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

For the year ended 31 March 2013

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 2013, 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 2013, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

5 June 2013

Member of
Deloitte Touche Tohmatsu Limited

Consolidated Statement of Financial Position

HOYA Corporation and its subsidiaries

As at 31 March 2013

	Notes	(Millions of Yen) As at 31 March 2012	(Millions of Yen) As at 31 March 2013	(Thousands of U.S.Dollars (Note 2)) As at 31 March 2013
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment—net	6,8,37	108,404	140,747	1,496,508
Goodwill	7,8,34(6)	1,431	8,367	88,959
Intangible assets	7,8,34(5),37	13,164	19,189	204,031
Investments in associates	9	12,935	534	5,682
Long-term financial assets	11,23	8,442	9,150	97,287
Other non-current assets	8,12,19	2,119	2,467	26,228
Deferred tax assets	10	25,066	15,464	164,424
Total non-current assets		171,561	195,917	2,083,120
CURRENT ASSETS:				
Inventories	13	62,972	66,720	709,412
Trade and other receivables	14,23	75,691	88,824	944,431
Other short-term financial assets	11,23	47,272	9,210	97,924
Income tax receivables		874	722	7,672
Other current assets	12	6,738	7,786	82,785
Cash and cash equivalents	15,23	204,772	248,896	2,646,421
Sub total		398,318	422,157	4,488,644
Assets held for sale	24	5,356	—	—
Total current assets		403,674	422,157	4,488,644
Total assets		575,235	618,074	6,571,764

	Notes	(Millions of Yen) As at 31 March 2012	(Millions of Yen) As at 31 March 2013	(Thousands of U.S.Dollars (Note 2)) As at 31 March 2013
EQUITY AND LIABILITIES				
EQUITY				
Share capital	22(1)	6,264	6,264	66,605
Capital reserves	22(1)	15,899	15,899	169,045
Treasury shares	22(2)	(10,928)	(10,712)	(113,895)
Other capital reserves	22(2),25	(2,505)	(2,313)	(24,588)
Retained earnings	22(3),38	442,898	485,953	5,166,966
Accumulated other comprehensive income/(loss)		(66,826)	(24,220)	(257,523)
Equity attributable to owners of the Company		384,802	470,872	5,006,608
Non-controlling interests	22(4)	(149)	(187)	(1,984)
Total equity		384,653	470,685	5,004,624
LIABILITIES				
NON-CURRENT LIABILITIES:				
Interest-bearing long-term debt	16,17,23	60,821	60,837	646,863
Other long-term financial liabilities	11,23	ー	149	1,581
Retirement benefit obligations	19	5,533	1,309	13,922
Other provisions	20	1,662	1,975	21,005
Other non-current liabilities	12	1,251	2,224	23,647
Deferred tax liabilities	10,34(5)	360	2,160	22,961
Total non-current liabilities		69,627	68,655	729,979
CURRENT LIABILITIES:				
Interest-bearing short-term debt	16,17,23	41,224	1,891	20,111
Trade and other payables	21,23	42,138	40,415	429,718
Other short-term financial liabilities	11,23	642	385	4,092
Income tax payables		2,509	5,680	60,388
Other provisions	20	612	800	8,508
Other current liabilities	12	33,830	29,564	314,343
Total current liabilities		120,955	78,735	837,160
Total liabilities		190,582	147,389	1,567,140
Total equity and liabilities		575,235	618,074	6,571,764

Consolidated Statement of Comprehensive Income

HOYA Corporation and its subsidiaries

For the year ended 31 March 2013

	Notes	(Millions of Yen) For the year ended 31 March 2012	(Millions of Yen) For the year ended 31 March 2013	(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2013
Continuing operations				
Revenue:				
Sales	26	360,673	372,494	3,960,593
Finance income	27	1,582	965	10,263
Share of profit of associates	9	1,864	—	—
Other income	6,26	3,546	38,809	412,637
Total Revenue		367,664	412,268	4,383,494
Expense:				
Changes in inventories of goods, products and work in progress		(4,166)	7,379	78,454
Raw materials and consumables used		77,446	70,634	751,029
Employee benefits expense	19,25,26	87,395	94,982	1,009,908
Depreciation and amortisation	6,7,26	27,594	30,872	328,253
Subcontracting cost		4,622	4,707	50,052
Advertising and promotion expense		9,621	10,310	109,627
Commission expense	26	21,140	21,357	227,083
Impairment losses	8	831	1,119	11,896
Finance costs	27	2,027	2,086	22,180
Share of loss of associates	9	—	11,912	126,652
Foreign exchange (gain)/loss	26	20	(12,539)	(133,318)
Loss on disaster	26	5,909	—	—
Other expenses	6,7,18,26	81,206	80,080	851,463
Total Expense		313,643	322,900	3,433,281
Profit before tax		54,021	89,368	950,213
Income tax expense	10	14,231	18,125	192,722
Profit for the year from continuing operations		39,790	71,242	757,491
Discontinued Operations				
Profit for the year from discontinued operations	8,28	2,890	—	—
Profit for the year		42,680	71,242	757,491
Other comprehensive income:	29			
Net gain on revaluation of available-for-sale financial assets		(319)	594	6,312
Exchange differences on translation of foreign operations		(6,982)	42,045	447,046
Share of other comprehensive income of associates		(113)	171	1,818
Income tax relating to components of other comprehensive income	10	128	(203)	(2,157)
Total other comprehensive income/(loss)		(7,286)	42,606	453,019
Total comprehensive income for the year		35,394	113,848	1,210,510

	Notes	(Millions of Yen) For the year ended 31 March 2012	(Millions of Yen) For the year ended 31 March 2013	(Thousands of U.S.Dollars(Note 2)) For the year ended 31 March 2013
Profit attributable to:				
Owners of the Company		43,219	71,099	755,975
Non-controlling interests		(538)	143	1,516
Total		42,680	71,242	757,491
Total comprehensive income attributable to:				
Owners of the Company		35,983	113,705	1,208,987
Non-controlling interests		(589)	143	1,523
Total		35,394	113,848	1,210,510

	Notes	(Yen) For the year ended 31 March 2012	(Yen) For the year ended 31 March 2013	(U.S.Dollars(Note 2)) For the year ended 31 March 2013
Basic earnings per share	30			
Continuing operations		93.48	164.78	1.75
Discontinued operations		6.70	—	—
Basic earnings per share		100.18	164.78	1.75
Diluted earnings per share	30			
Continuing operations		93.46	164.75	1.75
Discontinued operations		6.70	—	—
Diluted earnings per share		100.16	164.75	1.75

Consolidated Statement of Changes in Equity

HOYA Corporation and its subsidiaries

For the year ended 31 March 2013

(Millions of Yen)

	Notes	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
Balance at 1 April 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	22(2)			(2)		
Disposal of treasury shares	22(2)			37	(18)	
Dividends, 65 Yen per share	22(3)					(28,042)
Change in non-controlling interests	22				(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**
Total comprehensive income/(loss) for the year						
Profit for the year						71,099
Other comprehensive income/(loss)	29					
Total comprehensive income/(loss) for the year						71,099
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	22(2)			(2)		
Disposal of treasury shares	22(2)			218	(106)	
Dividends, 65 Yen per share	22(3)					(28,045)
Change in non-controlling interests	22					
Share-based payments (Stock option)	25				299	
Total contributions by and distributions to owners				216	193	(28,045)
Total transactions with owners				216	193	(28,045)
Balance at 31 March 2013		**6,264**	**15,899**	**(10,712)**	**(2,313)**	**485,953**

(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 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	22(2)					(2)		(2)
Disposal of treasury shares	22(2)					19		19
Dividends, 65 Yen per share	22(3)					(28,042)	(1)	(28,044)
Change in non-controlling interests	22					(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**
Total comprehensive income/(loss) for the year								
Profit for the year						71,099	143	71,242
Other comprehensive income/(loss)	29	384	42,051	171	42,606	42,606	1	42,606
Total comprehensive income/(loss) for the year		384	42,051	171	42,606	113,705	143	113,848
Transactions with owners								
Contributions by and distributions to owners								
Acquisition of treasury shares	22(2)					(2)		(2)
Disposal of treasury shares	22(2)					112		112
Dividends, 65 Yen per share	22(3)					(28,045)	(134)	(28,178)
Change in non-controlling interests	22						(47)	(47)
Share-based payments (Stock option)	25					299		299
Total contributions by and distributions to owners						(27,636)	(181)	(27,817)
Total transactions with owners						(27,636)	(181)	(27,817)
Balance at 31 March 2013		**569**	**(22,817)**	**(1,972)**	**(24,220)**	**470,872**	**(187)**	**470,685**

Consolidated Statement of Changes in Equity

HOYA Corporation and its subsidiaries

For the year ended 31 March 2013-Continued

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

	Notes	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
Balance at 31 March 2012		**66,605**	**169,045**	**(116,195)**	**(26,637)**	**4,709,180**
Total comprehensive income/(loss) for the year						
Profit for the year						755,975
Other comprehensive income/(loss)	29					
Total comprehensive income/(loss) for the year						755,975
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	22(2)			(17)		
Disposal of treasury shares	22(2)			2,317	(1,132)	
Dividends, 65 Yen per share	22(3)					(298,190)
Change in non-controlling interests	22					
Share-based payments (Stock option)	25				3,180	
Total contributions by and distributions to owners				2,300	2,049	(298,190)
Total transactions with owners				2,300	2,049	(298,190)
Balance at 31 March 2013		**66,605**	**169,045**	**(113,895)**	**(24,588)**	**5,166,966**

(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 2012		**1,976**	**(689,726)**	**(22,786)**	**(710,536)**	**4,091,462**	**(1,584)**	**4,089,878**
Total comprehensive income/(loss) for the year								
Profit for the year						755,975	1,516	757,491
Other comprehensive income/(loss)	29	4,078	447,116	1,818	453,012	453,012	6	453,019
Total comprehensive income/(loss) for the year		4,078	447,116	1,818	453,012	1,208,987	1,523	1,210,510
Transactions with owners								
Contributions by and distributions to owners								
Acquisition of treasury shares	22(2)					(17)		(17)
Disposal of treasury shares	22(2)					1,186		1,186
Dividends, 65 Yen per share	22(3)					(298,190)	(1,421)	(299,611)
Change in non-controlling interests	22						(502)	(502)
Share-based payments (Stock option)	25					3,180		3,180
Total contributions by and distributions to owners						(293,841)	(1,923)	(295,764)
Total transactions with owners						(293,841)	(1,923)	(295,764)
Balance at 31 March 2013		**6,054**	**(242,610)**	**(20,968)**	**(257,523)**	**5,006,608**	**(1,984)**	**5,004,624**

