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

For the year ended 31 March 2012

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 2012, 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 2012, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in 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

20 June 2012

Member of
Deloitte Touche Tohmatsu Limited

Consolidated Statement of Financial Position

HOYA Corporation and its subsidiaries

As at 31 March 2012

	Notes	(Millions of Yen) As at 31 March 2011	(Millions of Yen) As at 31 March 2012	(Thousands of U.S.Dollars (Note 2)) As at 31 March 2012
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment—net	6,8,37	118,574	108,404	1,318,939
Goodwill	7,8	2,629	1,431	17,413
Intangible assets	7,8,37	15,157	13,164	160,169
Investments in associates	9	11,247	12,935	157,378
Long-term financial assets	11,23	19,043	8,442	102,708
Other non-current assets	8,12,19	1,634	2,119	25,786
Deferred tax assets	10	35,901	25,066	304,975
Total non-current assets		204,185	171,561	2,087,369
CURRENT ASSETS:				
Inventories	13	63,665	62,972	766,172
Trade and other receivables	14,23	86,454	75,691	920,924
Other short-term financial assets	11,23	26,964	47,272	575,152
Income tax receivables		2,273	874	10,632
Other current assets	12	9,848	6,738	81,977
Cash and cash equivalents	15,23	185,252	204,772	2,491,450
Sub total		374,456	398,318	4,846,307
Assets held for sale	24	ー	5,356	65,169
Total current assets		374,456	403,674	4,911,476
Total assets		578,641	575,235	6,998,846

	Notes	(Millions of Yen) As at 31 March 2011	(Millions of Yen) As at 31 March 2012	(Thousands of U.S.Dollars (Note 2)) As at 31 March 2012
EQUITY AND LIABILITIES				
EQUITY				
Share capital	22(1)	6,264	6,264	76,216
Capital reserves	22(1)	15,899	15,899	193,438
Treasury shares	22(2)	(10,964)	(10,928)	(132,962)
Other capital reserves	22(2),25	(2,496)	(2,505)	(30,481)
Retained earnings	22(3),38	427,722	442,898	5,388,714
Accumulated other comprehensive income/(loss)		(59,590)	(66,826)	(813,066)
Equity attributable to owners of the Company		376,836	384,802	4,681,859
Non-controlling interests	22(4)	705	(149)	(1,812)
Total equity		377,541	384,653	4,680,047
LIABILITIES				
NON-CURRENT LIABILITIES:				
Interest-bearing long-term debt	16,17,23	100,769	60,821	740,001
Other long-term financial liabilities	11,23	197	—	—
Retirement benefit obligations	19	8,121	5,533	67,319
Other provisions	20	1,461	1,662	20,224
Other non-current liabilities	12	1,198	1,251	15,222
Deferred tax liabilities	10	214	360	4,377
Total non-current liabilities		111,961	69,627	847,143
CURRENT LIABILITIES:				
Interest-bearing short-term debt	16,17,23	2,415	41,224	501,570
Trade and other payables	21,23	51,433	42,138	512,685
Other short-term financial liabilities	11,23	823	642	7,812
Income tax payables		3,110	2,509	30,532
Other provisions	20	803	612	7,443
Other current liabilities	12	30,556	33,830	411,613
Total current liabilities		89,140	120,955	1,471,656
Total liabilities		201,100	190,582	2,318,799
Total equity and liabilities		578,641	575,235	6,998,846

Consolidated Statement of Comprehensive Income

HOYA Corporation and its subsidiaries

For the year ended 31 March 2012

	Notes	(Millions of Yen) For the year ended 31 March 2011	(Millions of Yen) For the year ended 31 March 2012	(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2012
Continuing operations				
Revenue:				
Sales	26	373,586	360,673	4,388,284
Finance income	27	907	1,582	19,244
Share of profit of associates	9	1,605	1,864	22,676
Other income	6,26	3,361	3,546	43,142
Total Revenue		379,458	367,664	4,473,345
Expense:				
Changes in inventories of goods, products and work in progress		(3,777)	(4,166)	(50,683)
Raw materials and consumables used		84,472	77,446	942,274
Employee benefits expense	19,25,26	88,324	87,395	1,063,323
Depreciation and amortisation	6,7,26	29,119	27,594	335,729
Subcontracting cost		5,616	4,622	56,234
Advertising and promotion expense		9,648	9,621	117,056
Commission expense	26	19,599	21,140	257,207
Impairment losses	8	1,944	831	10,111
Finance costs	27	2,533	2,027	24,661
Loss on disaster	26	―	5,909	71,890
Other expenses	6,7,18,26	78,736	81,226	988,274
Total Expense		316,214	313,643	3,816,077
Profit before tax		63,245	54,021	657,268
Income tax expense	10	13,688	14,231	173,142
Profit for the year from continuing operations		49,557	39,790	484,126
Discontinued Operations				
Profit for the year from discontinued operations	28	10,022	2,890	35,162
Profit for the year		59,579	42,680	519,288
Other comprehensive income:	29			
Net gain on revaluation of available-for-sale financial assets		406	(319)	(3,882)
Exchange differences on translation of foreign operations		(14,188)	(6,982)	(84,951)
Share of other comprehensive income of associates		241	(113)	(1,380)
Income tax relating to components of other comprehensive income	10	512	128	1,560
Total other comprehensive income/(loss)		(13,030)	(7,286)	(88,653)
Total comprehensive income for the year		46,549	35,394	430,634
Profit attributable to:				
Owners of the Company		59,744	43,219	525,839
Non-controlling interests		(166)	(538)	(6,552)
Total		59,579	42,680	519,288
Total comprehensive income attributable to:				
Owners of the Company		46,757	35,983	437,798
Non-controlling interests		(208)	(589)	(7,163)
Total		46,549	35,394	430,634

	Notes	(Yen) For the year ended 31 March 2011	(Yen) For the year ended 31 March 2012	(U.S.Dollars(Note 2)) For the year ended 31 March 2012
Basic earnings per share	30			
Continuing operations		115.26	93.48	1.14
Discontinued operations		23.23	6.70	0.08
Basic earnings per share		138.49	100.18	1.22
Diluted earnings per share	30			
Continuing operations		115.19	93.46	1.14
Discontinued operations		23.22	6.70	0.08
Diluted earnings per share		138.41	100.16	1.22

Consolidated Statement of Changes in Equity

HOYA Corporation and its subsidiaries

For the year ended 31 March 2012

(Millions of Yen)

	Notes	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
Balance at 1 April 2010		**6,264**	**15,899**	**(11,010)**	**(3,014)**	**396,019**
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	(26)	
Dividends, 65 Yen per share	22(3)					(28,041)
Change in non-controlling interests						
Share-based payments (Stock option)	25				544	
Total contributions by and distributions to owners				47	518	(28,041)
Total transactions with owners				47	518	(28,041)
Balance at 31 March 2011		**6,264**	**15,899**	**(10,964)**	**(2,496)**	**427,722**
Total comprehensive income/(loss) for the year						
Profit for the year						43,219
Other comprehensive income/(loss)	29					
Total comprehensive income/(loss) for the year						43,219
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares				(2)		
Disposal of treasury shares				37	(18)	
Dividends, 65 Yen per share	22(3)					(28,042)
Change in non-controlling interests					(393)	
Share-based payments (Stock option)	25				402	
Total contributions by and distributions to owners				35	(10)	(28,042)
Total transactions with owners				35	(10)	(28,042)
Balance at 31 March 2012		**6,264**	**15,899**	**(10,928)**	**(2,505)**	**442,898**

(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	Total equity
Balance at 1 April 2010		**148**	**(44,480)**	**(2,271)**	**(46,603)**	**357,555**	**1,194**	**358,749**
Total comprehensive income/(loss) for the year								
Profit for the year						59,744	(166)	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)					(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**	**(57,921)**	**(2,030)**	**(59,590)**	**376,836**	**705**	**377,541**
Total comprehensive income/(loss) for the year								
Profit for the year						43,219	(538)	42,680
Other comprehensive income/(loss)	29	(175)	(6,948)	(113)	(7,236)	(7,236)	(50)	(7,286)
Total comprehensive income/(loss) for the year		(175)	(6,948)	(113)	(7,236)	35,983	(589)	35,394
Transactions with owners								
Contributions by and distributions to owners								
Acquisition of treasury shares						(2)		(2)
Disposal of treasury shares						19		19
Dividends, 65 Yen per share	22(3)					(28,042)	(1)	(28,044)
Change in non-controlling interests						(393)	(264)	(657)
Share-based payments (Stock option)	25					402		402
Total contributions by and distributions to owners						(28,016)	(265)	(28,282)
Total transactions with owners						(28,016)	(265)	(28,282)
Balance at 31 March 2012		**186**	**(64,869)**	**(2,143)**	**(66,826)**	**384,802**	**(149)**	**384,653**

Consolidated Statement of Changes in Equity

HOYA Corporation and its subsidiaries

For the year ended 31 March 2012-Continued

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

	Notes	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
Balance at 31 March 2011		**76,216**	**193,438**	**(133,394)**	**(30,365)**	**5,204,063**
Total comprehensive income/(loss) for the year						
Profit for the year						525,839
Other comprehensive income/(loss)	29					
Total comprehensive income/(loss) for the year						525,839
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares				(21)		
Disposal of treasury shares				452	(221)	
Dividends, 65 Yen per share	22(3)					(341,188)
Change in non-controlling interests					(4,781)	
Share-based payments (Stock option)	25				4,886	
Total contributions by and distributions to owners				432	(116)	(341,188)
Total transactions with owners				432	(116)	(341,188)
Balance at 31 March 2012		**76,216**	**193,438**	**(132,962)**	**(30,481)**	**5,388,714**

(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	Total equity
Balance at 31 March 2011		**4,390**	**(704,720)**	**(24,694)**	**(725,024)**	**4,584,933**	**8,579**	**4,593,512**
Total comprehensive income/(loss) for the year								
Profit for the year						525,839	(6,552)	519,288
Other comprehensive income/(loss)	29	(2,129)	(84,532)	(1,380)	(88,042)	(88,042)	(612)	(88,653)
Total comprehensive income/(loss) for the year		(2,129)	(84,532)	(1,380)	(88,042)	437,798	(7,163)	430,634
Transactions with owners								
Contributions by and distributions to owners								
Acquisition of treasury shares						(21)		(21)
Disposal of treasury shares						232		232
Dividends, 65 Yen per share	22(3)					(341,188)	(18)	(341,205)
Change in non-controlling interests						(4,781)	(3,210)	(7,991)
Share-based payments (Stock option)	25					4,886		4,886
Total contributions by and distributions to owners						(340,872)	(3,227)	(344,099)
Total transactions with owners						(340,872)	(3,227)	(344,099)
Balance at 31 March 2012		**2,261**	**(789,253)**	**(26,074)**	**(813,066)**	**4,681,859**	**(1,812)**	**4,680,047**

Consolidated Statement of Cash Flows (including discontinued operations)

