	(23,988)
Total	94,298	**86,454**	1,039,733

The credit terms for customers are set between 90 days to 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)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Cash and cash equivalents			
Cash and deposit	173,308	**201,530**	2,423,693
less time deposit over 3 months	(5,370)	**(16,278)**	(195,771)
(Total) Cash and cash equivalents at consolidated statement of financial position	167,938	**185,252**	2,227,922
Cash and cash equivalents at consolidated statement of cash flows	167,938	**185,252**	2,227,922

16. Interest-bearing debt

Details of interest-bearing debt are as follows;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))		
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011	Interest rate (%) (i)	Due
Long-term bank loans (excluding current portion)	1,830	**456**	5,490	0.14	2012-2021
Current portion of long-term bank loans	3,277	**1,259**	15,146	2.67	—
Short-term bank loans	762	**816**	9,818	2.06	—
Bonds (ii)	99,792	**99,839**	1,200,708	—	—
Long-term finance lease obligations (Note 17)	1,373	**474**	5,696	—	2012-2018
Short-term finance lease obligations (Note 17)	251	**340**	4,086	—	—
Interest-bearing debt Total	107,285	**103,184**	1,240,944		
Non-current debt total	102,995	**100,769**	1,211,894		
Current debt total	4,290	**2,415**	29,050		

Note:
(i) Interest rates are based on the weighted-average rates that applied to the balances at the end of each fiscal years.
(ii) The summary of issuance conditions for bonds is as follows;

Company	Item	Issue Date	As at 31 March 2010 (Millions of Yen)	As at 31 March 2011 (Millions of Yen)	As at 31 March 2011 (Thousands of U.S.Dollars (Note 2))	Interest rate (%)	Collateral (Millions of Yen)	Due
HOYA CORPORATION	Unsecured bond(No.1)	11 September 2007	39,942	**39,965**	480,636	1.42	—	20 September 2012
HOYA CORPORATION	Unsecured bond(No.2)	11 September 2007	24,941	**24,954**	300,104	1.62	—	19 September 2014
HOYA CORPORATION	Unsecured bond(No.3)	11 September 2007	34,909	**34,920**	419,968	1.93	—	20 September 2017
Total	—	—	99,792	**99,839**	1,200,708	—	—	—

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 2011.

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;

	(Millions of Yen)				(Thousands of U.S.Dollars (Note 2))	
	Minimum lease payments		Present Value of Minimum Lease Payments		Minimum lease payments	Present Value of Minimum Lease Payments
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011	As at 31 March 2011
Amounts payable under finance leases:						
No later than 1 year	262	345	251	340	4,152	4,086
Later than 1 year but not later than 5 years	1,211	460	1,147	422	5,534	5,067
Later than 5 years	245	63	226	52	755	629
Total	1,718	868	1,624	814	10,441	9,782
Less—future finance charges	(94)	(54)			(659)	
Present value of lease obligations	1,624	814	1,624	814	9,782	9,782
Less—amount due for settlement within 12 months			251	340		4,086
Amount due for settlement after 12 months			1,373	474		5,696

Basically, the Group has not entered into any new finance lease contract. The Group enters into a lease contract 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 3 to 4 years as at 31 March 2011.

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)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Minimum lease payments	6,070	6,588	79,227
Contingent rent	189	238	2,870
Total	6,259	6,826	82,097

The amounts above are included in the line item 'Other expenses' in the consolidated statement of comprehensive income.
Contingent rent related to rent contracts for stores at shopping malls are based on the stores' sales amounts.

As at 31 March 2010 and 2011, the maturity periods of the outstanding commitments under non-cancellable operating leases are as follows;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
No later than 1 year	1,026	765	9,204
Later than 1 year but not later than 5 years	1,576	1,138	13,686
Later than 5 years	347	200	2,400
Total	2,949	2,103	25,290

Operating lease payments represent rentals payable by the Group for the land used for an office, building and machinery. The average remaining operating lease terms for those assets as at 31 March 2011 are 13 years, 2 years and 1 year, respectively.

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

19. Retirement benefit plans

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

The Company and its domestic subsidiaries mainly have defined contribution plans. However, the plans taken over from PENTAX CORPORATION as a result of the merger are closed defined benefit plans and represent a significant portion of the Group’s retirement benefit obligations. 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 Group does not have retirement benefit plans other than pension plans and retirement allowances.

(1) Defined benefit plans

Pension plans carried forward from the merger with PENTAX CORPORATION included the following three plans as at 1 April 2009 (As at 31 March 2011, only plans ① and ② are effective);

Details of each of the plans are as follows;

	① Retirement allowances	② Defined benefit plans	③ Tax Qualified Pension Plans(TQPP)
Pension benefits	Based on accumulated points earned taking into account qualification and employment period. One time retirement payment.	Based on accumulated points earned during the duration of membership.	Based on qualifications points and employment period points earned.
Option for pension plans	—	Selection available for a member with 20 years or more participation. For others, a one-time retirement payment or transfer to another plan.	Selection available if employed over 20 years and retirement due to mandatory retirement. For others, one time retirement payment.
Survivors pension benefits	—	None (One-time payment to survivor)	Upon death of a member, if member employed for over 20 years or a pensioner, then, survivors benefit is paid.
Promised rate of return	—	2.5% per annum	5.5% per annum
Benefit payment frequency	—	6 times annually	4 times annually

With the enforcement of the Defined Benefit Corporate Pension Law of Japan in 2002, it is necessary to either terminate the TQPP by March 2012 or to transfer plan members to a different pension plan. PENTAX CORPORATION’s TQPP has continued to be effective subsequent to the merger in March 2008. On 1 October 2009, PENTAX division’s TQPP was transferred to the defined benefit plans, and, as a result of orders from tax authorities to terminate, PENTAX division’s TQPP was terminated approximately a year after the merger.

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

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Obligations under defined benefit plans (Funded)	14,358	**14,314**	172,151
Fair value of plan assets	(8,418)	**(8,135)**	(97,834)
Total	5,940	**6,179**	74,317
Obligations under defined benefit plans (Unfunded)	4,673	**4,262**	51,254
Net actuarial gains not recognised	(2,448)	**(2,333)**	(28,065)
Net liability arising from defined benefit plan obligation	8,165	**8,108**	97,506
Balance in the consolidated statement of financial position			
Liability	8,186	**8,121**	97,663
Asset (Other non-current assets)	(21)	**(13)**	(157)

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Current service cost	859	**665**	7,993
Interest cost	376	**360**	4,335
Expected return on plan assets	(185)	**(115)**	(1,387)
Actuarial losses	474	**383**	4,608
Past service cost	(63)	**—**	—
Losses on curtailment of the plan	159	**—**	—
Total	1,620	**1,293**	15,549
Actual return on plan assets	1,313	**(194)**	(2,338)

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

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Opening defined benefit plans obligation	21,473	**19,031**	228,879
Current service cost	859	**665**	7,993
Interest cost	376	**360**	4,335
Actuarial (gains) losses	172	**(142)**	(1,712)
Past service cost	(63)	—	—
Gains on curtailment/settlement	(393)	—	—
Benefits paid	(3,470)	**(1,154)**	(13,878)
Foreign currency translation gain or loss	77	**(184)**	(2,212)
Closing defined benefit plans obligations	19,031	**18,576**	223,405

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

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Opening fair value of plan assets	8,567	**8,418**	101,245
Expected return on plan assets	185	**115**	1,387
Actuarial gains (losses)	1,128	**(310)**	(3,725)
Contributions from employer	479	**500**	6,010
Benefits paid	(1,973)	**(468)**	(5,641)
Foreign currency translation gain or loss	32	**(120)**	(1,442)
Closing fair value of plan assets	8,418	**8,135**	97,834

The Group expects to make a contribution of 563 million yen (6,771 thousand U.S.dollars) to the defined benefit plans for the year ending 31 March 2012.