Consolidated Statement of Cash Flows (including discontinued operations)

HOYA Corporation and its subsidiaries

For the year ended 31 March 2013

	Notes	(Millions of Yen) For the year ended 31 March 2012	(Millions of Yen) For the year ended 31 March 2013	(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2013
Cash flows from operating activities				
Profit before tax		54,021	89,368	950,213
Profit before tax from discontinued operations	28	4,509	ー	ー
Depreciation and amortisation		27,927	30,872	328,253
Impairment losses		831	1,119	11,896
Reversal of impairment losses		(1,854)	ー	ー
Finance income		(1,589)	(965)	(10,263)
Finance costs		2,043	2,086	22,180
Share of (profits)/loss of associates		(1,864)	11,912	126,652
(Gain)/loss on sales of property, plant and equipment		766	(1,973)	(20,982)
Loss on disposal of property, plant and equipment		1,136	735	7,812
Gain on business transfer	28	(3,617)	ー	ー
Others	26(2)	(3,515)	(22,771)	(242,114)
Cash generated from operations (before movements in working capital)		78,795	110,381	1,173,646
Movements in working capital				
Decrease/(increase) in inventories		(4,800)	5,030	53,481
Decrease/(increase) in trade and other receivables		10,791	(8,216)	(87,362)
Increase/(decrease) in trade and other payables		(6,728)	(7,692)	(81,785)
Increase/(decrease) in retirement benefit obligations and other provisions		(48)	(4,188)	(44,525)
Sub total		78,010	95,316	1,013,457
Interests received		1,502	1,000	10,635
Dividends received		69	59	632
Interests paid		(1,765)	(1,544)	(16,420)
Income taxes paid		(5,809)	(6,073)	(64,569)
Income taxes refunded		1,712	232	2,469
Net cash generated from operating activities		73,719	88,991	946,204
Cash flows from investing activities				
Withdrawals of time deposit		16,618	1,656	17,612
Deposits for time deposit		(5,366)	(1,721)	(18,297)
Proceeds from withdrawals of certificate of deposit		10,000	40,000	425,306
Payments for purchase of certificate of deposit		(30,000)	ー	ー
Proceeds from sales of property, plant and equipment		562	7,573	80,526
Payments for acquisition of property, plant and equipment		(31,184)	(43,049)	(457,728)
Net cash outflow on acquisition of subsidiary	34	(80)	(10,127)	(107,678)
Payments to non-controlling interests on merger		(7)	(4)	(42)
Proceeds from business transfer	28,35	12,537	568	6,039
Payments for business acquisition	34	ー	(3,150)	(33,495)
Other proceeds		6,567	9,050	96,229
Other payments		(2,142)	(1,745)	(18,552)
Net cash used in investing activities		(22,497)	(948)	(10,081)

Consolidated Statement of Cash Flows (including discontinued operations)

HOYA Corporation and its subsidiaries

For the year ended 31 March 2013-Continued

	Notes	(Millions of Yen) For the year ended 31 March 2012	(Millions of Yen) For the year ended 31 March 2013	(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2013
Cash flows from financing activities				
Dividends paid to owners of the Company		(28,003)	(28,071)	(298,470)
Dividends paid to non-controlling interests		(1)	(134)	(1,421)
Increase/(decrease) in short-term debt		(313)	(380)	(4,043)
Repayments of long-term borrowings		(300)	(235)	(2,495)
Payments for redemption of bonds		ー	(40,287)	(428,354)
Proceeds from disposal of treasury shares		0	0	1
Payments for purchase of treasury shares		(2)	(2)	(17)
Proceeds from exercise of stock options		19	111	1,185
Payments for purchase of non-controlling interests		(658)	ー	ー
Net cash used in financing activities		(29,259)	(68,997)	(733,615)
Net increase/(decrease) in cash and cash equivalents		21,964	19,046	202,508
Cash and cash equivalents at the beginning of the year		185,252	204,772	2,177,270
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies		(2,443)	25,078	266,642
Cash and cash equivalents at the end of the year	15	204,772	248,896	2,646,421

Note:

Cash flows from discontinued operations are stated in Note 28 “Discontinued operations”.

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.
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 ¥94.05 to $1, the foreign exchange rate at 31 March 2013. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S.dollars at that or any other rate. Amounts of less than one million yen and one thousand U.S. dollars have been rounded to the nearest million yen and one thousand U.S. dollars in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen and U.S. dollars do not necessarily agree with the sum of the individual amounts.

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

(2) Effects of applying new accounting standards

The Group adopted the following IFRSs for the year ended 31 March 2013:

IFRSs		Subject of new standards/amendments and transitional provisions
IAS 12	Income Taxes	- Introduction of a presumption, in measuring the deferred tax relating to an asset, that recovery of the carrying amount will, normally, be through sale
IFRS 7	Financial Instruments: Disclosures	- Amendment on enhancing disclosures for transferred financial assets

These standards were applied in accordance with respective transitional provisions. There are no standards that were early adopted by the Group.
These standards have no significant impact for the year ended 31 March 2013.

(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 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	- Only apply to separate financial statements
		1 January 2014	March 2015	- Amendments based on the application of "Investment Entities" 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 in order to offset a financial asset and a financial liability, a right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy - Clarification on which settlement processes would meet the requirement for offsetting that an entity has the intention to settle a financial asset and a financial liability net or simultaneously
IAS 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 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
		1 January 2014	March 2015	- Provision of an exception of the requirements of consolidation of subsidiaries for entities which meet the definition of an investment entity and instead requiring investment entities to measure their investments in particular subsidiaries at fair value through profit or loss in accordance with IFRS 9 or IAS 39.
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	- Integration of the disclosure requirements on the nature of and risks associated with its interests in other entities and the effects of those interests on its financial statements
		1 January 2014	March 2015	- Amendments as a result of addition of "Investment Entities" to IFRS 10
IFRS 13	Fair Value Measurement	1 January 2013	March 2014	- New guidance for both financial and non-financial items measured at fair value
IFRIC 21	Levies	1 January 2014	March 2015	- The timing of the recognition of levies

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

Losses of an associate in excess of the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

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

The changes in the fair value of the contingent consideration resulting from events after the acquisition date are accounted for as follows:
(a) Contingent consideration classified as equity shall not be remeasured and any subsequent settlement shall be accounted for in equity.
(b) Contingent consideration classified as an asset or a liability is accounted for in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” and IAS 39 “Financial Instruments: Recognition and Measurement” or other IFRSs as appropriate.

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

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

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

Goodwill arising from business combinations before the IFRSs transition date is measured at their carrying amount in accordance with the previous Japanese GAAP after performing an impairment test (Note 8).

(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.

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 related assets 5-15 years
Software 3-5 years

④ Derecognition of intangible assets

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

(8) Goodwill

Goodwill arising from an acquisition of business 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 Cash-generating unit, 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. Accordingly, derivative financial instruments are classified as FVTPL.

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

(11) Financial assets other than derivative financial instruments

① Initial recognition and measurement

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

Financial assets are classified into the following specified categories:

· financial assets at 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 is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as 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 2012 and 2013, 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 2012 and 2013, 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 their 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 short term investments . The short term investments with original maturities of three months or less are deemed as cash equivalents since they are readily convertible to cash without restriction and with low risk of fluctuation of values.

(14) Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through 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 2012 and 2013, 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 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. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

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 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.

③ **Contingent liabilities assumed in a business combination**

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

(21) Revenue

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

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

① **Sale of goods**

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

(a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

(b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) the amount of revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the Group; and

(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue is recognised when the risks and rewards of ownership of the goods 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 (7) “Intangible assets”)
· Assumptions used to estimate future cash flows of cash-generating units to assess the recoverability of property, plant and equipment and intangible assets, including goodwill (Note 8 “Impairment losses”)
· Valuation techniques used to value available-for-sale financial assets without an active market (Note 23 “Financial instruments”)
· Recoverability of deferred tax assets (Note 10 “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
· The effect of deferred taxes and income taxes on the transactions between locations in different tax jurisdictions with different tax rates, or the transactions between taxable and tax-exempt businesses (including the discrepancies in opinion between the Company and the tax authority)
· Fluctuation of currency exchange rates
· The trend of environmental and governmental regulation

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

(2) Segment revenues and results

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

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

（Millions of Yen）

For the year ended March 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 sales	215	4	3,243	3,463	(3,463)	－
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	－	123	1,741	1,864
Impairment losses	(222)	(609)	－	(831)	－	(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

（Millions of Yen）

For the year ended March 2013	Information Technology	Life Care	Other	Total	Adjustments	Consolidated
Revenue from external customers	161,216	208,968	2,269	372,453	41	372,494
Inter-segment sales	159	1	2,670	2,831	(2,831)	－
Total	161,375	208,969	4,940	375,284	(2,790)	372,494
Interest income	302	289	10	600	305	906
Interest expense	(294)	(260)	(1)	(556)	(983)	(1,539)
Depreciation and amortisation	(18,103)	(12,408)	(142)	(30,653)	(219)	(30,872)
Share of profit (loss) of associates	2	－	－	2	(11,914)	(11,912)
Impairment losses	(805)	(314)	－	(1,119)	－	(1,119)
Others	(110,637)	(132,322)	(4,178)	(247,137)	8,546	(238,591)
Segment profit before tax	31,841	63,954	628	96,423	(7,055)	89,368
Other disclosure						
Capital expenditure	24,771	20,018	64	44,853	158	45,011

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

For the year ended March 2013	Information Technology	Life Care	Other	Total	Adjustments	Consolidated
Revenue from external customers	1,714,156	2,221,877	24,130	3,960,163	431	3,960,593
Inter-segment sales	1,692	15	28,393	30,099	(30,099)	－
Total	1,715,848	2,221,892	52,523	3,990,262	(29,669)	3,960,593
Interest income	3,213	3,070	102	6,385	3,246	9,631
Interest expense	(3,131)	(2,769)	(6)	(5,907)	(10,453)	(16,359)
Depreciation and amortisation	(192,479)	(131,925)	(1,515)	(325,919)	(2,333)	(328,253)
Share of profit (loss) of associates	27	－	－	27	(126,679)	(126,652)
Impairment losses	(8,557)	(3,339)	－	(11,896)	－	(11,896)
Others	(1,176,366)	(1,406,928)	(44,425)	(2,627,720)	90,868	(2,536,851)
Segment profit before tax	338,553	680,000	6,679	1,025,232	(75,019)	950,213
Other disclosure						
Capital expenditure	263,381	212,843	684	476,907	1,680	478,587

Note:

(i) Adjustments to revenue from external customers of 1 million yen and 41 million yen (431 thousand U.S.dollars) for the years ended March 2012 and 2013, respectively, represent revenue by R&D department which is not included in any reportable segment.