HOYA Corporation and its subsidiaries

For the year ended 31 March 2012

	Notes	(Millions of Yen) For the year ended 31 March 2011	(Millions of Yen) For the year ended 31 March 2012	(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2012
Cash flows from operating activities				
Profit before tax		63,245	54,021	657,268
Profit before tax from discontinued operations	28	10,675	4,509	54,863
Depreciation and amortisation		31,294	27,927	339,786
Impairment losses		1,944	831	10,111
Reversal of impairment losses		－	(1,854)	(22,557)
Finance income		(923)	(1,589)	(19,333)
Finance costs		2,585	2,043	24,854
Share of profits of associates		(1,605)	(1,864)	(22,676)
(Gain)/loss on sales of property, plant and equipment		(177)	766	9,314
Loss on disposal of property, plant and equipment		539	1,136	13,823
Gain on business transfer	28	(10,343)	(3,617)	(44,004)
Others		4,083	(3,515)	(42,761)
Cash generated from operations (before movements in working capital)		101,317	78,795	958,689
Movements in working capital				
Decrease/(increase) in inventories		(10,126)	(4,800)	(58,397)
Decrease/(increase) in trade and other receivables		2,671	10,791	131,292
Increase in trade and other payables		7,007	(6,728)	(81,854)
Decrease in retirement benefit obligations and other provisions		(306)	(48)	(589)
Sub total		100,563	78,010	949,141
Interests received		791	1,502	18,279
Dividends received		56	69	839
Interests paid		(1,894)	(1,765)	(21,470)
Income taxes paid		(8,370)	(5,809)	(70,677)
Income taxes refunded		1,368	1,712	20,827
Net cash generated from operating activities		92,514	73,719	896,940
Cash flows from investing activities				
Withdrawals of time deposit		1,548	16,618	202,185
Deposits for time deposit		(2,959)	(5,366)	(65,290)
Proceeds from withdrawals of certificate of deposit		－	10,000	121,669
Payments for purchase of certificate of deposit		(20,000)	(30,000)	(365,008)
Proceeds from sales of property, plant and equipment		1,140	562	6,835
Payments for acquisition of property, plant and equipment		(36,041)	(31,184)	(379,417)
Payments for purchase of investment securities		(569)	－	－
Net cash outflow on acquisition of subsidiary		－	(80)	(972)
Payments to minority shareholders on merger		(21)	(7)	(91)
Proceeds from business transfer	28,35	20,654	12,537	152,534
Other proceeds		596	6,567	79,897
Other payments		(2,839)	(2,142)	(26,060)
Net cash used in investing activities		(38,491)	(22,497)	(273,718)

Consolidated Statement of Cash Flows (including discontinued operations)

HOYA Corporation and its subsidiaries

For the year ended 31 March 2012-Continued

	Notes	(Millions of Yen) For the year ended 31 March 2011	(Millions of Yen) For the year ended 31 March 2012	(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2012
Cash flows from financing activities				
Dividends paid to owners of the Company		(27,971)	(28,003)	(340,716)
Dividends paid to non-controlling interests		(69)	(1)	(18)
Increase (decrease) in short-term debt		112	(313)	(3,814)
Repayments of long-term borrowings		(3,337)	(300)	(3,651)
Proceeds from disposal of treasury shares		0	0	5
Payments for purchase of treasury shares		(6)	(2)	(21)
Proceeds from exercise of stock options		27	19	227
Payments for purchase of non-controlling interests		ー	(658)	(8,004)
Net cash used in financing activities		(31,244)	(29,259)	(355,992)
Net increase/(decrease) in cash and cash equivalents		22,778	21,964	267,230
Cash and cash equivalents at the beginning of the year		167,938	185,252	2,253,945
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies		(5,465)	(2,443)	(29,724)
Cash and cash equivalents at the end of the year	15	185,252	204,772	2,491,450

Note:

Cash flows from discontinued operations are stated in Note 28 “Discontinued operations” and Note 35 “Sale of subsidiary”.

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 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 ¥82.19 to $1, the foreign exchange rate at 31 March 2012. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S.dollars at that or any other rate.Amounts of less than one million yen and one thousand U.S. dollars have been rounded to the nearest million in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen and U.S. dollars do not necessarily agree with the sum of the individual amounts.

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

(2) Effects of applying new accounting standards

The Group adopted the following IFRSs and IFRIC interpretations for the year ended 31 March 2012:

IFRSs		Subject of new standards/amendments and transitional provisions
IAS 1	Presentation of Financial Statements	- Clarification on the presentation of each component of equity in the statement of changes in equity
IAS 24	Related Party Disclosures	- Partial exemption of disclosure for government-related entities - Revision of the definition of related party
IAS 27 (2008)	Consolidated and Separate Financial Statements	- Clarification on the transition requirements for amendments to IAS 21, IAS 28, and IAS 31 arising as a result of revised IAS 27 (2008)
IAS 34	Interim Financial Reporting	- 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	- 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	- Revision to disclosures of the nature and extent of risks associated with financial instruments
IFRIC 13	Customer Loyalty Programmes	- 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	- Amendment that an early payment of contribution to cover minimum funding requirements should be deemed as economic benefits
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	- Guidance on "debt-equity swap"

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 2012.

(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 July 2012	March 2014	- Revision to the presentation of other comprehensive income
		1 January 2013	March 2014	- Clarification of the following requirements for comparative information: 1.Additional comparative information is not necessary for periods beyond the minimum comparative financial statement requirements of IAS 1 2. If additional comparative information is provided, the information should be presented in accordance with IFRSs, including disclosure of comparative information for any additional statements included beyond the minimum comparative financial statement requirement 3. An entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification which has a material effect on the information in the statement of financial position at the beginning of the preceding period would present the statement of financial position at the end of the current period and the beginning and end of the preceding period 4. Other than disclosure of certain specified information, related notes are not required to accompany the opening statement of financial position as at the beginning of the preceding period
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 16	Property, Plant, and Equipment	1 January 2013	Mar 2014	- Classification of servicing equipment that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise
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 other comprehensive income (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 27	Separate Financial Statements	1 January 2013	March 2014	- 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 32	Financial Instruments: Presentation	1 January 2013	March 2014	- Clarification that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12
		1 January 2014	March 2015	- Clarification that to result in offset of a financial asset and a financial liability, a right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy - Clarification on which settlement processes would meet the requirement for offsetting that an entity has the intention to settle a financial asset and a financial liability net or simultaneously
IAS 34	Interim Financial Reporting	1 January 2013	March 2014	- Revision that the total assets and total liabilities for a particular reportable segment would be separately disclosed in interim financial reporting only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment
IFRS 7	Financial Instruments: Disclosures	1 July 2011	March 2013	- Amendment on enhancing disclosures for transferred financial assets
		1 January 2013	March 2014	- Disclosure requirement of information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement

IFRS 9	Financial Instruments	1 January 2015	March 2016	- 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 - Amendment that the changes in fair value of financial liabilities designated at fair value through profit or loss (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 - Prohibition on the recycling of amount presented in other comprehensive income to profit or loss
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 operation 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	- Guidance for consolidated financial statements to include the definition of control
IFRS 13	Fair Value Measurement	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)

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 IAS 19 “Employee Benefits” and 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 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 of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

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

② Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.The results, 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 IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” and IAS 39 “Financial Instruments: Recognition and Measurement” or other IFRSs as appropriate.

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

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

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

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

(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 where the transfer of the title of the assets by the end of the lease term is certain are depreciated over their estimated useful lives. 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 they are 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 3-5 years

④ Derecognition of intangible assets

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

(8) Goodwill

Goodwill arising 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 in 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 at each reporting date, 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. 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.

As at 31 March 2011 and 2012, the Group did not have financial assets as FVTPL other than derivative financial instruments designated as FVTPL.

③ Held-to-maturity investments

Financial assets except derivatives for which the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis. As at 31 March 2011 and 2012, 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 equity instruments classified as available-for-sale financial assets, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to 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 are composed 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 2011 and 2012, the Group did not have financial liabilities as FVTPL.

④ Other financial liabilities

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

⑤ Derecognition of financial liabilities

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

⑥ Financial guarantee contract 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 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.

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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 attached to them and that the grants will be received.

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

(23) 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.

(25) Reclassification

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

4.Critical accounting judgements and key sources of estimation uncertainty

(1) Application of estimates and assumptions

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

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

· Determination of net realisable value of obsolete inventory (Note 13 “Inventories”)
· Expected cash flow from overdue trade and other receivables (Note 23 “Financial instruments”)
· Useful lives of property, plant and equipment, including assets under finance lease (Note 3 “Significant accounting policies”, Note 3 (5) “Property, plant and equipment” and Note 3 (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 benefit obligations (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 flood in Thailand 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 (Note 6 “Property, plant and equipment”)
· 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)”)

Loss on disaster arising from the flood in Thailand is set out in Note 26 “Revenue and expenses (excluding finance income and costs)”.

The global economic stagnation and disaster 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 (i)	Photomasks and Maskblanks for semiconductors, Masks and Devices for liquid-crystal displays (LCDs) Glass disks for hard disk drives (HDDs).
	Imaging related products (ii)	Optical lenses, Optical glasses, Digital camera modules, Optical devices, Laser equipments.
Life Care	Health Care related products	Eyeglass lenses, Contact lenses.
	Medical related products	Endoscopes, Medical accessories, Intraocular lenses, Artificial bone.
Other		Design of information systems, other services.

Note:

(i) On 28 April 2010, the Company reached and concluded an agreement with Western Digital Corporation, and on 30 June 2010, executed the transfer of its Media business that manufactures glass media for hard disks. Consequently, the business was classified as discontinued operations in the year ended 31 March 2011.

(ii) On 1 July 2011, the Company reached and concluded an agreement with Ricoh Co., Ltd. to transfer the PENTAX Imaging Systems Business, and on 1 October 2011, executed the transfer of the business. Consequently, the business was classified as discontinued operations in the year ended 31 March 2012, and certain reclassification have been made to the amounts for the year ended 31 March 2011.

(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 2011	Information Technology	Life Care	Other	Total	Adjustments	Consolidated
Revenue from external customers	168,971	203,006	1,585	373,561	24	373,586
Inter-segment	455	12	3,568	4,035	(4,035)	ー
Total	169,426	203,018	5,153	377,597	(4,011)	373,586
Interest income	327	175	9	511	340	851
Interest expense	(189)	(311)	(0)	(501)	(1,438)	(1,939)
Depreciation and amortisation	(17,861)	(10,661)	(110)	(28,632)	(487)	(29,119)
Share of profit (loss) of associates	(8)	185	ー	177	1,428	1,605
Impairment losses	ー	(1,944)	ー	(1,944)	ー	(1,944)
Others	(155,702)	(153,718)	(4,105)	(273,525)	(6,270)	(279,795)
Segment profit before tax	35,993	36,743	946	73,682	(10,438)	63,245
Other disclosure						
Capital expenditure	26,884	9,371	85	36,340	917	37,257

（Millions of Yen）

For the year ended March 2012	Information Technology	Life Care	Other	Total	Adjustments	Consolidated
Revenue from external customers	165,822	192,947	1,903	360,672	1	360,673
Inter-segment	215	4	3,243	3,463	△3,463	ー
Total	166,037	192,951	5,146	364,135	△3,462	360,673
Interest income	378	301	9	688	824	1,513
Interest expense	(242)	(70)	(5)	(317)	(1,432)	(1,749)
Depreciation and amortisation	(17,650)	(9,514)	(167)	(27,332)	(262)	(27,594)
Share of profit (loss) of associates	8	115	ー	123	1,741	1,864
Impairment losses	(222)	(609)	ー	(831)	ー	(831)
Others	(115,292)	(158,605)	(4,210)	(278,107)	(1,748)	(279,855)
Segment profit before tax	33,018	24,568	774	58,360	(4,339)	54,021
Other disclosure						
Capital expenditure	19,952	11,780	137	31,869	795	32,664

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

For the year ended March 2012	Information Technology	Life Care	Other	Total	Adjustments	Consolidated
Revenue from external customers	2,017,547	2,347,573	23,156	4,388,275	8	4,388,284
Inter-segment	2,615	54	39,461	42,130	(42,130)	ー
Total	2,020,162	2,347,627	62,617	4,430,406	(42,122)	4,388,284
Interest income	4,602	3,664	111	8,376	10,029	18,405
Interest expense	(2,944)	(852)	(57)	(3,853)	(17,422)	(21,275)
Depreciation and amortisation	(214,751)	(115,761)	(2,030)	(332,542)	(3,187)	(335,729)
Share of profit (loss) of associates	97	1,396	ー	1,493	21,183	22,676
Impairment losses	(2,698)	(7,413)	ー	(10,111)	ー	(10,111)
Others	(1,402,746)	(1,929,737)	(51,227)	(3,383,711)	(21,271)	(3,404,982)
Segment profit before tax	401,722	298,923	9,413	710,057	(52,790)	657,268
Other disclosure						
Capital expenditure	242,758	143,321	1,669	387,747	9,669	397,416

Note:
(i) Adjustments to revenue from external customers of 24 million yen and 1 million yen (8 thousand U.S.dollars) for the years ended March 2011 and 2012, respectively, represent revenue by R&D department which is not included in any reportable segment.
(ii) Adjustments to segment profit before tax of (10,438) million yen consist of the elimination of an inter-segment transaction of 23 million yen, and profit or loss of the Company's headquarters, R&D department and overseas holding companies (after elimination of dividend income from group companies) of (10,460) million yen for the year ended March 2011 and (4,339) million yen ((52,790) thousand U.S.dollars) consist of elimination of inter-segment transaction of 41 million yen (495 thousand U.S.dollars), and profit or loss of the Company's headquarters, R&D department and overseas holding companies (after elimination of dividend income from group companies) of (4,379) million yen ((53,284) thousand U.S.dollars) for the year ended March 2012.
(iii) Transfer prices between operating segments are on an arm's length basis for the years ended 31 March 2011 and 2012, respectively.
(iv) In addition to the above, capital expenditures in discontinued operations for the years ended March 2011 and 2012 are 1,230 million and 521 million yen (6,343 thousand U.S. dollars), respectively, and the total capital expenditures in the Group for the years ended March 2011 and 2012 are 38,488 million yen and 33,185 million yen (403,759 thousand U.S.dollars), respectively.
(v) Loss on disaster amounting to 5,909 million yen (71,890 thousand U.S.dollars) is included in Others in Life Care for the year ended March 2012.