The major categories of plan assets are as follows;

	As at 31 March 2010	As at 31 March 2011
Domestic equity instruments	21%	**23%**
Overseas equity instruments	35%	**37%**
Domestic debt instruments	10%	**8%**
Overseas debt instruments	18%	**18%**
General accounts at life insurance companies (guaranteed return)	11%	**11%**
Others	5%	**3%**
Total	100%	**100%**

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

	As at 31 March 2010	As at 31 March 2011
Discount rate	1.5%	**1.6%**
Expected rate of return on plan assets	1.3%	**0.0%**
Expected rate of salary increase	7.4%	**7.3%**

For funded defined befit plan, the overall long-term expected rate of return is determined based on the current and the future portfolio of the plan assets as well as the expected return and risk based on historical return trends of various long-term investments.

Adjustments for fund status in the past three years were as follows;

	(Millions of Yen)			(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Present value of defined benefit plans obligations	21,473	19,031	**18,576**	223,405
Fair value of plan assets	(8,567)	(8,418)	**(8,135)**	(97,834)
Fund deficit	12,906	10,613	**10,441**	125,571
Adjustments on plan liabilities	1,338	172	**(142)**	(1,712)
Adjustments on plan assets	(1,738)	1,127	**(310)**	(3,725)

(2) Defined contribution plans

The total expense recognised was 1,448 million yen and 1,485 million yen (17,855 thousand U.S.dollars) for the years ended 31 March 2010 and 2011, respectively.

(3) Severance payments

Under certain circumstances (such as retirement before the normal retirement date), additional payments are made upon retirement. The total expense recognised was 1,931 million yen and 2,172 million yen (26,120 thousand U.S.dollars) for the years ended 31 March 2010 and 2011, respectively.

20. Other Provisions

Details of other provisions are as follows;

	(Millions of Yen) As at 31 March 2010	As at 31 March 2011	(Thousands of U.S.Dollars (Note 2)) As at 31 March 2011
Asset retirement obligation reserve	1,742	1,473	17,719
Warranties provision	880	791	9,508
Total	2,622	2,264	27,227
Non-current liabilities	1,718	1,461	17,569
Current liabilities	904	803	9,658

An analysis of the change in provisions is as follows;

(Millions of Yen)

	Asset retirement obligation reserve	Warranty provision	Total
Balance at 1 April 2010	1,742	880	2,622
Provision for the year	91	791	882
Interest cost associated with passage of time	18	—	18
Reduction resulting from settlement for the year	(90)	(880)	(970)
Reduction resulting from reversal	(288)	—	(288)
Balance at 31 March 2011	1,473	791	2,264

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

	Asset retirement obligation reserve	Warranty provision	Total
Balance at 1 April 2010	20,949	10,582	31,531
Provision for the year	1,097	9,508	10,605
Interest cost associated with passage of time	221	—	221
Reduction resulting from settlement for the year	(1,085)	(10,582)	(11,667)
Reduction resulting from reversal	(3,463)	—	(3,463)
Balance at 31 March 2011	17,719	9,508	27,227

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

21. Trade and other payables

Details of trade and other payable are as follows;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Accounts payable	30,408	**34,270**	412,152
Notes payable, trade	1,955	**1,837**	22,097
Processing cost payable	766	**613**	7,366
Other payables	14,129	**14,706**	176,864
Notes payable for capital investment	21	**7**	80
Total	47,279	**51,433**	618,559

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 to the Group entities, thus upon consolidation these trade accounts payable are eliminated. The Group maintains the global fund pool at Japan, Europe and the U.S.A. to make payments within the due date.

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 2009	1,250,519,400	435,017,020	432,856,960	6,264	15,899		
Decrease (i)	—	—	(1,457,204)	—	—		
Balance at 31 March 2010	1,250,519,400	435,017,020	431,399,756	6,264	15,899	75,336	191,204
Increase (i)	—	—	14,416	—	—	—	—
Balance at 31 March 2011	1,250,519,400	435,017,020	431,414,172	6,264	15,899	75,336	191,204

Note:
(i) 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 2009	2,160,060	7,985
Repurchase from opposing shareholders (i)	1,525,000	3,271
Repurchase of odd-lot shares	1,884	4
Disposal of odd-lot shares to shareholders with odd-lot shares	(80)	(0)
Decrease on exercise of stock option	(69,600)	(250)
Balance at 31 March 2010	3,617,264	11,010
Repurchase from opposing shareholders (i)	2,816	6
Disposal of odd-lot shares to shareholders with odd-lot shares	(32)	(0)
Decrease on exercise of stock option	(17,200)	(52)
Balance at 31 March 2011	3,602,848	10,964

	Numbers of shares	Amount (Thousands of U.S.Dollars (Note 2))
Balance at 31 March 2010	3,617,264	132,414
Repurchase from opposing shareholders (i)	2,816	70
Disposal of odd-lot shares to shareholders with odd-lot shares	(32)	(1)
Decrease on exercise of stock option	(17,200)	(629)
Balance at 31 March 2011	3,602,848	131,854

Note:
(i) Repurchase is based on the claim from opposing shareholders in accordance with the 1st clause of article 797th of the Companies Act of Japan.

2. Other capital reserves

	Gain(loss) on resale of Treasury shares (millions of Yen)	Stock option (i) (millions of Yen)	Total (Millions of Yen)
Balance at 1 April 2009	(4,742)	1,439	(3,303)
Disposal of Treasury shares	(121)	(19)	(140)
Share-based payments	—	429	429
Balance at 31 March 2010	(4,863)	1,849	(3,014)
Disposal of Treasury shares	(21)	(4)	(25)
Share-based payments	—	544	544
Balance at 31 March 2011	(4,884)	2,389	(2,495)

	Gain (loss) on resale of Treasury shares (Thousands of U.S.Dollars (Note 2))	Stock option (i) (Thousands of U.S.Dollars (Note 2))	Total (Thousands of U.S.Dollars (Note 2))
Balance at 31 March 2010	(58,486)	22,237	(36,249)
Disposal of Treasury shares	(260)	(48)	(308)
Share-based payments	—	6,542	6,542
Balance at 31 March 2011	(58,746)	28,731	(30,015)

Note:
(i) Refer to Note 25 “Share-based payments” for details of Stock option.

(3) Retained earnings and dividends

	Amount (Millions of Yen)
Balance at 1 April 2009	382,941
Profit for the year (Attributable to owners of the Company)	41,213
Dividends	(28,135)
Balance at 31 March 2010	396,019
Profit for the year (Attributable to owners of the Company)	59,744
Dividends	(28,041)
Balance at 31 March 2011	427,722

	Amount (Thousands of U.S.Dollars (Note 2))
Balance at 31 March 2010	4,762,704
Profit for the year (Attributable to owners of the Company)	718,512
Dividends	(337,236)
Balance at 31 March 2011	5,143,980

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
28 May 2009	35		15,150		31 March 2009	1 June 2009
30 October 2009	30		12,986		30 September 2009	25 November 2009
31 May 2010	35	0.42	15,099	181,588	31 March 2010	2 June 2010
5 Nov 2010	30	0.36	12,942	155,648	30 September 2010	30 November 2010
31 May 2011	35	0.42	15,099	181,588	31 March 2011	2 June 2011

Dividends payable are included in the line item of ‘Other current liabilities’ in the consolidated statement of financial Position.