(ii) Adjustments to segment profit before tax of (4,339) million yen consist of the elimination of an inter-segment transaction of 41 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 (4,379) million yen for the year ended March 2012 and (7,055) million yen ((75,019) thousand U.S.dollars) consist of elimination of inter-segment transaction of (1) million yen ((11) 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 (7,054) million yen ((75,007) thousand U.S.dollars) for the year ended March 2013.

(iii) Transfer prices between operating segments are on an arm's length basis for the years ended 31 March 2012 and 2013, respectively.

(iv) In addition to the above, capital expenditures in discontinued operations for the years ended March 2012 are 521million and the total capital expenditures in the Group for the year ended March 2012 is 33,185 million yen.

(v) Loss on disaster in the amount of 5,909 million yen is included in Others in Life Care for the year ended March 2012.

(vi) Insurance Proceeds pertaining to the flood in Thailand in the amount of 32,187 million yen (342,234 thousand U.S.dollars) and Gains related to the step acquisition of shares of subsidiary in the amount of 2,238 million yen (23,794 thousand U.S.dollars) are included in Others in Life Care for the year ended March 2013.

(vii) Foreign exchange gain in the amount of 10,329 million yen (109,829 thousand U.S.dollars) is included in Others in Adjustments for the year ended March 2013.

(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 2012 and 2013:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Information Technology			
Electronics related products	105,566	108,756	1,156,359
Imaging related products	60,257	52,461	557,797
Information Technology total	165,822	161,216	1,714,156
Life Care			
Health Care related products	140,276	150,100	1,595,955
Medical related products	52,671	58,868	625,922
Life Care total	192,947	208,968	2,221,877
Other	1,903	2,269	24,130
Corporate (R&D)	1	41	431
Total revenue from external customers	360,673	372,494	3,960,593

(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 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Japan	138,892	136,896	1,455,566
U.S.A.	36,097	37,316	396,763
China	50,163	48,921	520,162
Others	135,521	149,361	1,588,102
Total	360,673	372,494	3,960,593

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 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Japan	47,091	43,552	463,074
Thailand	18,547	32,546	346,051
Vietnam	9,858	18,125	192,721
Philippines	14,595	15,486	164,661
Others	33,199	59,117	628,569
Total	123,289	168,827	1,795,075

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, Vietnam, 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)

<u>Cost</u>	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 1 April 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 (iii)	(2,348)	(2,711)	(4,527)	(1,771)	(5)	(11,361)
Disposals (i) (v)	(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
Additions	1,345	3,505	2,154	−	37,056	44,060
Business combinations (iv)	1,155	2,380	131	117	816	4,599
Disposals (i)	(1,090)	(5,582)	(2,142)	(117)	(215)	(9,146)
Reclassification to assets held for sale	(324)	−	−	(310)	−	(634)
Transfer from construction in progress	6,513	21,397	1,189	−	(29,099)	−
Effect of foreign currency exchange differences	7,544	20,923	3,577	405	2,562	35,012
Others	(46)	312	193	332	(1,312)	(521)
Balance at 31 March 2013	93,031	264,352	47,581	10,527	22,916	438,407

(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 2011	(44,649)	(193,553)	(29,910)	(323)	―	(268,435)
Depreciation expense	(3,451)	(16,451)	(4,429)	―	―	(24,331)
Impairment losses (ii)	(222)	―	―	―	―	(222)
Reversal of impairment losses (ii)	425	3	35	―	―	462
Business transfer (iii)	984	2,246	3,876	―	―	7,107
Disposals (i)	4,756	15,700	2,736	58	―	23,250
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)
Depreciation expense	(4,227)	(18,656)	(3,896)	―	―	(26,778)
Impairment losses (ii)	(289)	(243)	(46)	(286)	(112)	(975)
Disposals (i)	896	5,311	1,404	―	―	7,611
Reclassification to assets held for sale	287	―	―	286	―	573
Effect of foreign currency exchange differences	(3,141)	(14,854)	(2,866)	―	―	(20,862)
Others	(512)	(518)	436	―	―	(594)
Balance at 31 March 2013	(48,628)	(216,630)	(32,025)	(264)	(112)	(297,660)

(Millions of Yen)

Carrying amount	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 1 April 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
Balance at 31 March 2013	44,402	47,721	15,556	10,263	22,804	140,747

(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 2012	828,639	2,354,232	451,676	107,391	139,375	3,881,313
Additions	14,296	37,270	22,901	─	394,002	468,469
Business combinations (iv)	12,281	25,305	1,396	1,241	8,671	48,895
Disposals (i)	(11,587)	(59,354)	(22,775)	(1,243)	(2,288)	(97,247)
Reclassification to assets held for sale	(3,446)	─	─	(3,292)	─	(6,738)
Transfer from construction in progress	69,253	227,511	12,639	─	(309,404)	─
Effect of foreign currency exchange differences	80,217	222,468	38,030	4,311	27,246	372,272
Others	(491)	3,322	2,048	3,526	(13,947)	(5,542)
Balance at 31 March 2013	989,163	2,810,755	505,915	111,935	243,655	4,661,423

(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 2012	(442,762)	(1,995,432)	(287,691)	(2,811)	─	(2,728,697)
Depreciation expense	(44,945)	(198,359)	(41,421)	─	─	(284,724)
Impairment losses (ii)	(3,069)	(2,581)	(492)	(3,039)	(1,189)	(10,370)
Disposals (i)	9,523	56,472	14,929	─	─	80,923
Reclassification to assets held for sale	3,051	─	─	3,039	─	6,090
Effect of foreign currency exchange differences	(33,399)	(157,938)	(30,478)	─	─	(221,816)
Others	(5,446)	(5,513)	4,639	─	─	(6,320)
Balance at 31 March 2013	(517,049)	(2,303,351)	(340,515)	(2,811)	(1,189)	(3,164,915)

(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 2013	472,114	507,404	165,400	109,124	242,466	1,496,508

Note:

(i) Gain and loss arising from sale or disposal of property, plant and equipment for the years ended 31 March 2012 and 2013 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 ‘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” .

(iii) Details of business transfer are set out in Note 28 “Discontinued operations”.

(iv) Details of business combination are set out in Note 34 “Business combinations”.

(v) The damage on plant equipment of certain subsidiaries of the Group due to the massive flood 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).”

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

Building with carrying amount of 29 million yen (308 thousand U.S.dollars) has been pledged as collateral to secure 12 million yen (128 thousand U.S.dollars) 'Interest-bearing long-term debt' and 4 million yen (39 thousand U.S.dollars) 'Interest-bearing short-term debt' as at 31 March 2013. Refer to Note 16 "Interest-bearing debt" for details. Besides the above, Buildings in the amount of 101 million yen (1,075 thousand U.S. dollars) and Land in the amount of 1 million yen (11 thousand U.S. dollars) were provided as collateral for the conditional obligation in the amount of 83 million yen (878 U.S.dollars) associated with the government grant.
Details of commitments for the acquisition of property, plant, and equipment are set out in Note 37 "Commitments for expenditure".
There is no borrowing cost capitalised and included in the cost of acquisition of property, plant and equipment.
The following are carrying amounts for property, plant and equipment under finance leases as at 31 March 2012 and 2013, which are included in each corresponding amount in the table above.

(Millions of Yen)

	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Total
Balance at 31 March 2012	101	26	211	338
Balance at 31 March 2013	92	71	522	685

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

	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Total
Balance at 31 March 2013	980	753	5,547	7,280

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

7.Goodwill and intangible assets

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

（Millions of Yen）

Cost	Goodwill	Intangible assets					
		Software	Technology	Patents	Customer related assets	Others (i)	Total
Balance at 1 April 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
Additions	−	867	−	29	−	42	938
Acquisitions through business combinations (iii)	6,382	107	−	1	6,417	1,506	8,031
Disposals (ii)	−	(414)	−	(130)	−	(0)	(544)
Effect of foreign currency exchange differences	910	1,044	337	0	565	363	2,309
Others	−	255	−	−	514	(501)	268
Balance at 31 March 2013	11,198	14,025	11,128	10,491	7,497	4,706	47,847

（Millions of Yen）

Accumulated amortisation and impairment losses	Goodwill	Intangible assets					
		Software	Technology	Patents	Customer related assets	Others	Total
Balance at 1 April 2011	(1,428)	(9,746)	(5,055)	(6,286)	−	(3,251)	(24,338)
Amortisation expense (iv)	−	(1,308)	(695)	(1,240)	−	(353)	(3,596)
Impairment loss (v)	(609)	−	−	−	−	−	−
Reversal of impairment loss (v)	−	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)
Amortisation expense (iv)	−	(1,272)	(800)	(1,259)	(542)	(221)	(4,094)
Impairment loss (v)	−	(22)	−	(108)	−	−	(130)
Disposals (ii)	−	381	−	77	−	0	458
Effect of foreign currency exchange differences	(357)	(747)	(207)	(2)	(89)	(151)	(1,196)
Others	−	(17)	−	−	(214)	214	(17)
Balance at 31 March 2013	(2,831)	(10,470)	(7,940)	(7,464)	(845)	(1,939)	(28,658)

(Millions of Yen)

Carrying amount	Goodwill	Intangible assets					
		Software	Technology	Patents	Customer related assets	Others	Total
Balance at 1 April 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
Balance at 31 March 2013	8,367	3,555	3,187	3,027	6,652	2,767	19,189

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

Cost	Goodwill	Intangible assets					
		Software	Technology	Patents	Customer related assets	Others (i)	Total
Balance at 31 March 2012	41,522	129,352	114,733	112,607	–	35,055	391,747
Additions	–	9,219	–	313	–	446	9,978
Acquisitions through business combinations (iii)	67,859	1,143	–	8	68,234	16,010	85,395
Disposals (ii)	–	(4,399)	–	(1,383)	–	(2)	(5,784)
Effect of foreign currency exchange differences	9,678	11,100	3,583	3	6,008	3,856	24,551
Others	–	2,709	–	–	5,468	(5,324)	2,853
Balance at 31 March 2013	119,059	149,123	118,316	111,549	79,711	50,041	508,741

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

Accumulated amortisation and impairment losses	Goodwill	Intangible assets					
		Software	Technology	Patents	Customer related assets	Others	Total
Balance at 31 March 2012	(26,305)	(93,490)	(73,729)	(65,621)	–	(18,936)	(251,776)
Amortisation expense (iv)	–	(13,524)	(8,502)	(13,386)	(5,763)	(2,354)	(43,528)
Impairment loss (v)	–	(233)	–	(1,145)	–	–	(1,379)
Disposals (ii)	–	4,052	–	814	–	2	4,868
Effect of foreign currency exchange differences	(3,796)	(7,945)	(2,196)	(21)	(941)	(1,609)	(12,712)
Others	–	(183)	–	–	(2,278)	2,278	(183)
Balance at 31 March 2013	(30,101)	(111,324)	(84,427)	(79,358)	(8,982)	(20,619)	(304,709)

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

Carrying amount	Goodwill	Intangible assets					
		Software	Technology	Patents	Customer related assets	Others	Total
Balance at 31 March 2013	88,959	37,800	33,890	32,190	70,729	29,422	204,031

Note:

(i) There were no significant internally-generated intangible assets for the years ended 31 March 2012 and 2013.