(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 2011 and 2012:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2012
Information Technology			
Electronics related products	110,737	105,566	1,284,410
Imaging related products	58,234	60,257	733,137
Information Technology total	168,971	165,822	2,017,547
Life Care			
Health Care related products	152,271	140,276	1,706,728
Medical related products	50,734	52,671	640,844
Life Care total	203,006	192,947	2,347,573
Other	1,585	1,903	23,156
Corporate (R&D)	24	1	8
Total revenue from external customers	373,586	360,673	4,388,284

(4) Information about geographical areas

Revenue from external customers

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2012
Japan	146,324	138,892	1,689,888
U.S.A.	38,400	36,097	439,191
China	44,773	50,163	610,331
Others	144,089	135,521	1,648,874
Total	373,586	360,673	4,388,284

Note:

Geographical areas are based on the location of the customers.

Non-current assets

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2012
Japan	58,603	47,091	572,947
Thailand	19,555	18,547	225,661
Philippines	17,209	14,595	177,571
Others	41,042	43,057	523,869
Total	136,409	123,289	1,500,048

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	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 1 April 2010	81,877	250,755	45,258	16,254	12,320	406,463
Additions	1,085	3,495	3,369	2,940	28,762	39,651
Business transfer	(562)	(32,962)	(114)	－	－	(33,638)
Disposals	(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	578	(1,234)	(266)	(1,377)	(810)	(3,110)
Balance at 31 March 2011	82,182	227,317	45,744	16,957	14,809	387,009
Additions	1,117	5,088	3,158	628	21,686	31,677
Business transfer	(2,348)	(2,711)	(4,527)	(1,771)	(5)	(11,361)
Disposals	(6,981)	(19,082)	(3,040)	(275)	(270)	(29,649)
Reclassification to assets held for sale	－	－	－	(5,356)	－	(5,356)
Transfer from construction in progress	4,398	16,441	1,414	－	(22,253)	－
Effect of foreign currency exchange differences	(933)	(3,183)	(740)	(83)	(442)	(5,381)
Others	498	(2,454)	472	－	(417)	(1,901)
Balance at 31 March 2012	77,933	221,416	42,480	10,100	13,108	365,038

（Millions of Yen）

Accumulated depreciation and impairment losses	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 1 April 2010	(43,433)	(211,337)	(29,186)	(304)	－	(284,260)
Depreciation expense	(3,852)	(19,066)	(4,555)	－	－	(27,473)
Impairment losses	－	－	－	(58)	－	(58)
Business transfer	175	25,725	106	－	－	26,006
Disposals	1,205	4,298	1,709	39	－	7,251
Effect of foreign currency exchange differences	1,317	6,187	1,367	－	－	8,870
Others	(60)	640	651	－	－	1,230
Balance at 31 March 2011	(44,649)	(193,553)	(29,910)	(323)	－	(268,435)
Depreciation expense	(3,451)	(16,451)	(4,429)	－	－	(24,331)
Impairment losses	(222)	－	－	－	－	(222)
Reversal of impairment losses	425	3	35	－	－	462
Business transfer	984	2,246	3,876	－	－	7,107
Disposals	4,756	15,700	2,736	58	－	23,250
Reclassification to assets held for sale	－	－	－	－	－	－
Effect of foreign currency exchange differences	544	2,775	561	－	－	3,880
Others	(29)	1,610	73	－	－	1,653
Balance at 31 March 2012	(41,642)	(187,670)	(27,057)	(264)	－	(256,634)

(Millions of Yen)

Carrying amount	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 1 April 2010	38,443	39,417	16,071	15,951	12,320	122,203
Balance at 31 March 2011	37,533	33,764	15,834	16,635	14,809	118,574
Balance at 31 March 2012	36,292	33,745	15,423	9,836	13,108	108,404

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

Cost	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 31 March 2011	999,902	2,765,745	556,570	206,319	180,178	4,708,714
Additions	13,587	61,906	38,419	7,642	263,857	385,411
Business transfer	(28,562)	(32,987)	(55,080)	(21,549)	(55)	(138,233)
Disposals	(84,943)	(232,169)	(36,987)	(3,349)	(3,288)	(360,736)
Transfer from construction in progress	−	−	−	(65,169)	−	(65,169)
Reclassification to assets held for sale	53,514	200,040	17,199	−	(270,753)	−
Effect of foreign currency exchange differences	(11,352)	(38,733)	(9,007)	(1,006)	(5,372)	(65,470)
Others	6,065	(29,856)	5,739	−	(5,078)	(23,131)
Balance at 31 March 2012	948,211	2,693,947	516,852	122,888	159,487	4,441,386

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

Accumulated depreciation and impairment losses	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 31 March 2011	(543,244)	(2,354,946)	(363,913)	(3,924)	−	(3,266,027)
Depreciation expense	(41,983)	(200,161)	(53,885)	−	−	(296,029)
Impairment losses	(2,698)	−	−	−	−	(2,698)
Reversal of impairment losses	5,170	31	424	−	−	5,626
Business transfer	11,978	27,328	47,164	−	−	86,470
Disposals	57,864	191,021	33,288	707	−	282,880
Effect of foreign currency exchange differences	6,615	33,769	6,830	−	−	47,214
Others	(354)	19,585	887	−	−	20,118
Balance at 31 March 2012	(506,653)	(2,283,372)	(329,205)	(3,217)	−	(3,122,447)

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

Carrying amount	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 31 March 2012	441,558	410,575	187,647	119,671	159,487	1,318,939

Note:

(i) Gain and loss arising from sale or disposal of property, plant and equipment for the years ended 31 March 2011 and 2012 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 and reversal 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) The damage on plant equipment of certain subsidiaries of the Group due to the massive flooding in Thailand is included in 'Disposals'. The details of the loss on disaster are set out in Note 26 “Revenue and expenses (excluding finance income and costs).”

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

(v) Building with carrying amount of 29 million yen (350 thousand U.S.dollars) has been pledged as collateral to secure 14 million yen (174 thousand U.S.dollars) ‘Interest-bearing long-term debt’ and 3 million yen (39 thousand U.S.dollars) ‘Interest-bearing short-term debt’ as at 31 March 2012. Refer to Note 16 “Interest-bearing debt” for details.

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

(vii) 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 2011 and 2012, 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 2011	345	209	137	690
Balance at 31 March 2012	101	26	211	338

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

	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Total
Balance at 31 March 2012	1,227	317	2,570	4,114

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 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)	(753)
Others	(923)	96	―	―	923	1,018
Balance at 31 March 2011	4,057	13,321	8,235	11,920	6,019	39,494
Additions	―	1,294	―	4	63	1,360
Acquisitions through business combinations	124	―	―	―	31	31
Disposals (ii)	―	(598)	―	―	(33)	(632)
Business transfer	(94)	(1,661)	―	(1,379)	(67)	(3,107)
Effect of foreign currency exchange differences	(182)	(198)	2	0	(493)	(688)
Others	(0)	8	2,554	46	(2,222)	385
Balance at 31 March 2012	3,905	12,166	10,791	10,591	3,297	36,844

（Millions of Yen）

Accumulated amortisation and impairment losses	Goodwill	Intangible assets				
		Software	Technology	Patents	Others	Total
Balance at 1 April 2010	―	(8,878)	(4,566)	(5,058)	(2,038)	(20,539)
Amortisation expense (iii)	―	(1,381)	(489)	(1,296)	(654)	(3,821)
Impairment loss (iv)	(1,428)	―	―	―	(458)	(458)
Disposals (ii)	―	274	―	―	94	368
Effect of foreign currency exchange differences	―	280	―	68	27	376
Others	―	(41)	―	―	(223)	(264)
Balance at 31 March 2011	(1,428)	(9,746)	(5,055)	(6,286)	(3,251)	(24,338)
Amortisation expense (iii)	―	(1,308)	(695)	(1,240)	(353)	(3,596)
Impairment loss (iv)	(609)	―	―	―	―	―
Reversal of impairment loss (iv)	―	371	―	782	21	1,174
Business transfer	―	1,273	―	644	48	1,965
Disposals (ii)	―	593	―	―	12	605
Effect of foreign currency exchange differences	22	115	(14)	0	440	542
Others	(458)	(91)	(1,171)	(72)	1,302	(32)
Balance at 31 March 2012	(2,474)	(8,793)	(6,934)	(6,172)	(1,781)	(23,679)

（Millions of Yen）

Carrying amount	Goodwill	Intangible assets				
		Software	Technology	Patents	Others	Total
Balance at 1 April 2010	5,484	3,839	3,669	6,888	3,385	17,782
Balance at 31 March 2011	2,629	3,575	3,180	5,634	2,768	15,157
Balance at 31 March 2012	1,431	3,373	3,856	4,419	1,516	13,164

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

Cost	Goodwill	Intangible assets				
		Software	Technology	Patents	Others (i)	Total
Balance at 31 March 2011	49,360	162,071	100,192	145,030	73,229	480,522
Additions	ー	15,740	ー	47	765	16,552
Acquisitions through business combinations	1,510	ー	ー	ー	371	371
Disposals (ii)	0	(7,281)	ー	ー	(404)	(7,685)
Business transfer	(1,138)	(20,204)	ー	(16,784)	(810)	(37,797)
Effect of foreign currency exchange differences	(2,217)	(2,407)	27	4	(5,999)	(8,374)
Others	ー	97	31,070	560	(27,039)	4,687
Balance at 31 March 2012	47,514	148,017	131,289	128,856	40,113	448,276

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

Accumulated amortisation and impairment losses	Goodwill	Intangible assets				
		Software	Technology	Patents	Others	Total
Balance at 31 March 2011	(17,376)	(118,580)	(61,503)	(76,480)	(39,550)	(296,114)
Amortisation expense (iii)	ー	(15,917)	(8,452)	(15,084)	(4,298)	(43,751)
Impairment loss (iv)	(7,413)	ー	ー	ー	ー	ー
Reversal of impairment loss (iv)	ー	4,513	ー	9,511	259	14,283
Business transfer	ー	15,491	ー	7,833	580	23,903
Disposals (ii)	ー	7,220	ー	―	144	7,365
Effect of foreign currency exchange differences	265	1,403	(165)	8	5,352	6,598
Others	(5,576)	(1,111)	(14,249)	(877)	15,846	(391)
Balance at 31 March 2012	(30,101)	(106,981)	(84,368)	(75,090)	(21,668)	(288,107)

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

Carrying amount	Goodwill	Intangible assets				
		Software	Technology	Patents	Others	Total
Balance at 31 March 2012	17,413	41,036	46,921	53,767	18,445	160,169

Note:

(i) There were no significant internally-generated intangible assets for the years ended 31 March 2011 and 2012.

(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 and reversal of impairment losses.

No intangible assets have been pledged as collateral to secure the debt. There is no restriction on legal title of these assets. Details of commitments for the acquisition of intangible assets are set out in Note 37 “Commitments for expenditure”.