(4) Non-controlling interests

	Amount (Millions of Yen)
Balance at 1 April 2009	1,774
Profit for the year (Attributable to non-controlling interests)	304
Translation differences for foreign operations (other comprehensive income)	13
Dividends	(159)
Increase arising on newly acquired subsidiary	147
Decrease arising on additional acquisition of shares by the Company	(864)
Others	(21)
Balance at 31 March 2010	1,194
Profit for the year (Attributable to non-controlling interests)	(165)
Translation differences for foreign operations (other comprehensive income)	(43)
Dividends	(69)
Decrease arising from a liquidation of subsidiaries	(212)
Balance at 31 March 2011	705

	Amount (Thousands of U.S.Dollars (Note 2))
Balance at 31 March 2010	14,364
Profit for the year (Attributable to non-controlling interests)	(1,993)
Translation differences for foreign operations (other comprehensive income)	(514)
Dividends	(833)
Decrease arising from a liquidation of subsidiaries	(2,544)
Balance at 31 March 2011	8,480

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 capital structure of the Group is as follows;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Interest-bearing debt	107,285	**103,184**	1,240,944
Less: Cash and cash equivalents	167,938	**185,252**	2,227,922
Net debt	(60,653)	**(82,068)**	(986,978)
Equity	358,749	**377,541**	4,540,477

In order to maximise the corporate value of the Group, cash flows have been a priority of the Group management. As at 31 March 2010 and 2011, 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 2011.

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)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Financial assets			
Loans and receivables			
Trade and other receivables	94,298	**86,454**	1,039,733
Other financial assets (ii)	21,029	**42,416**	510,114
Available-for-sale financial assets (ii)	3,366	**3,591**	43,190
Cash and cash equivalents	167,938	**185,252**	2,227,922
Financial liabilities			
FVTPL financial liabilities (derivative instruments) (iii)	392	**763**	9,179
Financial liabilities measured at amortised cost			
Trade and other payables	47,279	**51,433**	618,559
Interest-bearing debt	107,285	**103,184**	1,240,944
Other financial liabilities (iii)	—	**257**	3,088

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 or derivative instruments designated as hedging instruments. Likewise, the Group does not have financial assets or financial liabilities valued using the fair value option.
(ii) Other financial assets and available-for-sale financial assets are included in ‘Long-term financial assets’ or ‘Other short-term financial assets’ on the consolidated statement of financial position.
(iii) The financial liabilities designated as FVTPL (Derivative instruments) and other financial liabilities are included in ‘Other long-term/short-term financial liabilities’ on the consolidated statement of financial position.

(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 source 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. There are certain cases in which 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 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 (Euro, U.S.dollars 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, the Company having multiple strategic business units ("SBU") and conducting finance and dividend, and holding companies receiving dividends from their subsidiaries and distributing it to the Company and/or other group companies, sometimes fall into disparity of foreign currency debt-credit balances in receivables, liabilities and/or bank deposits. This might cause significant gains or losses on foreign exchange differences when the Yen appreciates or depreciates against U.S.dollars or Euro, or when Euro appreciates or depreciates against U.S.dollar.

2) Foreign currency sensitivity analysis

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

	For the Year ended 31 March 2010	For the Year ended 31 March 2011
Average of exchange rate (Yen per each currency)		
Thai Baht	2.75	2.74
Euro	130.68	112.61
U.S.Dollars	92.61	85.22
Profit for the year (Millions of Yen)		
Thai Baht	(123)	(13)
Euro	(366)	(64)
U.S. Dollars	(93)	5
Equity (Millions of Yen)		
Thai Baht	(120)	(80)
Euro	(574)	(447)
U.S.Dollars	(150)	(91)

	For the Year ended 31 March 2011
Profit for the year (Thousands of U.S.Dollars (Note 2))	
Thai Baht	(156)
Euro	(773)
U.S. Dollars	57
Equity (Thousands of U.S.Dollars (Note 2))	
Thai Baht	(964)
Euro	(5,376)
U.S.Dollars	(1,091)

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

Likewise, the charts below show the impact in case of a 1% appreciation of functional currencies of the Company and a holding company in the Group on their receivables/liabilities and bank deposits denominated in foreign currency on the assumption that other currencies are held constant.

2)-1. Parent company (the Company)

(Millions of Yen)

	Euro		U.S.Dollars	
	31 March 2010	31 March 2011	31 March 2010	31 March 2011
Trade and other receivables	(69)	(60)	(192)	(216)
Trade and other payables	0	0	96	77
Long-term financial assets	—	—	(24)	(36)
Cash and cash equivalents	(1)	(61)	(207)	(358)
Total	(70)	(121)	(327)	(533)

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

	Euro	U.S.Dollars
	31 March 2011	31 March 2011
Trade and other receivables	(726)	(2,599)
Trade and other payables	6	925
Long-term financial assets	—	(426)
Cash and cash equivalents	(733)	(4,305)
Total	(1,453)	(6,405)

Note:
Numbers in brackets mean the amount of negative impact on profit and equity resulting from a 1% appreciation of Yen. The 1% depreciation of Yen has a positive impact in the same amount.
Intercompany receivables/payables are included in the calculation of the impact since they cause foreign exchange gain or loss in the process of translation.

2)-2. Holding company

(Millions of Yen)

	Yen		U.S.Dollars	
	31 March 2010	31 March 2011	31 March 2010	31 March 2011
Trade and other receivables	—	(7)	—	(2)
Trade and other payables	1	9	17	106
Long-term financial assets	—	—	(1)	(1)
Cash and cash equivalents	(7)	(5)	(75)	(65)
Total	(6)	(3)	(59)	38

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

	Yen	U.S.Dollars
	31 March 2011	31 March 2011
Trade and other receivables	(78)	(20)
Trade and other payables	106	1,265
Long-term financial assets	—	(7)
Cash and cash equivalents	(66)	(778)
Total	(38)	460

Note:
Numbers in brackets mean the amount of negative impact on profit and equity resulting from a 1% appreciation of Euro. The 1% depreciation of Euro has a positive impact in the same amount.
Intercompany receivables/payables are included in the calculation of the impact since they cause foreign exchange gain or loss in the process of translation.

3) Currency derivatives

The Group's policy generally does not permit the use of derivative instruments such as forward foreign exchange contracts. However, in certain circumstances in which the use of such derivatives is determined to be beneficial, the Group can enter into contracts upon obtaining formal approval from the Chief Financial Officer ("CFO") of the Group in accordance with its global 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 2010	Average exchange rate	Foreign currency (mil)	Notional value	Fair value
Forward foreign exchange contracts				
Within one year				
€Buy (US$ Sell)	1.42 (US$/€)	€ 50.4	6,676	(372)

			(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))	
For the year ended 31 March 2011	Average exchange rate	Foreign currency (mil)	Notional value	Fair value	Notional value	Fair value
Forward foreign exchange contracts						
Over one year						
US$Sell (€ Buy)	0.75 (€/US$)	$49.0	4,301	(197)	51,730	(2,374)
Within one year						
US$Sell (€Buy)	0.75 (€/US$)	$112.9	9,944	(550)	119,595	(6,617)
€Buy (US$ Sell)	1.35 (US$/€)	€ 5.9	656	(15)	7,890	(175)

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

2. Interest rate risk management

The Group has long-term floating interest rate borrowings assumed as a result of a business combination. The Group also assumed the related interest rate swap contracts to economically hedge the interest rates on these borrowings. The majority of the interest-bearing debt is 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 insignificant. Therefore, the Group considers the interest rate risk not to be significant and has not performed a sensitivity analysis.