(ii) Loss on disposal of intangible assets is set out in Note 26 “Revenue and expenses (excluding finance income and costs)” (7) Other expenses.

(iii) Refer to Note 34 “Business combinations” for details of acquisitions through business combinations.

(iv) Amortisation expense is included in the line item ‘Depreciation and amortisation’ in the consolidated statement of comprehensive income.

(v) 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 customer related assets for mainly distribution of the health care related products and technology and patents for manufacturing of the medical related products. The carrying amount of the customer related assets is 5,636 million yen (59,931 thousand U.S. dollars) as at 31 March 2013. The carrying amount of technology is 2,201 million yen (23,407 thousand U.S.dollars) as at 31 March 2013 (as at 31 March 2012: 2,691 million yen). The carrying amount of patents is 2,673 million yen (28,418 thousand U.S.dollars) as at 31 March 2013 (as at 31 March 2012: 3,802 million yen). The remaining useful lives of technology are four years as at 31 March 2013 (as at 31 March 2012: five years). The remaining useful lives of patents are two years as at 31 March 2013 (as at 31 March 2012: three 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 March 2012	(Millions of Yen) For the year ended March 2013	(Thousands of U.S.Dollars (Note 2)) For the year ended March 2013
Buildings and structures	222	289	3,069
Machinery and equipment	―	243	2,581
Tools, equipment and fixtures	―	46	492
Land	―	286	3,039
Construction in progress	―	112	1,189
Subtotal losses on property, plant and equipment	222	975	10,370
Goodwill	609	―	―
Intangible assets	―	130	1,379
Other non-current assets(Long-term prepaid expense)	―	14	147
Total impairment losses	831	1,119	11,896

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
Buildings and structures	425
Machinery and carriers	3
Tools, equipment and fixtures	35
Sub total - property, plant and equipment	462
Software	371
Patents	782
Others	21
Sub total - intangible assets	1,174
Other non-current assets (Long-term prepaid expenses)	218
Total reversal of impairment losses (Discontinued operations)	1,854

(1) Cash-generating units

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

(2) Impairment losses on assets in business units

For the year ended 31 March 2012

The Group performed an 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)
	Impairment losses
Life Care	
Medical related products (Medical instruments for hemostasis)	
Goodwill	609
Life Care Total	609

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)
	Reversal of impairment losses
Information Technology	
Imaging related products (Digital cameras)	
Property, plant and equipment	462
Intangible assets	1,174
Other non-current assets (Long-term prepaid expenses)	218
Information Technology Total (Discontinued operations)	1,854

For the year ended 31 March 2013

There were indications of impairment due to the decline in the Optical device market caused by a decrease of demand in PCs and the spread of downloading data via the internet. The impairment test is based on the latest business plan, and the following impairment losses were recognised:

Recoverable amount was measured at the value in use and determined using cash flow projections based on the financial budgets for the following five fiscal years approved by the Group's management, and a discount rate of 10% per annum which is the SBU's pre-tax weighted average capital cost (WACC).

	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	Impairment losses	Impairment losses
Information Technology		
Imaging related products (Optical Devices)		
Buildings and structures	212	2,252
Machinery and carriers	231	2,457
Tools, equipment and fixtures	46	492
Construction in progress	112	1,189
Property, plant and equipment Total	601	6,391
Software	22	233
Patents	108	1,145
Intangible assets Total	130	1,379
Other non-current assets (Long-term prepaid expenses)	14	147
Information Technology Total	745	7,916

(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 an appraisal or publicly posted land price. For any asset to be disposed of, its recoverable amount was considered to be zero.

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

	Impairment losses (Millions of Yen)
Information Technology	
Buildings and structures	222
Information Technology Total	222
Total	222

Impairment losses were recognised as follows for the year ended 31 March 2013:

	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	Impairment losses	Impairment losses
Information Technology		
Buildings and structures	60	641
Information Technology Total	60	641
Life Care		
Buildings and structures	17	176
Machinery and carriers	12	124
Land	286	3,039
Life Care Total	314	3,339
Total	374	3,979

(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 5% to 8% 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 2012				
	Life Care		Adjustments	
	Health Care related products	Medical related products	R&D	Total
	Eyeglass lenses	Medical accessories		
Japan	−	−	−	−
Americas	148	59	31	238
Europe	637	110	−	747
Asia	446	−	−	446
Total	1,232	169	31	1,431

（Millions of Yen）

As at 31 March 2013				
	Life Care		Adjustments	
	Health Care related products	Medical related products	R&D	Total
	Eyeglass lenses	Medical accessories		
Japan	−	733	−	733
Americas	6,301	66	35	6,402
Europe	655	69	−	724
Asia	508	−	−	508
Total	7,464	868	35	8,367

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

As at 31 March 2013				
	Life Care		Adjustments	
	Health Care related products	Medical related products	R&D	Total
	Eyeglass lenses	Medical accessories		
Japan	−	7,791	−	7,791
Americas	66,996	703	372	68,071
Europe	6,961	735	−	7,695
Asia	5,401	−	−	5,401
Total	79,358	9,229	372	88,959

Note:

Impairment loss on goodwill of Medical related products (Medical accessories) was recognised in the amount of 609 million yen for the year ended 31 March 2012.

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 2012	As at 31 March 2013
AvanStrate Inc.	Production and sale of glass substrate for thin film transistor (TFT) liquid crystal	JAPAN	Corporate	46.6	46.6
OPTOTAL HOYA LIMITADA.	Production and sale of eyeglass lenses	BRAZIL	Life Care	25.0	－
JIASHAN CANDEO OPTICAL GLASS CO.,LTD.	Production and sale of special glass, such as colored glass	CHINA	Information Technology	49.0	49.0

Note:

OPTOTAL HOYA LIMITADA.(former OPTOTAL HOYA S.A.) became a subsidiary of the Group on 2 April 2012 due to the additional acquisition of shares which resulted in 100% ownership by the Group.

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 2012	As at / for the year ended 31 March 2013	As at / for the year ended 31 March 2013
Total assets	177,607	134,429	1,429,341
Total liabilities	131,311	115,612	1,229,263
Net assets	46,296	18,817	200,077
Group’s share of net assets of associates	12,935	534	5,682
Total revenue	59,054	43,006	457,262
Total expense	54,909	68,579	729,173
Total profit/(loss) for the period	4,145	(25,573)	(271,910)
Group’s share of profit/(loss) of associates	1,864	(11,912)	(126,652)

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 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 and amortisation	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 and amortisation	(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.

（Millions of Yen）

	As at 1 April 2012	Recognised in profit or loss	Recognised in other comprehensive income	Business Combinations	As at 31 March 2013
Temporary differences					
Enterprise tax payable	39	325	―	0	364
Written down inventories	878	(418)	―	35	495
Allowance for doubtful accounts	471	179	―	3	652
Other provision	672	46	―	116	834
Accrued expenses	4,389	565	―	49	5,002
Unrealised profit on inventories	2,248	224	―	―	2,472
Depreciation and amortisation	3,716	1,650	―	―	5,366
Tax goodwill	96	(96)	―	―	(0)
Impairment losses	1,127	19	―	―	1,146
Exchange differences on translating foreign operations	705	―	7	―	712
Others	3,349	(10)	―	44	3,382
Sub total	17,689	2,484	7	246	20,426
Undistributed retained earnings of subsidiaries	(605)	(501)	―	―	(1,106)
Depreciation and amortisation	(3,601)	(1,910)	―	(2,409)	(7,920)
Net gain/(loss) on revaluation of available-for-sale financial assets	(102)	―	(210)	―	(312)
Others	(507)	110	―	(190)	(586)
Sub total	(4,814)	(2,301)	(210)	(2,599)	(9,924)
Tax losses carry forward and tax credits					
Tax losses carry forward	10,990	(8,376)	―	―	2,615
Tax credits	841	(653)	―	―	188
Sub total	11,831	(9,029)	―	―	2,802
Total	24,706	(8,846)	(203)	(2,353)	13,305

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 2012	Recognised in profit or loss	Recognised in other comprehensive income	Business Combinations	As at 31 March 2013
Temporary differences					
Enterprise tax payable	414	3,454	—	3	3,871
Written down inventories	9,332	(4,441)	—	370	5,260
Allowance for doubtful accounts	5,010	1,900	—	27	6,936
Other provision	7,143	487	—	1,235	8,866
Accrued expenses	46,663	6,005	—	518	53,186
Unrealised profit on inventories	23,905	2,383	—	—	26,289
Depreciation and amortisation	39,509	17,547	—	—	57,056
Tax goodwill	1,025	(1,025)	—	—	(0)
Impairment losses	11,979	204	—	—	12,183
Exchange differences on translating foreign operations	7,498	—	76	—	7,574
Others	35,606	(107)	—	465	35,964
Sub total	188,085	26,407	76	2,618	217,186
Undistributed retained earnings of subsidiaries	(6,433)	(5,327)	—	—	(11,760)
Depreciation and amortisation	(38,286)	(20,313)	—	(25,613)	(84,212)
Net gain/(loss) on revaluation of available-for-sale financial assets	(1,083)	—	(2,234)	—	(3,317)
Others	(5,386)	1,175	—	(2,019)	(6,231)
Sub total	(51,188)	(24,466)	(2,234)	(27,632)	(105,520)
Tax losses carry forward and tax credits					
Tax losses carry forward	116,857	(89,056)	—	—	27,801
Tax credits	8,938	(6,943)	—	—	1,995
Sub total	125,795	(95,999)	—	—	29,796
Total	262,692	(94,057)	(2,157)	(25,014)	141,463

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 2012	As at 31 March 2013	As at 31 March 2013
Tax losses carry forward	6,775	10,345	109,991
Deductible temporary differences	1,791	942	10,013
Total	8,566	11,286	120,004

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 2012	As at 31 March 2013	As at 31 March 2013
Year 1	560	1,094	11,630
Year 2	888	1,460	15,528
Year 3	825	922	9,804
Year 4	966	2,056	21,863
Year 5 or later	3,537	4,812	51,165
Total	6,775	10,345	109,991

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 2012 and 2013 were 186,795 million yen and 250,948 million yen (2,668,244 thousand U.S.dollars), respectively. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The Company recognised deferred tax assets on the tax losses of 9,292 million yen as at 31 March 2012 . The Company recognised no deferred tax assets on the tax losses as at 31 March 2013, because such tax losses were fully utilised in the current year and the Company does not have any tax losses as at 31 March 2013.