The Group owns technology and patents for manufacturing of the medical related products. The carrying amount of technology is 2,691 million yen (32,737 thousand U.S.dollars) as at 31 March 2012 (as at 31 March 2011: 3,180 million yen). The carrying amount of patents is 3,802 million yen (46,255 thousand U.S.dollars) as at 31 March 2012 (as at 31 March 2011: 4,883 million yen). The remaining useful lives of technology are five years as at 31 March 2012 (as at 31 March 2011: six years). The remaining useful lives of patents are three years as at 31 March 2012 (as at 31 March 2011: four 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) For the year ended 31 March 2011	(Millions of Yen) For the year ended March 2012	(Thousands of U.S.Dollars (Note 2)) For the year ended March 2012
Buildings and structures	ー	222	2,698
Land	58	ー	ー
Subtotal losses on property, plant and equipment	58	222	2,698
Goodwill	1,428	609	7,413
Intangible assets	458	ー	ー
Total impairment losses	1,944	831	10,111

The following are the details of impairment losses reversed.

Reversal of impairment losses have been included in the line item ‘Profit for the year from discontinued operations’ in the consolidated statement of comprehensive income.

	(Millions of Yen) For the year ended 31 March 2012	(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2012
Buildings and structures	425	5,170
Machinery and carriers	3	31
Tools, equipment and fixtures	35	424
Sub total - property, plant and equipment	462	5,626
Software	371	4,513
Patents	782	9,511
Others	21	259
Sub total - intangible assets	1,174	14,283
Other non-current assets (Long-term prepaid expenses)	218	2,648
Total reversal of impairment losses (Discontinued operations)	1,854	22,557

(1) Cash-generating units

The Group identifies each strategic business unit (“SBU”) 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 Group performed impairment test on the goodwill and intangible assets acquired from the purchase of Starion in April 2009. The impairment test was based on the latest business plan and 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 SBU’s pre-tax weighted average capital cost (WACC).

	Impairment losses (Millions of Yen)
Life Care	
Medical related products (Medical instruments for hemostasis)	
Goodwill	1,428
Other intangible assets	458
Life Care Total	1,886

The Group performed impairment test on the goodwill and intangible assets acquired from the purchase of Starion in April 2009. The impairment test was based on the latest business plan and the following impairment losses were recognised for the year ended 31 March 2012.
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 14% per annum which is the SBU'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 (Medical instruments for hemostasis)		
Goodwill	609	7,413
Life Care Total	609	7,413

The Group reversed impairment losses that had been recognized for the year ended 31 March 2009. The impairment test is based on the latest business plan.
Recoverable amount was measured at fair value less costs to sell, as adjusted for incremental costs that would be directly attributable to the disposal of the asset. Fair value less costs to sell is based on the best information available to reflect the amount that the Group could obtain.

	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	Reversal of impairment losses	Reversal of impairment losses
Information Technology		
Imaging related products (Digital cameras)		
Property, plant and equipment	462	5,626
Intangible assets	1,174	14,283
Other non-current assets	218	2,648
Information Technology Total (Discontinued operations)	1,854	22,557

(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.

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

	Impairment losses (Millions of Yen)
Life Care	
Land	58
Life Care Total	58
Total	58

Note:
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.

Impairment losses were recognised as follows for the year ended 31 March 2012:

	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	Impairment losses	Impairment losses
Information Technology		
Building and structures	222	2,698
Information Technology Total	222	2,698
Total	222	2,698

(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).

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

(Millions of Yen)

As at 31 March 2011					
	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	96	150	1,121	31	1,398
Europe	—	776	—	—	776
Asia	—	455	—	—	455
Total	96	1,381	1,121	31	2,629

(Millions of Yen)

As at 31 March 2012					
	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	—	148	59	31	238
Europe	—	637	110	—	747
Asia	—	446	—	—	446
Total	—	1,232	169	31	1,431

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

As at 31 March 2012					
	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	—	1,804	718	372	2,894
Europe	—	7,756	1,337	—	9,093
Asia	—	5,426	—	—	5,426
Total	—	14,986	2,055	372	17,413

Note:

Impairment losses on goodwill of Medical related products (Medical accessories) were recognised in the amount of 1,428 million yen and 609 million yen (7,413 thousand U.S.dollars) for the year ended 31 March 2011 and 2012, respectively.

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 2011	As at 31 March 2012
AVAN STRATE INC.	Production and sale of glass substrate for thin film transistor (TFT) liquid crystal	JAPAN	Corporate	46.6	46.6
OPTOTAL HOYA S.A.	Production and sale of eyeglass lenses	BRAZIL	Life care	25.0	25.0
PRIMEOPTICS CO.,LTD.(i)	Other	JAPAN	Corporate	50.0	―
JIASHAN CANDEO OPTICAL GLASS CO.,LTD.	Production and sale of special glass, such as colored glass	CHINA	Information Technology	49.0	49.0

Note:

(i) The Group sold all shares of PRIMEOPTICS CO.,LTD. on 31 August 2011, therefore, the Group has no voting rights of the company as at 31 March 2012.

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at / for the year ended 31 March 2011	As at / for the year ended 31 March 2012	As at / for the year ended 31 March 2012
Total assets	173,199	177,607	2,160,931
Total liabilities	(130,229)	(131,311)	(1,597,650)
Net assets	42,970	46,296	563,281
Group's share of net assets of associates	11,247	12,935	157,378
Total revenue	56,884	59,054	718,508
Total expense	52,970	54,909	668,073
Total profit/(loss) for the period	3,914	4,145	50,435
Group's share of profit/(loss) of associates	1,605	1,864	22,676

Note:

There are no quoted stock prices available for associates.

10.Deferred taxes and Income taxes

(1) Deferred taxes

Details of deferred tax assets and liabilities are as follows:

（Millions of Yen）

	As at 1 April 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	22	―	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 translating foreign operations	17	―	704	721
Others	3,922	737	―	4,659
Sub total	27,829	(4,203)	704	24,330
Undistributed retained earnings of subsidiaries	(530)	29	―	(501)
Depreciation expense	(2,944)	313	―	(2,632)
Net gain/(loss) on revaluation of available-for-sale financial assets	(53)	―	(193)	(246)
Others	(365)	(923)	―	(1,288)
Sub total	(3,892)	(582)	(193)	(4,667)
Tax losses carry forward and tax credits				
Tax losses carry forward	20,732	(4,707)	―	16,024
Tax credits	6	(6)	―	―
Sub total	20,737	(4,713)	―	16,024
Total	44,674	(9,498)	512	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.

（Millions of Yen）

	As at 1 April 2011	Recognised in profit or loss	Recognised in other comprehensive income	Business Transfer	As at 31 March 2012
Temporary differences					
Enterprise tax payable	24	15	−	−	39
Written down inventories	1,704	(827)	−	−	878
Allowance for doubtful accounts	209	266	−	(3)	471
Other provision	615	60	−	(3)	672
Accrued expenses	4,004	388	−	(4)	4,389
Unrealised profit on inventories	1,294	1,064	−	(110)	2,248
Depreciation expense	4,994	(1,275)	−	(3)	3,716
Tax goodwill	5,060	(4,963)	−	−	96
Impairment losses	1,046	81	−	−	1,127
Exchange differences on translating foreign operations	721	−	(16)	−	705
Others	4,659	(1,296)	−	(14)	3,349
Sub total	24,330	(6,487)	(16)	(137)	17,689
Undistributed retained earnings of subsidiaries	(501)	(104)	−	−	(605)
Depreciation expense	(2,632)	(969)	−	−	(3,601)
Net gain/(loss) on revaluation of available-for-sale financial assets	(246)	−	144	−	(102)
Others	(1,288)	781	−	−	(507)
Sub total	(4,667)	(292)	144	−	(4,814)
Tax losses carry forward and tax credits					
Tax losses carry forward	16,024	(5,034)	−	−	10,990
Tax credits	−	841	−	−	841
Sub total	16,024	(4,193)	−	−	11,831
Total	35,687	(10,972)	128	(137)	24,706

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 2011	Recognised in profit or loss	Recognised in other comprehensive income	Business Transfer	As at 31 March 2012
Temporary differences					
Enterprise tax payable	291	183	—	—	474
Written down inventories	20,737	(10,058)	—	—	10,679
Allowance for doubtful accounts	2,537	3,237	—	(42)	5,733
Other provision	7,480	730	—	(36)	8,174
Accrued expenses	48,719	4,724	—	(46)	53,396
Unrealised profit on inventories	15,742	12,947	—	(1,334)	27,355
Depreciation expense	60,757	(15,511)	—	(36)	45,210
Tax goodwill	61,563	(60,389)	—	—	1,173
Impairment losses	12,728	980	—	—	13,708
Exchange differences on translating foreign operations	8,773	—	(193)	—	8,580
Others	56,691	(15,774)	—	(173)	40,744
Sub total	296,018	(78,932)	(193)	(1,667)	215,226
Undistributed retained earnings of subsidiaries	(6,096)	(1,265)	—	—	(7,361)
Depreciation expense	(32,018)	(11,793)	—	—	(43,810)
Net gain/(loss) on revaluation of available-for-sale financial assets	(2,993)	—	1,754	—	(1,239)
Others	(15,672)	9,508	—	—	(6,164)
Sub total	(56,778)	(3,550)	1,754	—	(58,574)
Tax losses carry forward and tax credits					
Tax losses carry forward	194,966	(61,247)	—	—	133,719
Tax credits	—	10,228	—	—	10,228
Sub total	194,966	(51,019)	—	—	143,947
Total	434,206	(133,500)	1,560	(1,667)	300,599

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)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Tax losses carry forward	12,603	6,775	82,429
Deductible temporary differences	1,446	1,791	21,794
Total	14,048	8,566	104,222

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Year 1	547	560	6,813
Year 2	639	888	10,800
Year 3	1,654	825	10,033
Year 4	700	966	11,754
Year 5 or later	9,063	3,537	43,029
Total	12,603	6,775	82,429

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 2011 and 2012 were 176,124 million yen and 186,795 million yen (2,272,720 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 2011 and 2012, the Company incurred tax losses. The Company recognised deferred tax assets on the tax losses as at 31 March 2011 and 31 March 2012 of 15,155 million yen, and 9,292 million yen (113,061 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 2011 and 2012.

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

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2012
Current tax expense:(i)			
Current year	5,441	4,889	59,485
Prior years	180	1	7
Total current tax expense	5,621	4,890	59,493
Deferred tax expense:(ii)			
Origination and reversal of temporary difference	8,781	9,336	113,588
Changes in tax rates	(61)	1,624	19,763
Total deferred tax expense	8,720	10,960	133,351
Total income tax expense	14,341	15,850	192,843
Continuing operations	13,688	14,231	173,142
Discontinued operations	653	1,619	19,702

Note:

(i) 'Current tax expense' includes previously unrecognised tax benefits from tax losses carry forward, tax credits and deductible temporary differences. These benefits were 794 million yen and 489 million yen (5,946 thousand U.S.dollars) for the years ended March 2011 and 2012, 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/decreased the deferred tax expense by 820 million yen and (72) million yen ((873) thousand U.S.dollars) for the years ended March 2011 and 2012, respectively.