Under the interest rate swap contracts, the Group pays fixed interest and receives floating interest based on the notional principal amounts. Considering the payment of interest on floating interest-bearing debt, receipt of floating interest of interest rate swap contracts and payment of fixed interest rate, the long-term debt was considered to be provided at a fixed interest rate which minimises the risk of interest rate fluctuations. The only interest rate swaps the Group holds are the ones assumed through the business combination.

The fair values of the interest rate swaps at the end of the reporting period were determined by discounting future net cash flows using market interest rates at the end of each reporting period.

The following table details the notional principal amounts of interest rate swaps, remaining terms of the contracts and the average interest rate at the end of each reporting period;

	Average contracted fixed rate of interest rate swaps	Notional principal amount (Millions of Yen)	Fair value (Millions of Yen)
	31 March 2010	31 March 2010	31 March 2010
Less than 1 year	2.04%	2,198	(13)
1 to 2 year	2.96%	375	(7)

	Average contracted fixed rate of interest rate swaps	Notional principal amount (Millions of Yen)	Fair value (Millions of Yen)
	31 March 2011	31 March 2011	31 March 2011
Less than 1 year	**2.96%**	**125**	**(1)**

	Average contracted fixed rate of interest rate swaps	Notional principal amount (Thousands of U.S.Dollars (Note 2))	Fair value (Thousands of U.S.Dollars (Note 2))
	31 March 2011	31 March 2011	31 March 2011
Less than 1 year	2.96%	1,503	(13)

The interest rate swaps are settled on a semi-annual basis. The floating rate on the interest rate swaps is based on TIBOR. The Group settles the net of the fixed and the floating interest rate. Hedge accounting has not been adopted for the interest rate swaps.

3. Price risks management in equity instruments

The Group is exposed to equity price risks arising from equity instruments (listed shares). These investments are held from a viewpoint of business strategy, not for short term trading purpose. 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 111 million yen and 129 million yen (1,548 thousand

U.S.dollars) as at 31 March 2010 and 2011, respectively, as a result of changes in fair value of the equity instruments (listed shares).

(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 which are approved by the authorised personnel of each SBU.

Credit losses incurred in the past were very rare for the Information technology business that sells mainly made-to-order items. Likewise, significant credit losses were not incurred in the past by the Life Care business since it sells goods and manufactured products to end consumers and medical institutions. 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 diverse 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 2011.

1. Financial assets and other credit exposures

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

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	Maximum credit risk		
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Guarantee liabilities	1,632	**1,405**	16,901

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 36 "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)

	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Balance at 31 March 2010							
Trade and other receivables (Gross)	96,124	87,462	3,995	1,520	597	507	2,043
Allowance for doubtful accounts	(1,826)	(420)	(83)	(70)	(91)	(115)	(1,047)
Trade and other receivables (Net)	94,298	87,042	3,912	1,450	506	392	996
Other financial assets (Gross)	21,657	21,116	—	—	—	2	539
Allowance for doubtful accounts	(628)	(164)	—	—	—	(2)	(462)
Other financial assets (Net)	21,029	20,952	—	—	—	—	77
Balance at 31 March 2011							
Trade and other receivables (Gross)	88,449	80,294	3,216	1,495	538	566	2,340
Allowance for doubtful accounts	(1,995)	(396)	(25)	(44)	(62)	(207)	(1,261)
Trade and other receivables (Net)	86,454	79,898	3,191	1,451	476	359	1,079
Other financial assets (Gross)	42,909	42,575	2	—	1	—	331
Allowance for doubtful accounts	(493)	(165)	—	—	(1)	—	(327)
Other financial assets (Net)	42,416	42,410	2	—	—	—	4

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

	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Balance at 31 March 2011							
Trade and other receivables (Gross)	1,063,721	965,648	38,672	17,984	6,476	6,803	28,138
Allowance for doubtful accounts	(23,988)	(4,763)	(292)	(538)	(742)	(2,484)	(15,169)
Trade and other receivables (Net)	1,039,733	960,885	38,380	17,446	5,734	4,319	12,969
Other financial assets (Gross)	516,047	512,035	20	—	17	—	3,975
Allowance for doubtful accounts	(5,933)	(1,983)	—	—	(17)	—	(3,933)
Other financial assets (Net)	510,114	510,052	20	—	—	—	42

The Group does not hold any collateral or other credit enhancements on the above financial assets.
The amount of 87,462 million yen for trade and other receivables (Gross) disclosed above at “within due date” at 31 March 2010 includes the amount of 1,306 million yen for notes receivable which were restructured with customers to support their reconstruction process.
Likewise, the amount of 80,294 million yen (965,648 thousand U.S.dollars) for trade and other receivables (Gross) disclosed above at “within due date” at 31 March 2011 includes the amount of 1,099 million yen (13,214 thousand U.S.dollars) for notes receivable which were restructured with customers to support their reconstruction process.

In case of impairment on financial assets, the Group does not directly write off such assets by reducing the carrying amount, but 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 2009	2,683	548	3,231
Provision for the year	675	510	1,185
Reduction resulting from settlement for the year	(215)	(59)	(274)
Reduction for the year (reversal)	(1,257)	(371)	(1,628)
Other (Interest cost on discount calculating and foreign exchange translation gain or losses)	(60)	(0)	(60)
Balance at 31 March 2010	1,826	628	2,454
Provision for the year	1,043	47	1,090
Reduction resulting from settlement for the year	(479)	(211)	(690)
Reduction for the year (reversal)	(311)	(50)	(361)
Other (foreign exchange translation gains or losses)	(84)	79	(5)
Balance at 31 March 2011	1,995	493	2,488

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

	Allowance for doubtful accounts (Current)	Allowance for doubtful accounts (Non-current)	Total
Balance at 31 March 2010	21,956	7,548	29,504
Provision for the year	12,540	574	13,114
Reduction resulting from settlement for the year	(5,761)	(2,535)	(8,296)
Reduction for the year (reversal)	(3,738)	(602)	(4,340)
Other (foreign exchange translation gains or losses)	(1,009)	948	(61)
Balance at 31 March 2011	23,988	5,933	29,921

The Group continuously monitors the financial status of customers which 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 consideration 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.

Notes receivable transferred that were outstanding at the end of the reporting period are as follows;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Notes receivable transferred	428	628	7,556

(7) Liquidity risk management

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.