(2) Income taxes

In Japan, the normal effective statutory tax rates are approximately 40.5% and 38.0 % for the years ended 31 March 2012 and 2013, respectively.

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

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Current tax expense: (i)			
Current year	4,889	9,116	96,929
Prior years	1	(27)	(289)
Total current tax expense	4,890	9,089	96,640
Deferred tax expense: (ii)			
Origination and reversal of temporary difference	9,336	9,036	96,081
Changes in tax rates	1,624	—	—
Total deferred tax expense	10,960	9,036	96,081
Total income tax expense	15,850	18,125	192,722
Continuing operations	14,231	18,125	192,722
Discontinued operations	1,619	—	—

Note:

(i) 'Current tax expense' includes previously unrecognised tax benefits from tax losses carry forward, tax credits and deductible temporary differences. These benefits were 489 million yen and 135 million yen (1,435 thousand U.S.dollars) for the years ended March 2012 and 2013, 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 (72) million yen and (135) million yen ((1,438) thousand U.S.dollars) for the years ended March 2012 and 2013, 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 from continuing operations.

	For the year ended 31 March 2012	For the year ended 31 March 2013
Effective statutory tax rate	40.5%	38.0%
Expenses not deductible for tax purposes	2.0%	0.7%
Revenue not taxable for tax purposes	(1.4)%	(4.7)%
Effect of unrecognised deferred tax assets	(0.7)%	0.4%
Impact of different tax rates applied to overseas subsidiaries	(21.2)%	(17.5)%
Profits and losses on investments in associates	(1.3)%	5.1%
Adjustment on deferred tax assets and liabilities due to the change of corporate tax rate	3.0%	—%
Others	5.4%	(1.7)%
Actual tax rate	26.3%	20.3%

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 2012	As at 31 March 2013	As at 31 March 2013
Other financial assets			
FVTPL financial assets (derivative instruments)	1,058	3,555	37,795
Available-for-sale financial assets	2,982	3,281	34,887
Loans and receivables			
Loans and receivables	52,462	12,514	133,054
Allowance for doubtful accounts	(789)	(990)	(10,525)
Loans and receivables –net	51,673	11,524	122,529
Total	55,713	18,360	195,211
Non-current assets total (Long-term financial assets)	8,442	9,150	97,287
Current assets total (Other short-term financial assets)	47,272	9,210	97,924

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2012	As at 31 March 2013	As at 31 March 2013
Other financial liabilities			
FVTPL financial liabilities (derivative instruments)	383	349	3,710
Other financial liabilities measured at amortised cost	259	185	1,963
Total	642	534	5,673
Non-current liabilities total (Other long-term financial liabilities)	ー	149	1,581
Current liabilities total (Other short-term financial liabilities)	642	385	4,092

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 2012	As at 31 March 2013	As at 31 March 2013
Non-current: Other assets			
Long-term prepaid expenses	1,907	1,853	19,706
Others	212	613	6,522
Total	2,119	2,467	26,228
Current: Other assets			
Prepaid expenses	2,234	2,196	23,352
Refundable consumption taxes	3,354	4,796	50,993
Others	1,149	794	8,440
Total	6,738	7,786	82,785

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2012	As at 31 March 2013	As at 31 March 2013
Non-current: Other liabilities			
Consideration payable for business acquisition	―	1,009	10,724
Deposit received and Long-term advance revenue, etc	1,251	1,215	12,923
Total	1,251	2,224	23,647
Current: Other liabilities			
Accrued salary/Accrued bonus/Accrued vacation pay	10,191	11,159	118,654
Other accrued expenses	10,900	12,146	129,148
Advance received/Deferred revenue (i)	3,531	1,785	18,982
Accrued consumption taxes	1,155	1,567	16,659
Others (ii)	8,053	2,906	30,900
Total	33,830	29,564	314,343

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 2012	As at 31 March 2013	As at 31 March 2013
Advance received/Deferred revenue			
Customer loyalty programmes	110	―	―
Government grants	103	250	2,655
Others	3,318	1,536	16,328
Total	3,531	1,785	18,982

(ii) Proceed from insurance claim of 5,476 million yen for the massive flood in Thailand in October 2011 is included in ‘Others' as at 31 March 2012.

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 2012	As at 31 March 2013	As at 31 March 2013
Goods and products	28,404	28,766	305,856
Work in progress	6,636	6,393	67,977
Raw materials	18,134	20,273	215,552
Supplies	9,798	11,289	120,027
Total	62,972	66,720	709,412
Inventories expected to be sold after more than 12 months	1	1	7

No inventories were pledged as collateral to secure debt.

The cost of inventories recognised as expense during the years ended 31 March 2012 and 2013 was 192,092 million yen and 201,701 million yen (2,144,614 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 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Amount of write-down	1,743	2,272	24,158
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 2012	As at 31 March 2013	As at 31 March 2013
Accounts receivable	69,671	73,416	780,602
Notes receivable	6,478	6,526	69,388
Other receivables	1,415	10,874	115,621
Allowance for doubtful accounts	(1,873)	(1,992)	(21,181)
Total	75,691	88,824	944,431

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.
Other receivables as at 31 March 2013 include insurance proceeds receivable of 9,652 million yen (102,626 thousand U.S.dollars) for the damaged fixed assets and business interruptions caused by the flood in Thailand in October 2011. This amount is included in "Other income (Insurance proceeds)" in Consolidated Statement of Comprehensive Income for the year ended 31 March 2013.

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 2012	As at 31 March 2013	As at 31 March 2013
Cash and cash equivalents			
Cash and deposit within three months	204,772	239,498	2,546,493
Short-term investments within three months	−	9,398	99,928
Total	204,772	248,896	2,646,421

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 2012	As at 31 March 2013	As at 31 March 2013		
Long-term bank loans (excluding current portion)	441	12	128	4.00	2015-2017
Current portion of long-term bank loans	905	1,477	15,702	2.14	―
Short-term bank loans	137	6	60	3.62	―
Bonds (ii)	59,899	60,126	639,299	―	―
Current portion of bonds (ii)	39,988	234	2,491	1.10	―
Long-term finance lease obligations (Note 17)	481	699	7,436	―	2014-2019
Short-term finance lease obligations (Note 17)	194	175	1,857	―	―
Interest-bearing debt Total	102,045	62,729	666,974		
Non-current debt total	60,821	60,837	646,863		
Current debt total	41,224	1,891	20,111		

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 2012	As at 31 March 2013	As at 31 March 2013			
HOYA CORPORATION	Unsecured bond (No.1)	11 September 2007	39,988	―	―	1.42	―	20 September 2012
HOYA CORPORATION	Unsecured bond (No.2)	11 September 2007	24,967	24,980	265,601	1.62	―	19 September 2014
HOYA CORPORATION	Unsecured bond (No.3)	11 September 2007	34,932	34,944	371,545	1.93	―	20 September 2017
Japan Universal Technologies, Inc.	9 Private Notes	2009-2012	―	437	4,644	1.29	―	2013-2018
Total	―	―	99,887	60,360	641,790	―	―	―

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 2013.

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 2012	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2013
Amounts payable under finance leases:						
Not later than one year	203	201	2,137	194	175	1,857
Later than one year but not later than five years	473	725	7,704	402	662	7,041
Later than five years	111	43	462	79	37	395
Total	787	969	10,303	675	874	9,293
Less future finance charges	(112)	(95)	(1,010)			
Present value of lease obligations	675	874	9,293	675	874	9,293
Less amount due for settlement within 12 months				194	175	1,857
Amount due for settlement after 12 months				481	699	7,436

Basically, the Group has not entered into any new finance lease contracts. 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 four to five years as at 31 March 2013.

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 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Minimum lease payments	6,003	6,547	69,609
Contingent rent	338	446	4,741
Total	6,342	6,993	74,350

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 2012 and 2013, 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 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Not later than 1 year	832	1,218	12,946
Later than 1 year but not later than 5 years	1,098	2,449	26,040
Later than 5 years	1,003	417	4,429
Total	2,933	4,083	43,416

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 2013 are four 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. 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.
Defined benefit plans taken over from PENTAX CORPORATION as a result of the merger had a significant portion of retirement benefit plans of the Group, however, the plans were settled in the year ended 31 March 2013.

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 settled in the year ended 31 March 2013:

Details of each of the plans were as follows:

	① Retirement allowances	② Defined 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 2012	As at 31 March 2013	As at 31 March 2013
Obligations under defined benefit plans (funded)	12,041	3,273	34,797
Fair value of plan assets	(7,757)	(2,442)	(25,965)
Total	4,285	831	8,832
Obligations under defined benefit plans (unfunded)	2,932	598	6,353
Net actuarial gains not recognised	(1,864)	(380)	(4,036)
Upper limit of plan assets	―	258	2,741
Net liability arising from defined benefit plans obligations	5,352	1,306	13,890
Balance in the consolidated statement of financial position			
Liability	5,533	1,309	13,922
Asset (Other non-current assets)	(181)	(3)	(33)

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 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Current service cost	560	466	4,956
Interest cost	335	262	2,782
Expected return on plan assets	(215)	(205)	(2,176)
Actuarial losses	351	211	2,239
Losses on settlement	ー	616	6,552
Effect of upper limit of plan assets	ー	258	2,741
Gain on business transfer	(166)	―	―
Total	866	1,608	17,094
Continuing operations	701	1,608	17,094
Discontinued operations	164	―	―
Actual return on plan assets	194	289	3,072

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 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Opening defined benefit plans obligations	18,576	14,973	159,206
Current service cost	560	466	4,956
Interest cost	335	262	2,782
Actuarial (gains) losses	201	183	1,942
Increase due to acquisition of subsidiaries	ー	5	58
Decrease due to settlement	ー	(11,371)	(120,907)
Decrease due to business transfer	(3,395)	―	―
Benefits paid	(1,227)	(1,065)	(11,327)
Foreign currency translation gain (loss)	(76)	418	4,441
Closing defined benefit plans obligations	14,973	3,870	41,150

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 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Opening fair value of plan assets	8,135	7,757	82,473
Expected return on plan assets	215	205	2,176
Actuarial gains (losses)	(21)	84	896
Contributions from employer	543	365	3,884
Decrease due to settlement	ー	(5,581)	(59,342)
Decrease due to business transfer	(364)	―	―
Benefits paid	(708)	(611)	(6,496)
Foreign currency translation gain (loss)	(44)	223	2,375
Closing fair value of plan assets	7,757	2,442	25,965

The Group expects to make a contribution of 84 million yen (892 thousand U.S.dollars) to the defined benefit plans for the year ending 31 March 2014.