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

	For the year ended 31 March 2011	For the year ended 31 March 2012
Effective statutory tax rate	40.5%	40.5%
Expenses not deductible for tax purposes	2.9%	2.0%
Effect of unrecognised deferred tax assets	0.7%	(0.7)%
Impact of different tax rates applied to overseas subsidiaries	(21.4)%	(21.2)%
Profits and losses on investments in associates	(1.3)%	(1.3)%
Impact of different tax rates for elimination of unrealised profits on inventory	(0.6)%	0.0%
Adjustment on deferred tax assets and liabilities due to the change of corporate tax rate	(0.1)%	3.0%
Others	0.9%	4.0%
Actual tax rate	21.6%	26.3%

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

11.Other financial assets and liabilities

Details of other financial assets and liabilities are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Other financial assets			
FVTPL financial assets (derivative instruments)	－	1,058	12,878
Available-for-sale financial assets	3,591	2,982	36,280
Loans and receivables			
Loans and receivables	42,909	52,462	638,301
Allowance for doubtful accounts	(493)	(789)	(9,599)
Loans and receivables –net	42,416	51,673	628,702
Total	46,007	55,713	677,860
Non-current assets total (Long-term financial assets)	19,043	8,442	102,708
Current assets total (Other short-term financial assets)	26,964	47,272	575,152

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Other financial liabilities			
FVTPL financial liabilities (derivative instruments)	763	383	4,656
Other financial liabilities measured at amortised cost	257	259	3,156
Total	1,020	642	7,812
Non-current liabilities total (Other long-term financial liabilities)	197	－	－
Current liabilities total (Other short-term financial liabilities)	823	642	7,812

12.Other assets and liabilities

Details of other assets and liabilities are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Non-current: Other assets			
Long-term prepaid expenses	1,603	1,907	23,204
Others	31	212	2,582
Total	1,634	2,119	25,786
Current: Other assets			
Prepaid expenses	2,554	2,234	27,180
Advance payment	4,072	570	6,938
Refundable consumption taxes	2,182	3,354	40,812
Others	1,040	579	7,047
Total	9,848	6,738	81,977

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Non-current: Other liabilities			
Deposit received and other	1,198	1,251	15,222
Total	1,198	1,251	15,222
Current: Other liabilities			
Accrued salary/Accrued bonus/Accrued vacation pay	10,670	10,191	123,993
Other accrued expenses	12,500	10,900	132,624
Advance received/Deferred revenue (i)	4,188	3,531	42,965
Accrued consumption taxes	1,339	1,155	14,054
Others (ii)	1,858	8,053	97,977
Total	30,556	33,830	411,613

Note:

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Advance received/Deferred revenue			
Customer loyalty programmes	646	110	1,337
Government grants	188	103	1,253
Others	3,354	3,318	40,375
Total	4,188	3,531	42,965

(ii) Proceed from insurance claim of 5,476 million yen (66,622 thousand U.S. dollars) for the massive flooding in Thailand in October 2011 is included in ‘Others’.

13.Inventories

Details of inventories are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Goods and products	30,897	28,404	345,584
Work in progress	7,138	6,636	80,736
Raw materials	15,022	18,134	220,638
Supplies	10,608	9,798	119,215
Total	63,665	62,972	766,172
Inventories expected to be sold after more than 12 months	590	1	9

No inventories were pledged as collateral to secure debt.

The cost of inventories recognised as expense during the years ended 31 March 2011 and 2012 was 194,211 million yen and 192,092 million yen (2,337,175 thousand U.S.dollars), respectively.

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2012
Amount of write-down	1,302	1,743	21,210
Amount of reversal of write-down	−	−	−

14.Trade and other receivables

Details of trade and other receivables are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Accounts receivable	78,781	69,671	847,687
Notes receivable	8,669	6,478	78,814
Other receivables	999	1,415	17,216
Allowance for doubtful accounts	(1,995)	(1,873)	(22,792)
Total	86,454	75,691	920,924

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)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Cash and cash equivalents			
Cash and deposit	201,530	210,454	2,560,575
less time deposit over three months	(16,278)	(5,681)	(69,125)
(Total) Cash and cash equivalents at consolidated statement of financial position	185,252	204,772	2,491,450
Cash and cash equivalents at consolidated statement of cash flows	185,252	204,772	2,491,450

16.Interest-bearing debt

Details of interest-bearing debt are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))	Average interest rate (%) (i)	Due date
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012		
Long-term bank loans (excluding current portion)	456	441	5,365	0.14	2013-2020
Current portion of long-term bank loans	1,259	905	11,016	2.99	—
Short-term bank loans	816	137	1,661	3.94	—
Bonds (ii)	99,839	59,899	728,781	—	—
Current portion of bonds (ii)	—	39,988	486,534	—	—
Long-term finance lease obligations (Note 17)	474	481	5,855	—	2013-2018
Short-term finance lease obligations (Note 17)	340	194	2,360	—	—
Interest-bearing debt Total	103,184	102,045	1,241,571		
Non-current debt total	100,769	60,821	740,001		
Current debt total	2,415	41,224	501,570		

Note:

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

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

Company	Item	Issue Date	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))	Interest rate (%)	Collateral (Millions of Yen)	Due
			As at 31 March 2011	As at 31 March 2012	As at 31 March 2012			
HOYA CORPORATION	Unsecured bond(No.1)	11 September 2007	39,965	39,988	486,534	1.42	—	20 September 2012
HOYA CORPORATION	Unsecured bond(No.2)	11 September 2007	24,954	24,967	303,767	1.62	—	19 September 2014
HOYA CORPORATION	Unsecured bond(No.3)	11 September 2007	34,920	34,932	425,015	1.93	—	20 September 2017
Total	—	—	99,839	99,887	1,215,315	—	—	—

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 2012.

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

17.Finance lease obligations

Details of finance lease obligations are as follows:

	Minimum lease payments			Present Value of Minimum Lease Payments		
	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Amounts payable under finance leases:						
No later than one year	345	203	2,475	340	194	2,360
Later than one year but not later than five years	460	473	5,756	421	402	4,895
Later than five years	63	111	1,350	52	79	960
Total	868	787	9,581	813	675	8,215
Less future finance charges	(55)	(112)	(1,366)			
Present value of lease obligations	813	675	8,215	813	675	8,215
Less amount due for settlement within 12 months				340	194	2,360
Amount due for settlement after 12 months				474	481	5,855

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 three to four years as at 31 March 2012.

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

The Group’s fair values of lease obligations are set out in Note 23 “Financial instruments”.

18.Operating lease arrangements

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2012
Minimum lease payments	6,090	6,003	73,044
Contingent rent	239	338	4,114
Total	6,328	6,342	77,157

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 2011 and 2012, the maturity periods of the outstanding commitments under non−cancellable operating leases are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2012
No later than 1 year	765	832	10,117
Later than 1 year but not later than 5 years	1,138	1,098	13,358
Later than 5 years	200	1,003	12,207
Total	2,103	2,933	35,682

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 2012 are 12 years, two years and two years, 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 two plans as at 31 March 2012:

Details of each of the plans are as follows:

	①Retirement allowances	②Defined benefit plans
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, accumulated title point and accumulated working point
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.
Survivors pension benefits	―	None (one-time payment to survivor) -The portion of Tax Qualified Pension Plans (TQPP) as of 1 October 2009 is paid as survivors' pension benefits.
Promised rate of return	―	2.5% per annum - 5.5% per annum for vested employee benefits of TQPP as of 1 October 2009.
Benefit payment frequency	―	Six times annually

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Obligations under defined benefit plans (funded)	14,314	12,041	146,506
Fair value of plan assets	(8,135)	(7,757)	94,374
Total	6,179	4,285	52,132
Obligations under defined benefit plans (unfunded)	4,262	2,932	35,674
Net actuarial gains not recognised	(2,334)	(1,864)	(22,685)
Net liability arising from defined benefit plans obligations	8,108	5,352	65,121
Balance in the consolidated statement of financial position			
Liability	8,121	5,533	67,319
Asset (Other non-current assets)	(13)	(181)	(2,198)

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2012
Current service cost	665	560	6,812
Interest cost	360	335	4,077
Expected return on plan assets	(115)	(215)	(2,615)
Actuarial losses	383	351	4,275
Gain on business transfer	―	(166)	(2,017)
Total	1,293	866	10,532
Continuing operations	946	701	8,535
Discontinued operations	347	164	1,997
Actual return on plan assets	(194)	194	2,365

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2012
Opening defined benefit plans obligations	19,031	18,576	226,014
Current service cost	665	560	6,812
Interest cost	360	335	4,077
Actuarial (gains) losses	(142)	201	2,441
Decrease due to business transfer	―	(3,395)	(41,309)
Benefits paid	(1,154)	(1,227)	(14,931)
Foreign currency translation gain (loss)	(184)	(76)	(925)
Closing defined benefit plans obligations	18,576	14,973	182,180

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2011	For the year ended 31 March 2012
Opening fair value of plan assets	8,418	8,135	98,977
Expected return on plan assets	115	215	2,615
Actuarial gains (losses)	(310)	(21)	(250)
Contributions from employer	500	543	6,611
Decrease due to business transfer	―	(364)	(8,619)
Benefits paid	(469)	(708)	(4,425)
Foreign currency translation gain (loss)	(120)	(44)	(535)
Closing fair value of plan assets	8,135	7,757	94,374

The Group expects to make a contribution of 433 million yen (5,268 thousand U.S.dollars) to the defined benefit plans for the year ending 31 March 2013.

The major categories of plan assets are as follows:

	As at 31 March 2011	As at 31 March 2012
Domestic equity instruments	23%	16%
Overseas equity instruments	37%	23%
Domestic debt instruments	8%	9%
Overseas debt instruments	18%	20%
General accounts at life insurance companies (guaranteed return)	11%	10%
Cash and deposits	0%	21%
Others	3%	1%
Total	100%	100%

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

	As at 31 March 2011	As at 31 March 2012
Discount rate	1.6%	1.5%
Expected rate of return on plan assets	0.0%	1.6%
Expected rate of salary increase	7.3%	7.3%

For funded defined benefit 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 four years were as follows:

	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(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 2012	As at 31 March 2012
Present value of defined benefit plans obligations	21,473	19,031	18,576	14,973	182,180
Fair value of plan assets	(8,567)	(8,418)	(8,135)	(7,757)	(94,374)
Fund deficit	12,906	10,613	10,441	7,217	87,806
Adjustments on plan liabilities	1,338	172	(142)	201	2,441
Adjustments on plan assets	(1,738)	1,127	(310)	(21)	(250)

(2) Defined contribution plans

The total expense recognised was 1,485 million yen including 26 million yen for discontinued operations, and 1,377 million yen(16,752 thousand U.S. dollars) including 17 million yen (208 thousand U.S. dollars) for discontinued operations, for the years ended 31 March 2011 and 2012, 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 2,172 million yen including 2 million yen from discontinued operations, and 1,493 million yen (18,164 thousand U.S.dollars) including 10 million yen (126 thousand U.S. dollars) for discontinued operations, for the years ended 31 March 2011 and 2012, respectively.

20.Other provisions

Details of other provisions are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Asset retirement obligation reserve	1,473	1,677	20,399
Warranties provision	791	597	7,268
Total	2,264	2,274	27,667
Non-current liabilities	1,461	1,662	20,224
Current liabilities	803	612	7,443

An analysis of the change in provisions is as follows:

(Millions of Yen)

	Asset retirement obligation reserve	Warranty provision	Total
Balance at 1 April 2011	1,473	791	2,264
Provision for the year	298	597	896
Interest cost associated with passage of time	18	ー	18
Reduction resulting from settlement for the year	(97)	(666)	(764)
Business transfer	(22)	(327)	(349)
Effect of foreign currency exchange differences	5	203	208
Balance at 31 March 2012	1,677	597	2,274

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

	Asset retirement obligation reserve	Warranty provision	Total
Balance at 1 April 2011	17,926	9,619	27,545
Provision for the year	3,628	7,268	10,896
Interest cost associated with passage of time	222	ー	222
Reduction resulting from settlement for the year	(1,183)	(8,107)	(9,290)
Business transfer	(263)	(3,978)	(4,241)
Effect of foreign currency exchange differences	67	2,465	2,532
Balance at 31 March 2012	20,399	7,268	27,667

Note:

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 payables are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Accounts payable	34,270	26,354	320,646
Notes payable, trade	1,837	1,199	14,583
Processing cost payable	612	497	6,042
Other payables	14,706	14,057	171,025
Notes payable for capital investment	7	32	389
Total	51,433	42,138	512,685

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 2010	1,250,519,400	435,017,020	431,399,756	6,264	15,899	76,216	193,438
Increase (i)	－	－	14,416	－	－	－	－
Balance at 31 March 2011	1,250,519,400	435,017,020	431,414,172	6,264	15,899	76,216	193,438
Increase (i)	－	－	11,248	－	－	－	－
Balance at 31 March 2012	1,250,519,400	435,017,020	431,425,420	6,264	15,899	76,216	193,438

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 2010	3,617,264	11,010
Repurchase of odd-lot shares	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
Repurchase of odd-lot shares	972	2
Disposal of odd-lot shares to shareholders with odd-lot shares	(220)	(1)
Decrease on exercise of stock option	(12,000)	(37)
Balance at 31 March 2012	3,591,600	10,928