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 2010	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	Over 5 years
Non derivative liabilities								
Trade and other payables	47,279	47,279	47,279	—	—	—	—	—
Long-term bank loans (excluding current portion)	1,830	1,830	—	458	157	152	150	913
Current portion of long- term bank loans	3,277	3,277	3,277	—	—	—	—	—
Short-term bank loans	762	762	762	—	—	—	—	—
Bonds	99,792	100,000	—	—	40,000	—	25,000	35,000
Long-term finance lease obligations	1,373	1,373	—	667	260	137	83	226
Short-term finance lease obligations	251	251	251	—	—	—	—	—
Derivative liabilities								
Currency derivative instruments	372	372	372	—	—	—	—	—
Interest rate swaps	20	20	13	7	—	—	—	—
Total	154,956	155,164	51,954	1,132	40,417	289	25,233	36,139

(Millions of Yen)

Balance at 31 March 2011	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	Over 5 years
Non derivative liabilities								
Trade and other payables	51,433	51,433	51,433	—	—	—	—	—
Long-term bank loans (excluding current portion)	456	456	—	64	59	57	57	219
Current portion of long- term bank loans	1,259	1,259	1,259	—	—	—	—	—
Short-term bank loans	816	816	816	—	—	—	—	—
Bonds	99,839	100,000	—	40,000	—	25,000	—	35,000
Long-term finance lease obligations	474	474	—	194	111	72	45	52
Short-term finance lease obligations	340	340	340	—	—	—	—	—
Other financial liabilities	257	257	257	—	—	—	—	—
Derivative liabilities								
Currency derivative instruments	762	762	565	197	—	—	—	—
Interest rate swaps	1	1	1	—	—	—	—	—
Total	155,637	155,798	54,671	40,455	170	25,129	102	35,271

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

Balance at 31 March 2011	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	Over 5 years
Non derivative liabilities								
Trade and other payables	618,559	618,559	618,559	—	—	—	—	—
Long-term bank loans (excluding current portion)	5,490	5,490	—	775	710	689	691	2,625
Current portion of long- term bank loans	15,146	15,146	15,146	—	—	—	—	—
Short-term bank loans	9,818	9,818	9,818	—	—	—	—	—
Bonds	1,200,708	1,202,646	—	481,059	—	300,661	—	420,926
Long-term finance lease obligations	5,696	5,696	—	2,330	1,338	862	537	629
Short-term finance lease obligations	4,086	4,086	4,086	—	—	—	—	—
Other financial liabilities	3,088	3,088	3,088	—	—	—	—	—
Derivative liabilities								
Currency derivative instruments	9,166	9,166	6,792	2,374	—	—	—	—
Interest rate swaps	13	13	13	—	—	—	—	—
Total	1,871,770	1,873,708	657,502	486,538	2,048	302,212	1,228	424,180

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

Temporary cash shortages due to dividends or bonus payments are funded through the issuance of commercial paper.
The following are the details of financing method and financing status;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Bank overdraft			
Used	—	—	—
Unused	46,000	**56,000**	673,482
Total	46,000	**56,000**	673,482
Commercial paper limit			
Used	—	—	—
Unused	50,000	**50,000**	601,323
Total	50,000	**50,000**	601,323

(8) Fair value of financial instruments

	(Millions of Yen)				(Thousands of U.S.Dollars (Note 2))	
	As at 31 March 2010		As at 31 March 2011		As at 31 March 2011	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Loans and receivables						
Other financial assets	21,029	20,416	42,416	42,402	510,114	509,949
Available-for-sale financial assets	3,366	3,366	3,591	3,591	43,190	43,190
Total	24,395	23,782	46,007	45,993	553,304	553,139
Liabilities						
FVTPL financial liabilities (derivative instruments)	392	392	763	763	9,179	9,179
Financial liabilities measured at amortised cost						
Long-term bank loans (excluding current portion)	1,830	1,824	456	424	5,490	5,105
Current portion of long-term bank loans	3,277	3,386	1,259	1,262	15,146	15,178
Bonds	99,792	103,752	99,839	102,474	1,200,708	1,232,401
Long-term finance lease obligations	1,373	1,424	474	503	5,696	6,050
Short-term finance lease obligations	251	257	340	347	4,086	4,170
Total	106,915	111,035	103,131	105,773	1,240,305	1,272,083

Note:
Of FVTPL financial assets and financial liabilities (derivatives), the fair values of forward foreign exchange contracts at the end of each reporting period were determined based on the forward exchange rate at market.

The fair values of interest rate swaps were determined by discounting future net cash flows using a risk-free rate at the end of the reporting period taking into account the duration to maturity.

The fair values of loan receivables and other assets were determined by discounting future net cash flows using rates taking into account the estimated timing of payments and credit risk.

The fair values of listed shares included in available-for-sale financial assets were determined based on market prices at the end of each reporting period. The fair values of shares of private companies included in available-for-sale financial assets were calculated by using a reasonable method.

The fair values of long-term bank loans, bonds and finance lease obligations were determined by discounting future cash flows using rates taking into account the estimated timing of payments and credit risk.

(9) Fair value measurements recognised in the consolidated statement of financial position

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 measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2; fair value measurements are those 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).
- Level 3; fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments valued at fair value are as follows;

(Millions of Yen)

As at 31 March 2010	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	2,212	500	654	3,366
Total	2,212	500	654	3,366
FVTPL financial liabilities (derivative instruments)	—	392	—	392
Total	—	392	—	392

(Millions of Yen)

As at 31 March 2011	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	2,332	243	1,016	3,591
Total	2,332	243	1,016	3,591
FVTPL financial liabilities (derivative instruments)	—	763	—	763
Total	—	763	—	763

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

As at 31 March 2011	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	28,046	2,921	12,223	43,190
Total	28,046	2,921	12,223	43,190
FVTPL financial liabilities (derivative instruments)	—	9,179	—	9,179
Total	—	9,179	—	9,179

Note:
No transfers occurred between Levels 1, 2 and 3 during the years ended 31 March 2010 and 2011, respectively.

Reconciliation of financial assets categorised at Level 3 from opening balance to closing balance.

(Millions of Yen)

	Fair value measurement as at the end of the reporting period	
For the year ended 31 March 2010	Available-for-sale financial assets	Total
Opening balance	1,001	1,001
Total gains or losses:	(148)	(148)
- in profit or loss (i)	(127)	(127)
- in other comprehensive income (ii)	(21)	(21)
Sales	(176)	(176)
Others	(23)	(23)
Closing balance	654	654

(Millions of Yen)

	Fair value measurement as at the end of the reporting period	
For the year ended 31 March 2011	Available-for-sale financial assets	Total
Opening balance	654	654
Total gains or losses:	(91)	(91)
- in profit or loss (i)	(93)	(93)
- in other comprehensive income (ii)	2	2
Purchase	488	488
Others	(35)	(35)
Closing balance	1,016	1,016

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

	Fair value measurement as at the end of the reporting period	
For the year ended 31 March 2011	Available-for-sale financial assets	Total
Opening balance	7,865	7,865
Total gains or losses:	(1,099)	(1,099)
- in profit or loss (i)	(1,117)	(1,117)
- in other comprehensive income (ii)	18	18
Purchase	5,865	5,865
Others	(408)	(408)
Closing balance	12,223	12,223

Note:

(i) Of the total gains or losses for the years ended 31 March 2010 and 2011 included in profit or loss, 127 million yen and 93 million yen (1,117 thousand U.S.dollars), respectively, relates to available-for-sale financial assets at the end of the reporting period. Related profit or loss of these assets is included in the line item of ‘Finance costs’ in the consolidated statement of comprehensive income. Refer to Note 27 “Finance income and costs”.

(ii) Of the total gains or losses for the years ended 31 March 2010 and 2011 included in other comprehensive income, 21 million yen and 2 million yen (18 thousand U.S.dollars), respectively, relates to the shares not traded in the market. Related profit or loss is included in the line item of ‘Net gain/ (loss) on revaluation of available-for-sale financial assets’ in Note 29 “Other comprehensive income”.