The major categories of plan assets are as follows:

	As at 31 March 2012	As at 31 March 2013
Domestic equity instruments	16%	－%
Overseas equity instruments	23%	57%
Domestic debt instruments	9%	－%
Overseas debt instruments	20%	35%
General accounts at life insurance companies (guaranteed return)	10%	－%
Cash and deposits	21%	1%
Others	1%	7%
Total	100%	100%

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

	As at 31 March 2012	As at 31 March 2013
Discount rate	1.5%	4.4%
Expected rate of return on plan assets	1.6%	6.5%
Expected rate of salary increase	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 current year and the past four years were as follows:

	(Millions of Yen)	(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 2013	As at 31 March 2013
Present value of defined benefit plans obligations	21,473	19,031	18,576	14,973	3,870	41,150
Fair value of plan assets	(8,567)	(8,418)	(8,135)	(7,757)	(2,442)	(25,965)
Fund deficit	12,906	10,613	10,441	7,217	1,428	15,185
Adjustments on plan liabilities	1,338	172	(142)	201	183	1,942
Adjustments on plan assets	(1,738)	1,127	(310)	(21)	84	896

(2) Defined contribution plans

The total expense recognised was 1,377 million yen including 17 million yen for discontinued operations, and 1,451 million yen (15,428 thousand U.S.dollars), for the years ended 31 March 2012 and 2013, respectively.

(3) Severance payments

Under certain circumstances (such as retirement before the normal retirement date), additional payments are made upon retirement. The total expense recognised was 1,493 million yen including 10 million yen from discontinued operations, and 2,465 million yen (26,209 thousand U.S.dollars), for the years ended 31 March 2012 and 2013, 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 2012	As at 31 March 2013	As at 31 March 2013
Asset retirement obligation	1,677	2,071	22,024
Warranties provision	597	704	7,489
Total	2,274	2,776	29,512
Non-current liabilities	1,662	1,975	21,005
Current liabilities	612	800	8,508

An analysis of the change in provisions is as follows:

(Millions of Yen)

	Asset retirement obligation	Warranty provision	Total
Balance at 1 April 2012	1,677	597	2,274
Provision for the year	74	643	717
Business Combination	318	ー	318
Interest cost associated with passage of time	16	ー	16
Reduction resulting from settlement for the year	(92)	(600)	(691)
Effect of foreign currency exchange differences	78	64	142
Balance at 31 March 2013	2,071	704	2,776

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

	Asset retirement obligation	Warranty provision	Total
Balance at 1 April 2012	17,826	6,352	24,178
Provision for the year	790	6,834	7,624
Business Combination	3,383	ー	3,383
Interest cost associated with passage of time	167	ー	167
Reduction resulting from settlement for the year	(973)	(6,376)	(7,349)
Effect of foreign currency exchange differences	831	679	1,510
Balance at 31 March 2013	22,024	7,489	29,512

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 2012	As at 31 March 2013	As at 31 March 2013
Accounts payable	26,354	20,572	218,731
Notes payable, trade	1,199	373	3,967
Processing cost payable	497	399	4,242
Other payables	14,057	19,045	202,497
Notes payable for capital investment	32	27	282
Total	42,138	40,415	429,718

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 arranges a cash pooling for Japan, Europe and the U.S.A. to ensure that all payables are paid within the pre-agreed credit terms.

22.Share capital and other equity items

(1) Share capital and capital reserves

	Number of authorised shares (Ordinary shares with no par-value)	Number of issued shares (Ordinary shares with no par-value)	Number of outstanding shares (Ordinary shares with no par-value)	Share capital (Millions of Yen)	Capital reserves (Millions of Yen)	Share capital (Thousands of U.S.Dollars (Note 2))	Capital reserves (Thousands of U.S.Dollars (Note 2))
Balance at 1 April 2011	1,250,519,400	435,017,020	431,414,172	6,264	15,899	66,605	169,045
Increase (i)	—	—	11,248	—	—	—	—
Balance at 31 March 2012	1,250,519,400	435,017,020	431,425,420	6,264	15,899	66,605	169,045
Increase (i)	—	—	70,721	—	—	—	—
Balance at 31 March 2013	1,250,519,400	435,017,020	431,496,141	6,264	15,899	66,605	169,045

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 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
Repurchase of odd-lot shares	911	2
Disposal of odd-lot shares to shareholders with odd-lot shares	(32)	(0)
Decrease on exercise of stock option	(71,600)	(218)
Balance at 31 March 2013	3,520,879	10,712

	Numbers of shares	Amount (Thousands of U.S.Dollars (Note 2))
Balance at 31 March 2012	3,591,600	116,195
Repurchase of odd-lot shares	911	17
Disposal of odd-lot shares to shareholders with odd-lot shares	(32)	(1)
Decrease on exercise of stock option	(71,600)	(2,316)
Balance at 31 March 2013	3,520,879	113,895

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 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)
Disposal of treasury shares	(89)	(17)	ー	(106)
Share-based payments	ー	299	ー	299
Balance at 31 March 2013	(4,989)	3,070	(393)	(2,313)

	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 2012	(52,100)	29,641	(4,178)	(26,637)
Disposal of treasury shares	(949)	(182)	—	(1,132)
Share-based payments	—	3,180	—	3,180
Balance at 31 March 2013	(53,049)	32,639	(4,178)	(24,588)

Note:

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

(ii) The Group acquired 49 percent of shares in HOYA HILL OPTICS SA (PTY) LTD., a consolidated subsidiary and the ownership interest of the Group has increased to 100 percent.

The difference between the decrease of non-controlling interests (proportional interests of the carrying amount of the net assets) and the consideration paid in the amount of 393 million yen 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 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
Profit for the year (attributable to owners of the Company)	71,099
Dividends	(28,045)
Balance at 31 March 2013	485,953

	Amount (Thousands of U.S.Dollars (Note 2))
Balance at 31 March 2012	4,709,180
Profit for the year (attributable to owners of the Company)	755,975
Dividends	(298,190)
Balance at 31 March 2013	5,166,966

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 2011	35	0.37	15,099	160,542	31 March 2011	2 June 2011
31 October 2011	30	0.32	12,943	137,615	30 September 2011	30 November 2011
30 May 2012	35	0.37	15,100	160,552	31 March 2012	1 June 2012
31 October 2012	30	0.32	12,945	137,638	30 September 2012	30 November 2012
30 May 2013	35	0.37	15,102	160,578	31 March 2013	3 June 2013

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 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 from additional acquisition of shares by the Company	(264)
Balance at 31 March 2012	(149)
Profit for the year (attributable to non-controlling interests)	143
Translation differences for foreign operations (other comprehensive income)	1
Dividends	(134)
Decrease due to liquidation of subsidiaries	(47)
Balance at 31 March 2013	(187)

	Amount (Thousands of U.S.Dollars (Note 2))
Balance at 31 March 2012	(1,584)
Profit for the year (attributable to non-controlling interests)	1,516
Translation differences for foreign operations (other comprehensive income)	6
Dividends	(1,421)
Decrease due to liquidation of subsidiaries	(502)
Balance at 31 March 2013	(1,984)

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 2012	As at 31 March 2013	As at 31 March 2013
Interest-bearing debt	102,045	62,729	666,974
Less: Cash and cash equivalents	204,772	248,896	2,646,421
Net debt	(102,727)	(186,167)	(1,979,447)
Equity	384,653	470,685	5,004,624

In order to maximise the corporate value of the Group, cash flows have been a priority of the Group management. As at 31 March 2012 and 2013, 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 2013.

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 2012	As at 31 March 2013	As at 31 March 2013
Financial assets			
FVTPL financial assets (derivative instruments) (ii)	1,058	3,555	37,795
Loans and receivables			
Trade and other receivables	75,691	88,824	944,431
Other financial assets (ii)	51,673	11,524	122,529
Available-for-sale financial assets (ii)	2,982	3,281	34,887
Cash and cash equivalents	204,772	248,896	2,646,421
Financial liabilities			
FVTPL financial liabilities (derivative instruments) (iii)	383	349	3,710
Financial liabilities measured at amortised cost			
Trade and other payables	42,138	40,415	429,718
Interest-bearing debt	102,045	62,729	666,974
Other financial liabilities (iii)	259	185	1,963

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 sources of these risks or to minimise the risks that are not avoidable.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. 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 falls 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 depreciates or appreciates 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 with the assumption that other currencies are held constant.