	Numbers of shares	Amount (Thousands of U.S.Dollars (Note 2))
Balance at 31 March 2011	3,602,848	133,394
Repurchase of odd-lot shares	972	21
Disposal of odd-lot shares to shareholders with odd-lot shares	(220)	(8)
Decrease on exercise of stock option	(12,000)	(444)
Balance at 31 March 2012	3,591,600	132,962

② **Other capital reserves**

	Gain (loss) on resale of treasury shares	Stock option (i)	Others	Total
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Balance at 1 April 2010	(4,863)	1,849	ー	(3,014)
Disposal of treasury shares	(22)	(4)	ー	(26)
Share-based payments	ー	544	ー	544
Balance at 31 March 2011	(4,885)	2,389	ー	(2,496)
Disposal of treasury shares	(15)	(3)	ー	(18)
Change in non-controlling interests (ii)	ー	ー	(393)	(393)
Share-based payments	ー	402	ー	402
Balance at 31 March 2012	(4,900)	2,788	(393)	(2,505)

	Gain (loss) on resale of treasury shares	Stock option (i)	Others	Total
	(Thousands of U.S.Dollars (Note 2))	(Thousands of U.S.Dollars (Note 2))	(Thousands of U.S.Dollars (Note 2))	(Thousands of U.S.Dollars (Note 2))
Balance at 31 March 2011	(59,431)	29,066	ー	(30,365)
Disposal of treasury shares	(186)	(34)	ー	(221)
Change in non-controlling interests (ii)	ー	ー	(4,781)	(4,781)
Share-based payments	ー	(4,886)	ー	(4,886)
Balance at 31 March 2012	(59,618)	33,918	(4,781)	(30,481)

Note:

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

(ii) The Group acquired 49 percent of shares in HOYA OPTICS SA (PTY) LTD., a consolidated subsidiary in the year ended 31 March 2012, and the ownership interest of the Group has increased to 100 percent.
The difference between the decrease of non-controlling interests (propotional interests of the carrying amount of the net assets) and the consideration paid in the amount of 393 million yen (4,781 thousand U.S. dollars) is included in 'Other capital reserves' in the consolidated statement of financial position.

(3) Retained earnings and dividends

	Amount (Millions of Yen)
Balance at 1 April 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
Profit for the year (attributable to owners of the Company)	43,219
Dividends	(28,042)
Balance at 31 March 2012	442,898

	Amount (Thousands of U.S.Dollars (Note 2))
Balance at 31 March 2011	5,204,063
Profit for the year (attributable to owners of the Company)	525,839
Dividends	(341,188)
Balance at 31 March 2012	5,388,714

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
31 May 2010	35		15,099		31 March 2010	2 June 2010
5 November 2010	30		12,942		30 September 2010	30 November 2010
31 May 2011	35	0.43	15,099	183,708	31 March 2011	2 June 2011
31 October 2011	30	0.37	12,943	157,473	30 September 2011	30 November 2011
30 May 2012	35	0.43	15,100	183,719	31 March 2012	1 June 2012

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 2010	1,194
Profit for the year (attributable to non-controlling interests)	(166)
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
Profit for the year (attributable to non-controlling interests)	(538)
Translation differences for foreign operations (other comprehensive income)	(50)
Dividends	(1)
Decrease arising on additional acquisition of shares by the Company	(264)
Balance at 31 March 2012	(149)

	Amount (Thousands of U.S.Dollars (Note 2))
Balance at 31 March 2011	8,579
Profit for the year (attributable to non-controlling interests)	(6,552)
Translation differences for foreign operations (other comprehensive income)	(612)
Dividends	(18)
Decrease arising on additional acquisition of shares by the Company	(3,210)
Balance at 31 March 2012	(1,812)

23.Financial instruments

(1) Capital risk management

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

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Interest-bearing debt	103,184	102,045	1,241,571
Less: Cash and cash equivalents	185,252	204,772	2,491,450
Net debt	(82,067)	(102,727)	(1,249,879)
Equity	377,541	384,653	4,680,047

In order to maximise the corporate value of the Group, cash flows have been a priority of the Group management. As at 31 March 2011 and 2012, 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 2012.

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

(2) Significant accounting policies

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

(3) Categories of financial instruments

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Financial assets			
FVTPL financial assets(derivative instruments) (ii)	−	1,058	12,878
Loans and receivables			
Trade and other receivables	86,454	75,691	920,924
Other financial assets (ii)	42,416	51,673	628,702
Available-for-sale financial assets (ii)	3,591	2,982	36,280
Cash and cash equivalents	185,252	204,772	2,491,450
Financial liabilities			
FVTPL financial liabilities (derivative instruments) (iii)	763	383	4,656
Financial liabilities measured at amortised cost			
Trade and other payables	51,433	42,138	512,685
Interest-bearing debt	103,184	102,045	1,241,571
Other financial liabilities (iii)	257	259	3,156

Note:

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

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

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

(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. dollar and Yen) in settlements of receivables/payables resulting from operating activities. Specifically, the subsidiaries that continuously conduct import or export transactions retain foreign currencies obtained from exports of goods for payables on imported supplies. This enables the Group to mitigate foreign currency risk. On the other hand, the Company having multiple 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 2011	For the year ended 31 March 2012
Average of exchange rate		
(Yen per each currency)		
Thai Baht	2.74	2.58
Euro	112.61	109.55
U.S. dollar	85.22	78.98
Profit for the year		
(Millions of Yen)		
Thai Baht	(13)	(27)
Euro	(64)	(27)
U.S. dollar	5	(124)
Equity		
(Millions of Yen)		
Thai Baht	(80)	(109)
Euro	(447)	(444)
U.S. dollar	(91)	(195)

	For the year ended 31 March 2012
Profit for the year	
(Thousands of U.S.Dollars (Note 2))	
Thai Baht	(332)
Euro	(323)
U.S. dollar	(1,513)
Equity	
(Thousands of U.S.Dollars (Note 2))	
Thai Baht	(1,329)
Euro	(5,407)
U.S. dollar	(2,372)

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.The information of holding companies with minor risk is not included in the below chart.

2)-1. Parent company (the Company)

(Millions of Yen)

	Euro		U.S. dollar	
	31 March 2011	31 March 2012	31 March 2011	31 March 2012
Trade and other receivables	(60)	(20)	(216)	(201)
Trade and other payables	0	1	77	85
Long-term financial assets	―	(0)	(35)	(2)
Short-term financial assets	―	(0)	―	(7)
Cash and cash equivalents	(61)	(53)	(358)	(332)
Total	(121)	(72)	(533)	(457)

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

	Euro	U.S. dollar
	31 March 2012	31 March 2012
Trade and other receivables	(241)	(2,449)
Trade and other payables	6	1,038
Long-term financial assets	0	(23)
Short-term financial assets	0	(81)
Cash and cash equivalents	(643)	(4,040)
Total	(877)	(5,555)

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 (Europe)

(Millions of Yen)

	Yen		U.S. dollar	
	31 March 2011	31 March 2012	31 March 2011	31 March 2012
Trade and other receivables	(6)	―	(2)	(3)
Trade and other payables	9	0	105	2
Long-term financial assets	―	(0)	(1)	―
Cash and cash equivalents	(5)	(44)	(65)	(54)
Total	(3)	(44)	38	(55)

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

	Yen	U.S. dollar
	31 March 2012	31 March 2012
Trade and other receivables	−	(35)
Trade and other payables	2	29
Long-term financial assets	(0)	−
Cash and cash equivalents	(534)	(661)
Total	(532)	(666)

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 2011	Average exchange rate	Foreign currency (mil)	Notional value	Fair value
Forward foreign exchange contracts				
Over one year				
US$Sell (€Buy)	0.75 (€/US$)	$49.0	4,301	(197)
Within one year				
US$Sell (€Buy)	0.75 (€/US$)	$112.9	9,944	(550)
€Buy (US$ Sell)	1.35 (US$/€)	€ 5.9	656	(15)

			(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))	
For the year ended 31 March 2012	Average exchange rate	Foreign currency (mil)	Notional value	Fair value	Notional value	Fair value
Forward foreign exchange contracts						
Over one year						
US$Sell (€Buy)	0.75 (€/US$)	$47.0	3,850	10	46,847	126
Within one year						
US$Sell (€Buy)	0.73 (€/US$)	$200.2	16,062	(383)	195,429	(4,656)
US$Buy (Yen Sell)	76.94 (Yen/US$)	$200.0	15,388	1,048	187,220	12,752

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 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 such as Basis Point Value.

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 were the ones assumed through the business combination, and those have expired in the year ended 31 March 2012.

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 as at 31 March 2011.

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 2011	31 March 2011	31 March 2011
Less than one year	2.96%	125	(1)

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

As at 31 March 2012, the Group has no interest rate swaps contract.

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 129 million yen and 115 million yen (1,401 thousand U.S.dollars) as at 31 March 2011 and 2012, 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. 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 2012.

① Financial assets and other credit exposures

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

	Maximum credit risk		
	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Guarantee liabilities	1,405	982	11,946

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)

Balance at 31 March 2011	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Trade and other receivables (gross)	88,449	80,294	3,216	1,495	538	566	2,340
Allowance for doubtful accounts	(1,995)	(396)	(24)	(45)	(62)	(207)	(1,261)
Trade and other receivables (net)	86,454	79,898	3,191	1,451	477	359	1,078
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	42,411	2	−	−	−	4

(Millions of Yen)

Balance at 31 March 2012	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Trade and other receivables (gross)	77,564	69,760	3,664	800	475	642	2,224
Allowance for doubtful accounts	(1,873)	(472)	(43)	(29)	(37)	(152)	(1,139)
Trade and other receivables (net)	75,691	69,288	3,621	771	438	489	1,085
Other financial assets (gross)	52,462	51,801	110	250	−	1	300
Allowance for doubtful accounts	(789)	(205)	(93)	(250)	−	(1)	(239)
Other financial assets (net)	51,673	51,596	17	−	−	−	60

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

Balance at 31 March 2012	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Trade and other receivables (gross)	943,716	848,763	44,577	9,733	5,779	7,808	27,057
Allowance for doubtful accounts	(22,792)	(5,743)	(525)	(354)	(455)	(1,855)	(13,860)
Trade and other receivables (net)	920,924	843,020	44,052	9,379	5,324	5,952	13,197
Other financial assets (gross)	638,301	630,257	1,335	3,047	−	17	3,645
Allowance for doubtful accounts	(9,599)	(2,498)	(1,127)	(3,047)	−	(17)	(2,910)
Other financial assets (net)	628,702	627,759	209	−	−	−	734

The Group does not hold any collateral or other credit enhancements on the above financial assets.
In case of impairment on financial assets, the Group does not directly write off such assets by reducing the carrying amount, 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 2010	1,826	628	2,453
Provision for the year	1,043	48	1,090
Reduction resulting from settlement for the year	(479)	(211)	(690)
Reduction for the year (reversal)	(311)	(50)	(361)
Other (foreign exchange translation gain or losses, etc.)	(84)	79	(5)
Balance at 31 March 2011	1,995	493	2,488
Provision for the year	539	386	926
Reduction resulting from settlement for the year	(197)	(78)	(275)
Reduction for the year (reversal)	(146)	(16)	(162)
Business transfer	(211)	ー	(211)
Other (foreign exchange translation gain or losses, etc.)	(107)	4	(103)
Balance at 31 March 2012	1,873	789	2,662

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

	Allowance for doubtful accounts (Current)	Allowance for doubtful accounts (Non-current)	Total
Balance at 31 March 2011	24,268	6,002	30,270
Provision for the year	6,563	4,698	11,261
Reduction resulting from settlement for the year	(2,391)	(954)	(3,344)
Reduction for the year (reversal)	(1,781)	(194)	(1,975)
Business transfer	(2,572)	ー	(2,572)
Other (foreign exchange translation gains or losses)	(1,300)	47	(1,254)
Balance at 31 March 2012	22,792	9,599	32,391

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)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Notes receivable transferred	628	ー	ー

(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 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	218
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	155,638	155,799	54,671	40,456	170	25,129	102	35,271

(Millions of Yen)

Balance at 31 March 2012	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	42,138	42,138	42,138	—	—	—	—	—
Long-term bank loans (excluding current portion)	441	441	—	58	57	57	57	212
Current portion of long- term bank loans	905	905	905	—	—	—	—	—
Short-term bank loans	137	137	137	—	—	—	—	—
Bonds	59,899	60,000	—	—	25,000	—	—	35,000
Current portion of bonds	39,988	40,000	40,000	—	—	—	—	—
Long-term finance lease obligations	481	481	—	152	123	73	54	79
Short-term finance lease obligations	194	194	194	—	—	—	—	—
Other financial liabilities	259	259	259	—	—	—	—	—
Derivative liabilities								
Currency derivative instruments	383	383	383	—	—	—	—	—
Total	144,824	144,938	84,016	210	25,180	130	111	35,291

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

Balance at 31 March 2012	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	512,685	512,685	512,685	－	－	－	－	－
Long-term bank loans (excluding current portion)	5,365	5,365	－	708	689	690	692	2,585
Current portion of long- term bank loans	11,016	11,016	11,016	－	－	－	－	－
Short-term bank loans	1,661	1,661	1,661	－	－	－	－	－
Bonds	728,781	730,016	－	－	304,173	－	－	425,843
Current portion of bonds	486,534	486,677	486,677	－	－	－	－	－
Long-term finance lease obligations	5,855	5,855	－	1,847	1,502	886	661	960
Short-term finance lease obligations	2,360	2,360	2,360	－	－	－	－	－
Other financial liabilities	3,156	3,156	3,156	－	－	－	－	－
Derivative liabilities								
Currency derivative instruments	4,656	4,656	4,656	－	－	－	－	－
Total	1,762,068	1,763,446	1,022,211	2,556	306,364	1,576	1,353	429,387

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 following ways.