24. Assets held for sale

Details for carrying amounts of assets held for sales are as follows;

(Millions of Yen)

	As at 31 March 2010	
	Buildings and structures	Total
Life Care (i)	325	325
Total	325	325

Note:

(i) During the year ended 31 March 2011 the Group approved the sale of the manufacturing plant located at Mulheim in Germany that was closed in the previous year. The sale was completed during the year ended 31 March 2011. These assets with a carrying value of 382 million yen were reclassified to assets held for sale and impairment losses were recognised in the amount of 57 million yen in the year ended 31 March 2010.

(ii) Subsequent to the year ended 31 March 2011, the Group approved the sale of the vacant Itsukaichi 1st plant in Japan, and the sale was completed prior to the approval of the consolidated financial statements for the year ended 31 March 2011. Impairment losses of 58 million yen (699 thousand U.S.dollars) arising from the sale of these assets have been recognised in the profit or loss for the year ended 31 March 2011.

25. Share-based payments

(1) Detail of share-based payments

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

After overall approval at the shareholders meeting, options are granted to individuals that are proposed and approved at the Group's Board of Directors' meeting. The options are granted at no cost. The exercise period of the options is the period determined in the options contract and options not exercised within this exercise period will expire. Subsequent to the grant date, if a member terminates his or her employment prior to the vesting date, the options will expire. The option contract includes a clause that limits the maximum number of stock options a member can exercise each year during the exercise periods.

Stock options granted to members are accounted for as share-based payments transactions. Expenses recorded to other comprehensive income from undertaking shared-based payments transactions were 429 million yen and 544 million yen (6,542 thousand U.S.dollars) for the years ended 31 March 2010 and 2011, respectively.

Details of the stock options that are outstanding for the years ended 31 March 2010 and 2011 are as follows;

No.	Number of shares	Grant date	Expiry date	Exercise price (Yen)	Fair value at grant date (Yen)
4	158,900	13 Dec 2004	30 Sep 2009	2,713	705
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
9	60,000	24 Feb 2009	30 Sep 2018	1,704	1,521
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

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 option granted during the years ended 31 March 2010 and 2011 was 2,784 yen and 1,861 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 2010 and 2011;

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

	No.10	No.11
Share price at grant date (Yen)	2,425	1,945
Exercise price (Yen)	2,215	1,947
Expected volatility	36.67%	36.56%
Expected remaining option life (years)	6.1	6.1
Dividends yield	2.68%	3.34%
Risk free rate	0.67%	0.57%

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

Weighted average exercise price of the outstanding options was 2,701 and 2,503 yen as at the years ended 31 March 2010 and 2011, respectively. Weighted average remaining contractual life was 8.2 years and 7.8 years as at 31 March 2010 and 2011, respectively.

	For the year ended 31 March 2010		For the year ended 31 March 2011	
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)
Outstanding at the beginning of the period	2,363,100	3,005	3,229,000	**2,701**
Granted	1,247,600	2,215	1,225,600	**1,947**
Forfeited (i)	(153,200)	3,924	(174,400)	**2,379**
Exercised	(69,600)	1,587	(17,200)	**1,556**
Expired	(158,900)	2,713	—	**—**
Outstanding at the end of the period	3,229,000	2,701	4,263,000	**2,502**
Exercisable at the end of the period	965,800	3,840	1,657,400	**3,322**

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

Stock options exercised during the year ended 31 March 2010 were as follows;

	Number of shares exercised	Exercise date	Share price at exercise date (Yen)
8	2,000	13 Oct 2009	2,080
8	2,000	10 Dec 2009	2,375
8	3,200	12 Jan 2010	2,579
9	14,800	12 Jan 2010	2,579
8	36,000	10 Feb 2010	2,258
8	11,600	10 Mar 2010	2,322
Total	69,600		

Stock options exercised during the year ended 31 March 2011 were as follows;

	Number of shares exercised	Exercise date	Share price at exercise date (Yen)
8	800	12 Apr 2010	2,525
8	2,000	10 May 2010	2,444
8	2,800	14 May 2010	2,373
8	1,200	10 Jun 2010	2,076
8	800	10 Nov 2010	1,958
8	2,000	10 Dec 2010	1,980
8	2,400	10 Feb 2011	1,985
8	5,200	10 Mar 2011	1,937
Total	17,200		

(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 date of transition to IFRSs, resulting in IFRS 2 not being applied;

No	Number	Grant date	Expiry date	Exercise price (Yen)	Fair value at grant date (Yen)
4	476,700	13 Dec 2004	30 Sep 2009	2,713	1,729
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 4,340 yen and 4,336yen as at 31 March 2010 and 2011, respectively. Weighted average remaining contractual life was 5.8 years and 4.8 years as at 31 March 2010 and 2011, respectively.

	For the year ended 31 March 2010		For the year ended 31 March 2011	
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)
Outstanding at the beginning of the period	984,100	3,766	553,400	4,340
Forfeited (i)	(86,000)	4,290	(8,000)	4,600
Exercised	—	—	—	—
Expired	(344,700)	2,713	—	—
Outstanding at the end of the period	553,400	4,340	545,400	4,336
Exercisable at the end of the period	553,400	4,340	545,400	4,336

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

There were no stock options exercised during the years ended 31 March 2010 and 2011.

26. 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)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Sales of goods and products	401,272	**412,307**	4,958,590
Service revenue	1,158	**1,042**	12,537
Total sales	402,430	**413,349**	4,971,127

(2) Other income from continuing operations

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

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Commission	1,439	**611**	7,351
Rent	90	**107**	1,290
Government grants	619	**161**	1,937
Gain on sale of plant, property and equipment	410	**211**	2,539
Others	2,783	**2,651**	31,870
Total other income	5,341	**3,741**	44,987

(3) Research and development expenses recognised as incurred

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Employee benefits expenses	6,410	**7,299**	87,780
Commission expenses	1,485	**1,753**	21,086
Depreciation and amortisation	1,719	**1,684**	20,248
Other expenses	5,056	**5,646**	67,902
Total research and development expenses recognised as incurred	14,670	**16,382**	197,016

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)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Salary, bonus and others	81,938	**84,722**	1,018,910
Retirement benefit (Note 19)			
Defined benefit (Note 19)	1,620	**1,293**	15,549
Defined contribution (Note19)	1,448	**1,485**	17,855
Retirement benefit total	3,068	**2,778**	33,404
Share-based payments (Stock option) (Note 25)	429	**544**	6,542
Severance payments (Note 19)	1,931	**2,172**	26,120
Others	3,909	**3,781**	45,475
Total employee benefits expense	91,275	**93,997**	1,130,451

(5) Other expenses

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

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Packaging/shipping/transportation	8,501	**7,927**	95,340
Travel	4,669	**5,193**	62,453
Rent	4,654	**5,187**	62,381
Utilities	8,121	**8,726**	104,943
Repair and maintenance	7,692	**8,150**	98,017
Foreign exchange loss (i)	5,773	**5,892**	70,865
Loss on sales of property, plant and equipment	722	**81**	970
Loss on disposals of property, plant and equipment	881	**514**	6,182
Loss on disposals of intangible assets	2,050	**25**	299
Others	48,938	**50,131**	602,900
Total other expenses	92,001	**91,826**	1,104,350

Note:
(i) Foreign exchange loss above included gains or losses resulting from fluctuations in currency derivatives of 57 million yen and 392 million yen (4,699 thousand U.S.dollars) of losses for the years ended 31 March 2010 and 2011, respectively.