	For the year ended 31 March 2012	For the year ended 31 March 2013
Average exchange rate		
(Yen per each currency)		
Thai Baht	2.58	2.72
Euro	109.55	107.39
U.S. dollar	78.98	83.32
Impact on profit for the year		
(Millions of Yen)		
Thai Baht	(27)	(349)
Euro	(27)	(14)
U.S. dollar	(124)	(162)
Impact on equity		
(Millions of Yen)		
Thai Baht	(109)	(403)
Euro	(447)	(321)
U.S. dollar	(240)	(291)

	For the year ended 31 March 2013
Impact on profit for the year	
(Thousands of U.S.Dollars (Note 2))	
Thai Baht	(3,706)
Euro	(149)
U.S. dollar	(1,723)
Impact on equity	
(Thousands of U.S.Dollars (Note 2))	
Thai Baht	(4,285)
Euro	(3,416)
U.S. dollar	(3,096)

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 2012	31 March 2013	31 March 2012	31 March 2013
Trade and other receivables	(20)	(26)	(201)	(188)
Trade and other payables	1	0	85	56
Long-term financial assets	(0)	(0)	(2)	―
Short-term financial assets	(0)	―	(7)	(282)
Cash and cash equivalents	(53)	(8)	(332)	(559)
Total	(72)	(35)	(457)	(973)

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

	Euro	U.S. dollar
	31 March 2013	31 March 2013
Trade and other receivables	(277)	(1,995)
Trade and other payables	0	600
Long-term financial assets	(0)	―
Short-term financial assets	―	(3,000)
Cash and cash equivalents	(90)	(5,948)
Total	(368)	(10,343)

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 2012	31 March 2013	31 March 2012	31 March 2013
Trade and other receivables	―	―	(3)	(3)
Trade and other payables	0	2	2	2
Long-term financial assets	(0)	(0)	―	―
Cash and cash equivalents	(44)	(48)	(54)	(71)
Total	(44)	(46)	(55)	(72)

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

	Yen	U.S. dollar
	31 March 2013	31 March 2013
Trade and other receivables	―	(32)
Trade and other payables	18	17
Long-term financial assets	(0)	―
Cash and cash equivalents	(508)	(752)
Total	(490)	(767)

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 2012	Average exchange rate	Foreign currency (mil)	Notional value	Fair value
Forward foreign exchange contracts				
Over one year				
US$Sell (€Buy)	0.75 (€/US$)	$47.0	3,850	10
Within one year				
US$Sell (€Buy)	0.73 (€/US$)	$200.2	16,062	(383)
US$Buy (Yen Sell)	76.94 (Yen/US$)	$ 200.0	15,388	1,048

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

For the year ended 31 March 2013	Average exchange rate	Foreign currency (mil)	Notional value	Fair value	Notional value	Fair value
Forward foreign exchange contracts						
Over one year						
US$Sell (€Buy)	0.77 (€/US$)	$185.2	17,157	(149)	182,424	(1,581)
Within one year						
US$Sell (€Buy)	0.77 (€/US$)	$139.2	12,897	(200)	137,129	(2,128)
US$Buy (Yen Sell)	82.08 (Yen/US$)	$300.0	24,625	3,555	261,826	37,795

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 that the interest rate risk is not significant and has not performed a sensitivity analysis such as Basis Point Value.

③ Price risks management in equity instruments

The Group is exposed to equity price risks arising from equity instruments (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 115 million yen and 129 million yen (1,376 thousand U.S.dollars) as at 31 March 2012 and 2013, 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 manufactured products and sold 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 2013.

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 2012	As at 31 March 2013	As at 31 March 2013
Guarantee liabilities	982	527	5,603

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 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

(Millions of Yen)

Balance at 31 March 2013	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)	90,816	80,189	4,764	1,678	926	596	2,662
Allowance for doubtful accounts	(1,992)	(628)	(11)	(31)	(66)	(78)	(1,178)
Trade and other receivables (net)	88,824	79,561	4,753	1,647	861	518	1,484
Other financial assets (gross)	12,514	11,642	7	－	－	－	864
Allowance for doubtful accounts	(990)	(235)	－	－	－	－	(755)
Other financial assets (net)	11,524	11,407	7	－	－	－	109

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

Balance at 31 March 2013	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)	965,611	852,624	50,658	17,843	9,849	6,337	28,300
Allowance for doubtful accounts	(21,181)	(6,682)	(119)	(326)	(697)	(829)	(12,527)
Trade and other receivables (net)	944,431	845,942	50,540	17,517	9,151	5,507	15,774
Other financial assets (gross)	133,054	123,787	78	－	－	－	9,190
Allowance for doubtful accounts	(10,525)	(2,496)	－	－	－	－	(8,029)
Other financial assets (net)	122,529	121,291	78	－	－	－	1,161

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 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
Provision for the year	260	202	461
Reduction resulting from settlement for the year	(159)	(10)	(170)
Reduction for the year (reversal)	(183)	(26)	(209)
Business combinations	38	―	38
Other (foreign exchange translation gain or losses, etc.）	163	36	199
Balance at 31 March 2013	1,992	990	2,982

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

	Allowance for doubtful accounts (Current)	Allowance for doubtful accounts (Non-current)	Total
Balance at 31 March 2012	19,918	8,388	28,306
Provision for the year	2,760	2,147	4,906
Reduction resulting from settlement for the year	(1,694)	(111)	(1,805)
Reduction for the year (reversal)	(1,943)	(278)	(2,221)
Business combinations	408	―	408
Other (foreign exchange translation gains or losses）	1,732	379	2,111
Balance at 31 March 2013	21,181	10,525	31,705

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.

There were no notes receivable transferred that were outstanding as at 31 March 2012 and 2013.

(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 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 (excluding current portion)	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

(Millions of Yen)

Balance at 31 March 2013	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	40,415	40,415	40,415	−	−	−	−	−
Long-term bank loans (excluding current portion)	12	12	−	4	4	4	−	−
Current portion of long-term bank loans	1,477	1,477	1,477	−	−	−	−	−
Short-term bank loans	6	6	6	−	−	−	−	−
Bonds (excluding current portion)	60,126	60,203	−	25,126	21	21	35,021	14
Current portion of bonds	234	234	234	−	−	−	−	−
Long-term finance lease obligations	699	699	−	230	184	150	99	37
Short-term finance lease obligations	175	175	175	−	−	−	−	−
Other financial liabilities	185	185	185	−	−	−	−	−
Derivative liabilities								
Currency derivative instruments	349	349	200	12	48	23	66	−
Total	103,677	103,754	42,691	25,371	256	198	35,186	51

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

Balance at 31 March 2013	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	429,718	429,718	429,718	—	—	—	—	—
Long-term bank loans (excluding current portion)	128	128	—	41	43	44	—	—
Current portion of long-term bank loans	15,702	15,702	15,702	—	—	—	—	—
Short-term bank loans	60	60	60	—	—	—	—	—
Bonds (excluding current portion)	639,299	640,112	—	267,156	223	223	372,366	144
Current portion of bonds	2,491	2,491	2,491	—	—	—	—	—
Long-term finance lease obligations	7,436	7,436	—	2,442	1,953	1,594	1,052	395
Short-term finance lease obligations	1,857	1,857	1,857	—	—	—	—	—
Other financial liabilities	1,963	1,963	1,963	—	—	—	—	—
Derivative liabilities								
Currency derivative instruments	3,710	3,710	2,128	124	506	248	702	—
Total	1,102,365	1,103,178	453,921	269,763	2,725	2,110	374,120	538

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 2012	As at 31 March 2013	As at 31 March 2013
Loan commitment			
Used	—	—	—
Unused	50,000	—	—
Total	50,000	—	—
Bank overdraft			
Used	—	—	—
Unused	56,003	65,000	691,122
Total	56,003	65,000	691,122
Commercial paper limit			
Used	—	—	—
Unused	50,000	50,000	531,632
Total	50,000	50,000	531,632

(8) Fair value of financial instruments

	(Millions of Yen)		(Millions of Yen)		(Thousands of U.S.Dollars (Note 2))	
	As at 31 March 2012		As at 31 March 2013		As at 31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
FVTPL financial assets (derivative instruments)	1,058	1,058	3,555	3,555	37,795	37,795
Loans and receivables						
Other financial assets	51,673	51,650	11,524	11,501	122,529	122,283
Available-for-sale financial assets	2,982	2,982	3,281	3,281	34,887	34,887
Total	55,713	55,691	18,360	18,336	195,211	194,965
Liabilities						
FVTPL financial liabilities (derivative instruments)	383	383	349	349	3,710	3,710
Financial liabilities measured at amortised cost						
Long-term bank loans (excluding current portion)	441	422	12	12	128	132
Current portion of long-term bank loans	905	905	1,477	1,476	15,702	15,695
Bonds(excluding current portion)	59,899	63,067	60,126	63,210	639,299	672,086
Current portion of bonds	39,988	40,238	234	237	2,491	2,521
Long-term finance lease obligations	481	547	699	766	7,436	8,148
Short-term finance lease obligations	194	202	175	207	1,857	2,196
Total	102,291	105,764	63,072	66,257	670,623	704,488

Note:
In FVTPL financial assets and financial liabilities (derivatives) categories, 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 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 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

(Millions of Yen)

As at 31 March 2013	Level 1	Level 2	Level 3	Total
FVTPL financial assets (derivative instruments)	―	3,555	―	3,555
Available-for-sale financial assets	2,237	352	693	3,281
Total	2,237	3,906	693	6,836
FVTPL financial liabilities (derivative instruments)	―	349	―	349
Total	―	349	―	349

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

As at 31 March 2013	Level 1	Level 2	Level 3	Total
FVTPL financial assets (derivative instruments)	―	37,795	―	37,795
Available-for-sale financial assets	23,781	3,740	7,366	34,887
Total	23,781	41,535	7,366	72,682
FVTPL financial liabilities (derivative instruments)	―	3,710	―	3,710
Total	―	3,710	―	3,710

Note:
No transfers occurred between Levels 1, 2 and 3 during the years ended 31 March 2012 and 2013.

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 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	ー	ー
Others	1	1
Closing balance	680	680

	Fair value measurement as at the end of the reporting period (Millions of Yen)	
For the year ended 31 March 2013	Available-for-sale financial assets	Total
Opening balance	680	680
Total gains or losses:	(237)	(237)
- in profit or loss (i)	(292)	(292)
- in other comprehensive income (ii)	55	55
Purchase	ー	ー
Others	250	250
Closing balance	693	693

	Fair value measurement as at the end of the reporting period (Thousands of U.S.Dollars (Note 2))	
For the year ended 31 March 2013	Available-for-sale financial assets	Total
Opening balance	7,228	7,228
Total gains or losses:	(2,519)	(2,519)
- in profit or loss (i)	(3,105)	(3,105)
- in other comprehensive income (ii)	585	585
Purchase	ー	ー
Others	2,658	2,658
Closing balance	7,374	7,374

Note:

(i) In the total gains or losses for the years ended 31 March 2012 and 2013 included in profit or loss, (260) million yen and (292) million yen ((3,105) thousand U.S.dollars), respectively, relate to available-for-sale financial assets at the end of the reporting period. Related loss of these assets is included in the line item of ‘Finance costs’ in the consolidated statement of comprehensive income. Refer to Note 27 “Finance income and costs”.

(ii) In the total gains or losses for the years ended 31 March 2012 and 2013 included in other comprehensive income, (78) million yen and 55 million yen (585 thousand U.S.dollars), respectively, relate to the shares not traded in the market. Related loss and profit is included in the line item of ‘Net gain/ (loss) on revaluation of available-for-sale financial assets’ in Note 29 “Other comprehensive income”.

24.Assets held for sale

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

	(Millions of Yen)
	As at 31 March 2012
	Land
Corporate	5,356

Note:

The sale of the above land of Itabashi 1st Plant was approved in the year ended 31 March 2012, and was sold in the year ended 31 March 2013.