The following are the details of financing method and financing status:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Loan commitment			
Used	－	－	－
Unused	－	50,000	608,347
Total	－	50,000	608,347
Bank overdraft			
Used	－	－	－
Unused	56,000	56,003	681,385
Total	56,000	56,003	681,385
Commercial paper limit			
Used	－	－	－
Unused	50,000	50,000	608,347
Total	50,000	50,000	608,347

(8) Fair value of financial instruments

	(Millions of Yen)		(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))	
	As at 31 March 2011		As at 31 March 2012		As at 31 March 2012	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
FVTPL financial assets (derivative instruments)	ー	ー	1,058	1,058	12,878	12,878
Loans and receivables						
Other financial assets	42,416	42,402	51,673	51,650	628,702	628,425
Available-for-sale financial assets	3,591	3,591	2,982	2,982	36,280	36,280
Total	46,007	45,993	55,713	55,691	677,860	677,583
Liabilities						
FVTPL financial liabilities (derivative instruments)	763	763	383	383	4,656	4,656
Financial liabilities measured at amortised cost						
Long-term bank loans (excluding current portion)	456	424	441	422	5,365	5,137
Current portion of long-term bank loans	1,259	1,262	905	905	11,016	11,016
Bonds(excluding current portion)	99,839	102,474	59,899	63,067	728,781	767,326
Current portion of bonds	ー	ー	39,988	40,238	486,534	489,577
Long-term finance lease obligations	474	503	481	547	5,855	6,658
Short-term finance lease obligations	340	347	194	202	2,360	2,456
Total	103,131	105,774	102,291	105,764	1,244,567	1,286,827

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 2011	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	2,332	242	1,016	3,591
Total	2,332	242	1,016	3,591
FVTPL financial liabilities (derivative instruments)	－	763	－	763
Total	－	763	－	763

(Millions of Yen)

As at 31 March 2012	Level 1	Level 2	Level 3	Total
FVTPL financial assets (derivative instruments)	－	1,058	－	1,058
Available-for-sale financial assets	2,064	239	680	2,982
Total	2,064	1,297	680	4,040
FVTPL financial liabilities (derivative instruments)	－	383	－	383
Total	－	383	－	383

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

As at 31 March 2012	Level 1	Level 2	Level 3	Total
FVTPL financial assets (derivative instruments)	－	12,878	－	12,878
Available-for-sale financial assets	25,108	2,903	8,270	36,280
Total	25,108	15,781	8,270	49,159
FVTPL financial liabilities (derivative instruments)	－	4,656	－	4,656
Total	－	4,656	－	40,937

Note:
No transfers occurred between Levels 1, 2 and 3 during the years ended 31 March 2011 and 2012.

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

	Fair value measurement as at the end of the reporting period (Millions of Yen)	
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	(34)	(34)
Closing balance	1,016	1,016

	Fair value measurement as at the end of the reporting period (Millions of Yen)	
For the year ended 31 March 2012	Available-for-sale financial assets	Total
Opening balance	1,016	1,016
Total gains or losses:	(337)	(337)
- in profit or loss (i)	(260)	(260)
- in other comprehensive income (ii)	(78)	(78)
Purchase	―	―
Others	1	1
Closing balance	680	680

	Fair value measurement as at the end of the reporting period (Thousands of U.S.Dollars (Note 2))	
For the year ended 31 March 2012	Available-for-sale financial assets	Total
Opening balance	12,366	12,366
Total gains or losses:	(4,104)	(4,104)
- in profit or loss (i)	(3,160)	(3,160)
- in other comprehensive income (ii)	(944)	(944)
Purchase	―	―
Others	9	9
Closing balance	8,270	8,270

Note:

(i) Of the total gains or losses for the years ended 31 March 2011 and 2012 included in profit or loss, (93) million yen and (260) million yen ((3,160) 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 2011 and 2012 included in other comprehensive income, 2 million yen and (78) million yen ((944) 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

The Group has no assets held for sales as at 31 March 2011.

Details for carrying amounts of assets held for sales as at 31 March 2012 are as follows:

	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2012	As at 31 March 2012
	Land	Land
Corporate	5,356	65,169

Note:

The sale of the above land of Itabashi 1st Plant was approved, and is planned to be sold within 12 months as at 31 March 2012.

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 544 million yen and 402 million yen (4,886 thousand U.S.dollars) for the years ended 31 March 2011 and 2012, respectively.

Details of the stock options that are outstanding for the years ended 31 March 2011 and 2012 are as follows:

No.	Number of shares	Grant date	Expiry date	Exercise price (Yen)	Fair value at grant date (Yen)
5	445,000	1 Jan 2006	30 Sep 2015	4,150	2,917
6	585,600	7 Nov 2006	30 Sep 2016	4,750	3,961
7	77,600	14 Nov 2007	30 Sep 2017	4,230	3,357
8	1,036,000	28 Nov 2008	30 Sep 2018	1,556	952
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
12	680,800	17 Jan 2012	30 Sep 2021	1,616	1,427

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 2011 and 2012 was 1,861 yen and 1,427 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 2011 and 2012:

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

	No.11	No.12
Share price at grant date (Yen)	1,945	1,611
Exercise price (Yen)	1,947	1,616
Expected volatility	36.56%	37.26%
Expected remaining option life (years)	6.1	6.0
Dividends yield	3.34%	4.04%
Risk free rate	0.57%	0.45%

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

Weighted average exercise price of the outstanding options was 2,502 yen and 2,402 yen as at the years ended 31 March 2011 and 2012, respectively. Weighted average remaining contractual life was 7.8 years and 7.2 years as at 31 March 2011 and 2012, respectively.

	For the year ended 31 March 2011		For the year ended 31 March 2012	
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)
Outstanding at the beginning of the period	3,229,000	2,701	4,263,000	2,502
Granted	1,225,600	1,947	680,800	1,616
Forfeited (i)	(174,400)	2,379	(434,300)	2,177
Exercised	(17,200)	1,556	(12,000)	1,556
Outstanding at the end of the period	4,263,000	2,502	4,497,500	2,402
Exercisable at the end of the period	1,657,400	3,322	2,275,000	2,920

Note:

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

Stock options exercised during the year ended 31 March 2012 were as follows:

No.	Number of shares exercised	Exercise date	Share price at exercise date (Yen)
8	1,200	10 Aug 2011	1,698
8	8,800	12 Sep 2011	1,669
8	2,000	12 Mar 2012	1,851
Total	12,000		

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

No.	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)
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 4,336 yen and 4,338 yen as at 31 March 2011 and 2012, respectively. Weighted average remaining contractual life was 4.8 years and 3.8 years as at 31 March 2011 and 2012, respectively.

	For the year ended 31 March 2011		For the year ended 31 March 2012	
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)
Outstanding at the beginning of the period	553,400	4,340	545,400	4,336
Forfeited (i)	(8,000)	4,600	(30,500)	4,298
Exercised	—	—	—	—
Outstanding at the end of the period	545,400	4,336	514,900	4,338
Exercisable at the end of the period	545,400	4,336	514,900	4,338

Note:

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

There were no stock options exercised during the years ended 31 March 2011 and 2012.

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) For the year ended 31 March 2011	(Millions of Yen) For the year ended 31 March 2012	(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2012
Sales of goods and products	373,165	360,388	4,384,812
Service revenue	421	285	3,472
Total sales	373,586	360,673	4,388,284

(2) Other income from continuing operations

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2012
Commission	611	531	6,467
Rent	107	138	1,681
Government grants	159	192	2,336
Gain on sale of plant, property and equipment	203	174	2,119
Proceed from insurance	―	351	4,274
Others	2,281	2,159	26,265
Total other income	3,361	3,546	43,142

(3) Research and development expenses recognised as incurred

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2012
Employee benefits expenses	7,299	7,082	86,166
Depreciation and amortisation	1,684	1,370	16,668
Commission expenses	1,753	1,800	21,906
Other expenses	5,267	5,706	69,431
Total research and development expenses recognised as incurred	16,003	15,959	194,170

Note:

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

(4) Employee benefits expense

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2012
Salary, bonus and others	79,596	79,719	969,932
Retirement benefit (Note 19)			
Defined benefit (Note 19)	946	701	8,535
Defined contribution (Note 19)	1,458	1,360	16,544
Retirement benefit total	2,404	2,061	25,079
Share-based payments (stock option) (Note 25)	544	402	4,886
Severance payments (Note 19)	2,169	1,483	18,038
Others	3,610	3,730	45,388
Total employee benefits expense	88,324	87,395	1,063,323

(5) Other expenses

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2012
Packaging/shipping/transportation	7,232	6,624	80,593
Travel	4,874	4,989	60,697
Rent	5,299	4,906	59,694
Utilities	8,562	8,496	103,371
Repair and maintenance	7,969	7,744	94,216
Foreign exchange loss (i)	5,244	20	241
Loss on sales of property, plant and equipment	81	947	11,520
Loss on disposals of property, plant and equipment	507	1,109	13,494
Loss on disposals of intangible assets	25	26	320
Others	38,944	46,366	564,127
Total other expenses	78,736	81,226	988,274

Note:

(i) Foreign exchange loss above included (gains) or losses resulting from fluctuations in currency derivatives of 391 million yen and (1,438) million yen ((17,494) thousand U.S.dollars) of losses for the years ended 31 March 2011 and 2012, respectively.

(6) Loss on disaster

Due to the massive flooding in Thailand in October 2011, buildings, plant equipment and inventories at a subsidiary were flooded. As a result, the subsidiary temporally stopped its operation. The loss comprises the aggregate loss on damage of plant equipment in the amount of 4,013 million yen (48,830 thousand U.S. dollars) , loss on damage on inventories in the amount of 974 million yen (11,853 thousand U.S. dollars) and other related loss in the amount of 921 million yen (11,208 thousand U.S. dollars).

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 for the year ended 31 March 2011. The loss comprises the aggregate loss on physical damage to 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)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2012
Finance income			
Interest income			
Cash and cash equivalents, loans and receivables	851	1,513	18,405
Dividend income			
Available-for-sale financial assets	56	69	839
Gain on sales			
Available-for-sale financial assets	1	－	－
Total finance income	907	1,582	19,244
Finance costs			
Interest costs			
Interest-bearing debt	1,856	1,695	20,621
Other provisions	18	18	222
Other liabilities	65	35	431
Impairment losses			
Available-for-sales financial assets (ii)	613	278	3,386
Fair value gains /losses on derivatives			
Interest rate swaps	(19)	－	－
Total finance costs	2,533	2,027	24,661

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.