(6) Loss on disaster

The Group recognised a loss on disaster due to the Great East Japan Earthquake on 11 March 2011 in the amount of 774 million yen (9,308 thousand U.S.dollars) for the year ended 31 March 2011. The loss comprises the aggregate loss on physical damage of property, plants and equipment, loss on physical damage of inventories, losses due to suspension of operations, and donations.
The loss on disaster is included in the line item 'Depreciation and amortisation' and 'Other expenses' in the consolidated statement of comprehensive income.

27. Finance income and costs

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Finance income			
Interest income			
Cash and cash equivalents, loans and receivables	823	861	10,361
Available-for-sale financial assets	1	—	—
Dividend income			
Available-for-sale financial assets	55	56	668
Gain on sales			
Investments in associates	32	—	—
Available-for-sale financial assets	1	1	9
Total finance income	912	918	11,038
Finance costs			
Interest costs			
Interest-bearing debt	2,169	1,907	22,937
Other provisions	43	18	221
Other liabilities	120	65	779
Loss on sales			
Available-for-sales financial assets	0	—	—
Impairment losses			
Available-for-sales financial assets (ii)	587	614	7,376
Fair value gains /losses on derivatives			
Interest rate swaps	(23)	(19)	(228)
Total finance costs	2,896	2,585	31,085

Note:

(i) Loss resulting from the fair value measurement of currency derivatives is disclosed in the line item ‘Foreign exchange loss’ of Note 26 “Revenue and expenses (excluding finance income and costs), (5) Other expenses.”

(ii) 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 acquisition cost.

28. Discontinued operations

The Group classifies continuing and discontinued operations by SBU. Accordingly, when the Group disposes of a business that comprises a part of a SBU, the business remains classified as continuing operations.

In the current fiscal year, the Group transferred its Media business that manufactures glass media for hard disks, and related assets to Western Digital Corporation, a manufacturing company of hard disk drives.

1. Reporting Segment
Information Technology

2. The following is an analysis of revenue, expenses, profit/loss and cash flows of discontinued operations;

		(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	Note	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Profit/loss for the year from discontinued operations				
Revenue:				
Sales	(i)	16,478	11,214	134,864
Finance income		8	5	61
Other income	(ii)	378	10,586	127,312
Total revenue		16,864	21,805	262,237
Expense:				
Change in merchandises, products, work-in-process		262	(214)	(2,573)
Raw materials and consumables used	(i)	8,914	2,882	34,663
Employee benefits expense		1,647	729	8,765
Depreciation and amortisation		2,782	925	11,127
Commission expense		227	928	11,156
Other expenses		1,989	6,393	76,887
Total expense		15,821	11,643	140,025
Net gain from discontinued operations before tax		1,043	10,162	122,212
Income tax		83	288	3,469
Net gain from discontinued operations (attributable to the shareholders of the Company)		960	9,874	118,743

Note:
(i) 'Sales' and 'Raw materials and consumables used' above includes the following transactions;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Purchase from continuing operations	5,182	1,500	18,046

(ii) 'Other income' includes the gain on business transfer to Western Digital Corporation on 30 June 2010, and amounted to 10,343 million yen (124,386 thousand U.S.dollars).

	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2011
Consideration received	20,654	248,390
Assets and liabilities transferred		
Non-current assets	(7,632)	(91,785)
Current assets	(3,424)	(41,184)
Current liabilities	745	8,965
Net capital gain	10,343	124,386

3.The following is a cash flow analysis for discontinued operations;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Cash flows from discontinued operations			
Cash flows from operating activities	1,822	1,501	18,057
Cash flows from investing activities (i)	(1,684)	19,784	237,931
Cash flows from financing activities (ii)	(2,261)	(20,700)	(248,948)
Total	(2,123)	585	7,040

Note:
(i) Cash flows from investing activities include the proceed from business transfer of 20,654 million yen (248,390 thousand U.S.dollars).
(ii) Cash flows from financing activities for the years ended 31 March 2010 and 2011 represent dividend payment to continuing operations.

29. Other comprehensive income

For the years ended 31 March 2010 and 2011, other comprehensive income comprises the following;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Other comprehensive income:			
(1) Net gain/(loss) on revaluation of available-for-sale financial assets			
Gains (losses) arising during the year	406	(207)	(2,496)
Reclassification adjustments to profit or loss for the year	89	613	7,376
Total	495	406	4,880
(2) Exchange differences on translation of foreign operations			
Gains (losses) arising during the year	5,783	(14,081)	(169,342)
Reclassification adjustments to profit or loss for the year	83	(107)	(1,293)
Total	5,866	(14,188)	(170,635)
(3) Share of other comprehensive income of associates	(281)	241	2,899
Other comprehensive income/(loss) before tax	6,080	(13,541)	(162,856)
Income tax relating to components of other comprehensive income	(64)	511	6,152
Total other comprehensive income/(loss) (net of tax)	6,016	(13,030)	(156,704)

'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.

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

Taxation on each item of other comprehensive income for the years ended 31 March 2010 and 2011 is as follows;

	(Millions of Yen)						(Thousands of U.S.Dollars (Note 2))		
	For the year ended 31 March 2010			For the year ended 31 March 2011			For the year ended 31 March 2011		
	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	495	(44)	451	**406**	**(193)**	**213**	4,880	(2,316)	2,564
(2) Exchange differences on translation of foreign operations	5,853	(20)	5,833	**(14,145)**	**704**	**(13,441)**	(170,121)	8,468	(161,653)
(3) Share of other comprehensive income of associates	(281)	—	(281)	**241**	**—**	**241**	2,899	—	2,899
Sub total	6,067	(64)	6,003	**(13,498)**	**511**	**(12,987)**	(162,342)	6,152	(156,190)
Other comprehensive income attributable to Non-controlling interests									
(1) Exchange differences on translation of foreign operations	13	—	13	**(43)**	**—**	**(43)**	(514)	—	(514)
Sub total	13	—	13	**(43)**	**—**	**(43)**	(514)	—	(514)
Total other comprehensive income	6,080	(64)	6,016	**(13,541)**	**511**	**(13,030)**	(162,856)	6,152	(156,704)

30. Earnings per share

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

	(Yen)		(U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Basic earnings per share			
From continuing operations	93.02	**115.60**	1.39
From discontinued operations	2.22	**22.89**	0.28
Total basic earnings per share	95.24	**138.49**	1.67
Diluted earnings per share			
From continuing operations	92.93	**115.54**	1.39
From discontinued operations	2.22	**22.87**	0.27
Total diluted earnings per share	95.15	**138.41**	1.66

(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)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Profit attributable to owners of the Company from continuing operations	40,253	**49,870**	599,769
Profit attributable to owners of the Company from discontinued operations	960	**9,874**	118,743
Profit used in the calculation of basic earnings per share	41,213	**59,744**	718,512

(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 2010	For the year ended 31 March 2011
Weighted-average number of ordinary shares	432,755	**431,406**

2. Diluted earnings per share

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

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Profit attributable to owners of the Company from continuing operation after dilution	40,253	**49,870**	599,769
Profit attributable to owners of the Company from discontinued operation after dilution	960	**9,874**	118,743
Profit used in the calculation of diluted earnings per share	41,213	**59,744**	718,512

(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 2010	For the year ended 31 March 2011
Weighted average number of ordinary shares	432,755	431,406
Shares deemed to be issued for no consideration in respect of:		
Stock options	400	236
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	433,155	431,642

31. Non-cash transactions

Non-cash transactions for the years ended 31 March 2010 and 2011 consisted of acquiring property, plant and equipment through new finance lease arrangements in the amount of 3 million yen and 18 million yen (216 thousand U.S.dollars), respectively.

32. Main subsidiaries

Details of the Company's main subsidiaries are as follows;

Name of Subsidiaries	Reportable Segment	Major products/ services in the reportable segment	Location	Proportion of shares held	
				As at 31 March 2010	As at 31 March 2011
HOYA MAGNETICS SINGAPORE PTE, LTD.	Information Technology	Electronics related products	SINGAPORE	100.0%	100.0%
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% (i)
HOYA OPTICS (TAIWAN) 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 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%
SHENZHEN KTM GLASS SUBSTRATE CO., LTD.	Information Technology	Electronics related products	CHINA	51.0%	51.0%
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%
PENTAX CEBU PHILIPPINES CORPORATION	Information Technology	Imaging related products	PHILIPPINES	100.0%	100.0%
PENTAX VN CO., LTD.	Information Technology	Imaging related products	VIETNAM	100.0%	100.0%
HOYA PHOTONICS, INC.	Information Technology	Imaging related products	U.S.A.	99.9%	100.0% (ii)
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%
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 LENS DEUTSCHLAND GMBH	Life Care	Health Care related products	GERMANY	100.0%	100.0%

Name of Subsidiaries	Reportable Segment	Major products/ services in the reportable segment	Location	Proportion of shares held	
				As at 31 March 2010	As at 31 March 2011
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%
VISION MEMBRANE TECHNOLOGIES, INC.	Life Care	Health Care related products	U.S.A	82.7%	— (iii)
HOYA HOLDINGS N.V.	Life Care and Corporate	Health Care related products and EU headquarters	NETHERLANDS	100.0%	100.0%
PENTAX OF AMERICA, INC.	Information Technology and Life Care	Imaging related products and Medical related products	U.S.A.	100.0%	100.0%
PENTAX CANADA, INC.	Information Technology and Life Care	Imaging related products and Medical related products	CANADA	100.0%	100.0%
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%
MICROLINE SURGICAL, INC.	Life Care	Medical related products	U.S.A.	100.0%	100.0%
HOYA HOLDINGS ASIA PACIFIC PTE. LTD.	Corporate	Asia headquarters	SINGAPORE	100.0%	100.0%
HOYA HOLDINGS(ASIA) B.V.	Corporate	Holding company	NETHERLANDS	100.0%	100.0%
HOYA HOLDINGS, INC.	Corporate	U.S. headquarters	U.S.A.	100.0%	100.0%

Note:
(i) HOYA GLASS DISK VIETNAM Ⅱ LTD. was incorporated on 28 May 2010.
(ii) Additional shares of HOYA PHOTONICS, INC. were acquired.
(iii) VISION MEMBRANE TECHNOLOGIES, INC. was liquidated on 23 March 2011.

33. Related party disclosure

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 the transactions with related parties as follows;

As at/ for the year ended 31 March 2010

(Millions of Yen)

Type of related party	Related party	Description of the related party transaction	Transaction amount	Outstanding balance (i)
Associate	AVAN STRATE INC.	Purchase of raw materials	383	372
Associate	AVAN STRATE INC.	License fee received	1,266	1,151

As at/ for the year ended 31 March 2011

(Millions of Yen)

Type of related party	Related party	Description of the related party transaction	Transaction amount	Outstanding balance (ii)
Associate	AVAN STRATE INC.	Purchase of raw materials	27	—
Associate	AVAN STRATE INC.	License fee received	98	23
Associate	AVAN STRATE INC.	Advance payment for purchase of raw materials	3,000	3,000

As at/ for the year ended 31 March 2011

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

Type of related party	Related party	Description of the related party transaction	Transaction amount	Outstanding balance (ii)
Associate	AVAN STRATE INC.	Purchase of raw materials	322	—
Associate	AVAN STRATE INC.	License fee received	1,180	273
Associate	AVAN STRATE INC.	Advance payment for purchase of raw materials	36,079	36,079

Note
(i) Transactions with associates are at arm's length basis.
(ii) Amounts of 'Outstanding balance' above are unsecured and no guarantees have been received. An allowance for doubtful accounts has not been provided.

(2) Remuneration of key management personnel

The remuneration of directors and other members of key management personnel during the year is disclosed as follows;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2011
Short-term benefits	459	**373**	4,494
Share-based payments	78	**85**	1,018
Total remuneration of key management personnel	537	**458**	5,512

The remuneration of directors and key management personnel is determined by the remuneration committee based on the performance of individuals and market trends.

34. Business combinations

The Group did not acquire any company through business combination during the year ended 31 March 2011.

The details of business combination during the year ended 31 March 2010 were as follows;

(1) Subsidiary acquired

The Group acquired 100% of the outstanding shares of Starion Instruments Corporation (“Starion”) on 17 April 2009. Starion manufactures medical devices. Starion was acquired in light of the robust growth in the medical device market due to the growing demand for advanced medical care.

(2) Consideration transferred

(Millions of Yen)

	Amount
Cash and cash equivalents	3,431
Liabilities accepted on acquisition and others	285
Contingent liability	1,201
Total	4,917

Note:
(i) Contingent liability requires the Group to make additional payments if certain conditions (accumulated sales or achievement of research and development) are met in a specified period.
(ii) Costs directly related to the acquisition were 108 million yen which is included in the consideration amount above.

(3) Assets acquired at the date of acquisition

(Millions of Yen)

	Amount
Non-current assets:	
Property, plant and equipment	21
Intangible assets	813
Deferred tax assets (Note 10)	777
Current assets:	
Cash and cash equivalents	8
Trade and other receivables	123
Inventories	164
Total	1,906

(4) Goodwill arising on the acquisition

(Millions of Yen)

	Amount
Acquisition cost	4,917
Plus: non-controlling interests	—
Less: fair value of identifiable net assets acquired	(1,906)
Goodwill arising on the acquisition	3,011

Goodwill relates to the benefit of expected synergies, revenue growth and future market development.

(5) Net cash outflow on the acquisition

(Millions of Yen)

	For the year ended 31 March 2010
Consideration paid in cash and cash equivalents	3,431
Less: cash and cash equivalents balances possessed by acquiree	(8)
Cash paid for acquisition (excluding acquiree's cash)	3,423

(6) Impact of the acquisitions on the results of the Group

There is no significant impact on the financial results of the Group, as the acquired company is mainly engaged in research and development activities. Accordingly, the Group omits the disclosure (pro forma) of revenue, and profit or loss information which would assume the business combination occurred on 1 April 2009, and the disclosure of profit or loss information arising after acquisition date included in the consolidated statement of comprehensive income.

35. Sale of subsidiary

No subsidiary was sold in the years ended 31 March 2010 and 2011.

36. Contingent liabilities

Guarantee liabilities

The Group provides guarantees on borrowings of business partners and the Group's employees from financial institutions as follows;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Business partners	1,631	**1,404**	16,893
The Group's employees	1	**1**	8
Total	1,632	**1,405**	16,901

37. Commitments for expenditure

Payment commitments after the reporting date are as follows;

	(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2011
Commitments for the acquisition of property, plant and equipment	4,147	**3,471**	41,742

38. Subsequent events

Resolution on cash dividends

On 31 May 2011, 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 2011 of 15,099 million yen (181,593 thousand U.S.dollars) (35 yen per common share).

39. Approval of financial statements

The consolidated financial statements for the year ended 31 March 2011 were approved by the Company's Board of Directors and authorised for issue on 21 June 2011.