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 for the year ended 31 March 2011. As a result, the business is classified as discontinued operations for the year ended 31 March 2011.

On 1 July 2011, an agreement was reached and concluded between the Company and Ricoh Co., Ltd. to transfer the PENTAX Imaging Systems Business to Ricoh and the transfer was executed on 1 October 2011. As a result, the business is classified as discontinued operations for the year ended 31 March 2012, and the profit and loss for the year ended 31 March 2011 are presented after rearrangement of profit and loss.

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

		(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	Note	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2012
Profit/loss for the year from discontinued operations				
Revenue:				
Sales	(i)	50,978	16,267	197,918
Finance income		16	7	89
Other income	(ii)	10,966	5,592	68,035
Total revenue		61,959	21,866	266,041
Expense:				
Change in merchandises, products, work-in-process		(1,270)	(732)	(8,902)
Raw materials and consumables used	(i)	17,386	6,277	76,378
Employee benefits expense		6,402	2,905	35,348
Depreciation and amortisation		2,175	333	4,056
Subcontracting cost		1,778	705	8,579
Advertising and promotion expense		2,440	892	10,850
Commission expense		2,839	861	10,476
Finance costs		51	16	193
Other expenses		19,483	6,099	74,201
Total expense		51,284	17,357	211,178
Net gain from discontinued operations before tax		10,675	4,509	54,863
Income tax	(iii)	653	1,619	19,702
Net gain from discontinued operations (attributable to the shareholders of the Company)		10,022	2,890	35,162

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

	(Millions of Yen) For the year ended 31 March 2011	(Millions of Yen) For the year ended 31 March 2012	(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2012
Purchase from continuing operations	1,500	—	—

(ii) 'Other income' includes the gain of 10,343 million yen on business transfer to Western Digital Corporation on 30 June 2010 for the year ended 31 March 2011, and also includes the reveral of impairment losses in the amount of 1,854 million yen (22,557 thousand U.S. dollars) recognised in the year ended 31 March 2009, and the gain on business transfer to Ricoh Co., Ltd. on 1 October 2011 in the amount of 3,617 million yen (44,004 thousand U.S.dollars) for the year ended 31 March 2012.

Details of net capital gain are as follows:

	(Millions of Yen) For the year ended 31 March 2011	(Millions of Yen) For the year ended 31 March 2012	(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2012
Consideration received	20,654	16,180	196,860
Assets and liabilities transferred			
Non-current assets	(7,632)	(6,224)	(75,730)
Current assets	(3,424)	(16,896)	(205,576)
Non-current liabilities	—	383	4,665
Current liabilities	745	10,174	123,786
Net capital gain	10,343	3,617	44,004

(iii) 'Income tax' includes the tax expense of 1,419 million yen (17,271 thousand U.S. dollars) on the business transfer for the year ended 31 March 2012.

③The following is a cash flow analysis for discontinued operations:

	(Millions of Yen) For the year ended 31 March 2011	(Millions of Yen) For the year ended 31 March 2012	(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2012
Cash flows from discontinued operations			
Cash flows from operating activities	5,887	2,143	26,069
Cash flows from investing activities (i)	18,914	11,929	145,136
Cash flows from financing activities (ii)	(21,597)	(22,565)	(274,542)
Total	3,203	(8,493)	(103,337)

Note:
(i) Cash flows from investing activities include the proceed from business transfer for the years ended 31 March 2011 and 2012.
(ii) Cash flows from financing activities for the year ended 31 March 2011 represent dividend payment to continuing operations, and include dividend payment to continuing operations and fund transfer to continuing operations for the year ended 31 March 2012.

29.Other comprehensive income

For the years ended 31 March 2011 and 2012, other comprehensive income comprises the following:

	(Millions of Yen) For the year ended 31 March 2011	(Millions of Yen) For the year ended 31 March 2012	(Thousands of U.S.Dollars (Note2)) For the year ended 31 March 2012
Other comprehensive income:			
① Net gain/(loss) on revaluation of available-for-sale financial assets (i)			
Gains (losses) arising during the year	(208)	(591)	(7,191)
Reclassification adjustments to profit or loss for the year	613	272	3,308
Total	406	(319)	(3,882)
② Exchange differences on translation of foreign operations (ii)			
Gains (losses) arising during the year	(14,081)	(7,955)	(96,790)
Reclassification adjustments to profit or loss for the year	(108)	973	11,839
Total	(14,188)	(6,982)	(84,951)
③ Share of other comprehensive income of associates	241	(113)	(1,380)
Other comprehensive income/(loss) before tax	(13,542)	(7,415)	(90,214)
Income tax relating to components of other comprehensive income	512	128	1,560
Total other comprehensive income/(loss) (net of tax)	(13,030)	(7,286)	(88,653)

Note:

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

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

Taxation on each item of other comprehensive income for the years ended 31 March 2011 and 2012 is as follows:

	(Millions of Yen) For the year ended 31 March 2011			(Millions of Yen) For the year ended 31 March 2012			(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2012		
	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	406	(193)	213	(319)	144	(175)	(3,882)	1,754	(2,129)
② Exchange differences on translation of foreign operations	(14,146)	704	(13,441)	(6,932)	(16)	(6,948)	(84,339)	(193)	(84,532)
③ Share of other comprehensive income of associates	241	―	241	(113)	―	(113)	(1,380)	―	(1,380)
Sub total	(13,499)	512	(12,987)	(7,364)	128	(7,236)	(89,602)	1,560	(88,042)
Other comprehensive income attributable to Non-controlling interests									
② Exchange differences on translation of foreign operations	(43)	―	(43)	(50)	―	(50)	(612)	―	(612)
Sub total	(43)	―	(43)	(50)	―	(50)	(612)	―	(612)
Total other comprehensive income	(13,542)	512	(13,030)	(7,415)	128	(7,286)	(90,214)	1,560	(88,653)

30.Earnings per share

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

	(Yen) For the year ended 31 March 2011	(Yen) For the year ended 31 March 2012	(U.S.Dollars (Note 2)) For the year ended 31 March 2012
Basic earnings per share			
From continuing operations	115.26	93.48	1.14
From discontinued operations	23.23	6.70	0.08
Total basic earnings per share	138.49	100.18	1.22
Diluted earnings per share			
From continuing operations	115.19	93.46	1.14
From discontinued operations	23.22	6.70	0.08
Total diluted earnings per share	138.41	100.16	1.22

(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) For the year ended 31 March 2011	(Millions of Yen) For the year ended 31 March 2012	(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2012
Profit attributable to owners of the Company from continuing operations	49,722	40,329	490,677
Profit attributable to owners of the Company from discontinued operations	10,022	2,890	35,162
Profit used in the calculation of basic earnings per share	59,744	43,219	525,839

(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 2011	For the year ended 31 March 2012
Weighted-average number of ordinary shares	431,406	431,420

② **Diluted earnings per share**

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

	(Millions of Yen) For the year ended 31 March 2011	(Millions of Yen) For the year ended 31 March 2012	(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2012
Profit attributable to owners of the Company from continuing operation after dilution	49,722	40,329	490,677
Profit attributable to owners of the Company from discontinued operation after dilution	10,022	2,890	35,162
Profit used in the calculation of diluted earnings per share	59,744	43,219	525,839

(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 2011	For the year ended 31 March 2012
Weighted-average number of ordinary shares	431,406	431,420
Shares deemed to be issued for no consideration in respect of:		
stock options	217	85
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	431,623	431,505

31.Non-cash transactions

Non-cash transactions for the years ended 31 March 2011 and 2012 consisted of acquiring property, plant and equipment through new finance lease arrangements in the amount of 18 million yen and 124 million yen (1,512 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 2011	As at 31 March 2012
HOYA GLASS DISK (THAILAND) LTD.	Information Technology	Electronics related products	THAILAND	100.0%	100.0%
HOYA GLASS DISK PHILIPPINES, INC.	Information Technology	Electronics related products	PHILIPPINES	100.0%	100.0%
HOYA GLASS DISK VIETNAM LTD.	Information Technology	Electronics related products	VIETNAM	100.0%	100.0%
HOYA GLASS DISK VIETNAM Ⅱ LTD.	Information Technology	Electronics related products	VIETNAM	100.0%	100.0%
HOYA MICROELECTRONICS TAIWAN CO., LTD.	Information Technology	Electronics related products	TAIWAN	100.0%	100.0%
HOYA ELECTRONICS KOREA CO., LTD.	Information Technology	Electronics related products	SOUTH KOREA	100.0%	100.0%
HOYA ELECTRONICS MALAYSIA SDN.BHD.	Information Technology	Electronics related products	MALAYSIA	100.0%	100.0%
HOYA ELECTRONICS SINGAPORE PTE. LTD.	Information Technology	Electronics related products	SINGAPORE	－ (i)	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%
HOYA OPTICAL (ASIA) CO., LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%
HOYA OPTICAL TECHNOLOGY (WEIHAI) CO., LTD.	Information Technology	Imaging related products	CHINA	－ (ii)	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%	－ (iii)
HOYA PHOTONICS, INC.	Information Technology	Imaging related products	U.S.A.	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 2011	As at 31 March 2012
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%
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%
HOYA HOLDINGS N.V.	Life Care and Corporate	Health Care related products and EU headquarters	NETHERLANDS	100.0%	100.0%
PENTAX CANADA, INC.	Life Care	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 ELECTRONICS SINGAPORE PTE. LTD. was incorporated on 10 June 2011.

(ii) HOYA OPTICAL TECHNOLOGY (WEIHAI) CO., LTD. was incorporated on 11 July 2011.

(iii) PENTAX VN CO., LTD. was transferred on 1 October 2011.

33.Related party disclosures

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

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

The Group had the transactions with related parties as follows:

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
Associate	AVAN STRATE INC.	Purchase of raw materials	27	ー
Associate	AVAN STRATE INC.	License fee received	98	23
Associate	AVAN STRATE INC.	Advance payment for purchasing of raw materials	3,000	3,000

As at/ for the year ended 31 March 2012

Advance payment of 3,000 million yen (36,501 thousand U.S. Dollars) for AVAN STRATE INC. was refunded for the year ended 31 March 2012. There are no outstanding balances and no collateral or guarantees balances as at 31 March 2012.

(2) Remuneration of key management personnel

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2012
Short-term benefits	374	302	3,669
Share-based payments	85	56	681
Total remuneration of key management personnel	458	358	4,350

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 Group acquired some companies through business combination during the year ended 31 March 2012, however, the disclosure is omitted due to immateriality.

35.Sale of subsidiary

No subsidiary was sold in the year ended 31 March 2011.

PENTAX Imaging and other nine subsidiaries, which operated PENTAX Imaging system business, were sold to Ricoh Company, Ltd. in the year ended 31 March 2012.

	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2012	For the year ended 31 March 2012
Consideration received	16,180	196,860
Cash and cash equivalents	15,575	189,500
Trade and other receivables	605	7,360
Assets and liabilities transferred		
Non-current assets	(6,224)	(75,730)
Current assets	(16,896)	(205,576)
Non-current liabilities	383	4,665
Current liabilities	10,174	123,786
Net capital gain	3,617	44,004
Net cash and cash equivalents received		
Consideration transferred	15,575	189,500
Cash and cash equivalents balances possessed by the company transferred	(3,038)	(36,966)
Net cash and cash equivalents received	12,537	152,534

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)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Business partners	1,405	982	11,946
The Group’s employees	1	0	0
Total	1,405	982	11,946

37.Commitments for expenditure

Payment commitments after the reporting date are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2011	As at 31 March 2012	As at 31 March 2012
Commitments for the acquisition of property, plant and equipment and intangible assets	3,471	21,165	257,514

38.Subsequent events

Resolution on cash dividends

On 30 May 2012, 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 2012 of 15,100 million yen (183,719 thousand U.S.dollars) (35 yen per common share).

39.Approval of financial statements

The consolidated financial statements for the year ended 31 March 2012 were approved by the Company’s Board of Directors and authorised for issue on 20 June 2012.