The Group has no assets held for sales as at 31 March 2013.

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, and 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 402 million yen and 299 million yen (3,180 thousand U.S.dollars) for the years ended 31 March 2012 and 2013, respectively.

Details of the stock options that are outstanding for the years ended 31 March 2012 and 2013 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
13	560,800	16 Jan 2013	30 Sep 2022	1,648	1,707

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 2012 and 2013 was 1,427 yen and 1,707 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 2012 and 2013:

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

	No.12	No.13
Share price at grant date (Yen)	1,611	1,771
Exercise price (Yen)	1,616	1,648
Expected volatility	37.26%	36.34%
Expected remaining option life (years)	6.0	6.0
Dividends yield	4.04%	3.67%
Risk free rate	0.45%	0.28%

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

Weighted average exercise price of the outstanding options was 2,402 yen and 2,323 yen as at the years ended 31 March 2012 and 2013, respectively. Weighted average remaining contractual life was 7.2 years and 6.7 years as at 31 March 2012 and 2013, respectively.

	For the year ended 31 March 2012		For the year ended 31 March 2013	
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)
Outstanding at the beginning of the period	4,263,000	2,502	4,497,500	2,402
Granted	680,800	1,616	560,800	1,648
Forfeited (i)	(434,300)	2,177	(383,900)	2,404
Exercised	(12,000)	1,556	(71,600)	1,557
Outstanding at the end of the period	4,497,500	2,402	4,602,800	2,323
Exercisable at the end of the period	2,275,000	2,920	2,824,100	2,654

Note:

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

Stock options exercised during the year ended 31 March 2013 were as follows:

No.	Number of shares exercised	Exercise date	Share price at exercise date (Yen)
8	400	10 Apr 2012	1,798
8	70,000	10 Jul 2012	1,750
8	400	10 Sep 2012	1,728
12	800	11 Mar 2013	1,822
Total	71,600		

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		

(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, opening balance of the 1st time adoption of IFRSs, resulting in IFRS 2 not being applied:

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

Weighted average exercise price of the outstanding options was 4,338 yen and 4,333 yen as at 31 March 2012 and 2013, respectively. Weighted average remaining contractual life was 3.8 years and 2.8 years as at 31 March 2012 and 2013, respectively.

	For the year ended 31 March 2012		For the year ended 31 March 2013	
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)
Outstanding at the beginning of the period	545,400	4,336	514,900	4,338
Forfeited (i)	(30,500)	4,298	(38,500)	4,407
Exercised	—	—	—	—
Outstanding at the end of the period	514,900	4,338	476,400	4,333
Exercisable at the end of the period	514,900	4,338	476,400	4,333

Note:

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

There were no stock options exercised for these plans during the years ended 31 March 2012 and 2013.

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)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Sales of goods and products	360,388	372,220	3,957,681
Service revenue	285	274	2,912
Total sales	360,673	372,494	3,960,593

(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 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Commission	531	391	4,161
Rent	138	65	689
Government grants	192	174	1,848
Gain on sale of plant, property and equipment	174	2,134	22,686
Insurance proceeds (i)	351	32,327	343,722
Gains related to the step acquisition of shares of subsidiary (ii)	ー	2,238	23,794
Others	2,159	1,480	15,736
Total other income	3,546	38,809	412,637

Note:

(i) Of the proceeds from insurance of 32,327 million yen, 32,187 million yen (342,234 thousand U.S.dollars) is related to the damaged fixed assets and business interruptions caused by the flood in Thailand in October 2011. The tentative receipt of 5,476 million yen included in "Other current liabilities" in the Consolidated Statement of Financial Position as at 31 March 2012, is included in "Insurance proceeds" for the year ended 31 March 2013. The decrease in "Other current liabilities" is included in "Others" in Cash flows from operating activities in Consolidated Statement of Cash Flows for the year ended 31 March 2013.

(ii) Details of "Gains related to the step acquisition of shares of subsidiary" are set out in Note. 34 "Business combinations".

(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 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Employee benefits expenses	7,082	6,513	69,245
Depreciation and amortisation	1,370	1,680	17,862
Commission expenses	1,800	1,700	18,077
Other expenses	5,706	5,811	61,784
Total research and development expenses recognised as incurred	15,959	15,703	166,967

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 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Salary, bonuses and others	79,719	85,094	904,772
Retirement benefit (Note 19)			
Defined benefit (Note 19)	701	1,608	17,094
Defined contribution (Note 19)	1,360	1,451	15,428
Retirement benefit total	2,061	3,059	32,522
Share-based payments (stock option) (Note 25)	402	299	3,180
Severance payments (Note 19)	1,483	2,465	26,209
Others	3,730	4,065	43,225
Total employee benefits expense	87,395	94,982	1,009,908

(5) Foreign exchange gains or losses

Foreign exchange gains or losses include gains resulting from fluctuations in currency derivatives of 1,438 million yen and 2,530 million yen (26,901 thousand U.S.dollars) for the years ended 31 March 2012 and 2013, respectively. Foreign exchange gains or losses, which was included in "Other expenses" of 20 million yen in the previous year, is presented as a separate line item because of its materiality.

(6) Loss on disaster

For the year ended 31 March 2012, due to the massive flood 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, loss on damage on inventories in the amount of 974 million yen and other related loss in the amount of 921 million yen.

(7) 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 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Packaging/shipping/transportation	6,624	6,873	73,079
Travel	4,989	4,893	52,023
Rent	4,906	5,235	55,665
Utilities	8,496	9,820	104,414
Repair and maintenance	7,744	8,235	87,557
Loss on sales of property, plant and equipment	947	160	1,704
Loss on disposals of property, plant and equipment	1,109	649	6,896
Loss on disposals of intangible assets	26	86	916
Others	46,366	44,129	469,210
Total other expenses	81,206	80,080	851,463

27.Finance income and costs

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Finance income			
Interest income			
Cash and cash equivalents, loans and receivables	1,513	906	9,631
Dividend income			
Available-for-sale financial assets	69	59	632
Total finance income	1,582	965	10,263
Finance costs			
Interest costs			
Interest-bearing debt	1,695	1,511	16,071
Other provisions	18	17	176
Other liabilities	35	11	113
Impairment losses			
Available-for-sales financial assets (ii)	278	547	5,821
Total finance costs	2,027	2,086	22,180

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) Foreign exchange gains or losses.”

(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.

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.

① Reporting Segment
Information Technology

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

		(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	Note	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Profit/loss for the year from discontinued operations				
Revenue:				
Sales		16,267	―	―
Finance income		7	―	―
Other income	(i)	5,592	―	―
Total revenue		21,866	―	―
Expense:				
Change in merchandises, products, work-in-process		(732)	―	―
Raw materials and consumables used		6,277	―	―
Employee benefits expense		2,905	―	―
Depreciation and amortisation		333	―	―
Subcontracting cost		705	―	―
Advertising and promotion expense		892	―	―
Commission expense		861	―	―
Finance costs		16	―	―
Other expenses		6,099	―	―
Total expense		17,357	―	―
Net gain from discontinued operations before tax		4,509	―	―
Income tax	(ii)	1,619	―	―
Net gain from discontinued operations (attributable to the shareholders of the Company)		2,890	―	―

Note:
(i) ‘Other income’ includes the reversal of impairment losses in the amount of 1,854 million yen 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 for the year ended 31 March 2012.

Details of net capital gain are as follows:

	(Millions of Yen) For the year ended 31 March 2012	(Millions of Yen) For the year ended 31 March 2013	(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2013
Consideration received	16,180	−	−
Assets and liabilities transferred			
Non-current assets	(6,224)	−	−
Current assets	(16,896)	−	−
Non-current liabilities	383	−	−
Current liabilities	10,174	−	−
Net capital gain	3,617	−	−

(ii) 'Income tax' includes the tax expense of 1,419 million yen 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 2012	(Millions of Yen) For the year ended 31 March 2013	(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2013
Cash flows from discontinued operations			
Cash flows from operating activities	2,143	−	−
Cash flows from investing activities (i)	11,929	−	−
Cash flows from financing activities (ii)	(22,565)	−	−
Total	(8,493)	−	−

Note:
(i) Cash flows from investing activities include the proceeds from business transfer.
(ii) Cash flows from financing activities include dividend payment to continuing operations and fund transfer to continuing operations.

29.Other comprehensive income

For the years ended 31 March 2012 and 2013, other comprehensive income comprises the following:

	(Millions of Yen) For the year ended 31 March 2012	(Millions of Yen) For the year ended 31 March 2013	(Thousands of U.S.Dollars (Note2)) For the year ended 31 March 2013
Other comprehensive income:			
① Net gain/(loss) on revaluation of available-for-sale financial assets (i)			
Gains (losses) arising during the year	(591)	93	984
Reclassification adjustments to profit or loss for the year	272	501	5,328
Total	(319)	594	6,312
② Exchange differences on translation of foreign operations (ii)			
Gains (losses) arising during the year	(7,955)	41,940	445,933
Reclassification adjustments to profit or loss for the year	973	105	1,113
Total	(6,982)	42,045	447,046
③ Share of other comprehensive income of associates			
Gains (losses) arising during the year	(113)	41	434
Reclassification adjustments to profit or loss for the year	ー	130	1,384
Total	(113)	171	1,818
Other comprehensive income/(loss) before tax	(7,415)	42,809	455,176
Income tax relating to components of other comprehensive income	128	(203)	(2,157)
Total other comprehensive income/(loss) (net of tax)	(7,286)	42,606	453,019

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 2012 and 2013 is as follows:

	(Millions of Yen) For the year ended 31 March 2012			(Millions of Yen) For the year ended 31 March 2013			(Thousands of U.S.Dollars (Note 2)) For the year ended 31 March 2013		
	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	(319)	144	(175)	594	(210)	384	6,312	(2,234)	4,078
② Exchange differences on translation of foreign operations	(6,932)	(16)	(6,948)	42,044	7	42,051	447,039	76	447,116
③ Share of other comprehensive income of associates	(113)	−	(113)	171	−	171	1,818	−	1,818
Sub total	(7,364)	128	(7,236)	42,809	(203)	42,606	455,170	(2,157)	453,012
Other comprehensive income attributable to Non-controlling interests									
② Exchange differences on translation of foreign operations	(50)	−	(50)	1	−	1	6	−	6
Sub total	(50)	−	(50)	1	−	1	6	−	6
Total other comprehensive income	(7,415)	128	(7,286)	42,809	(203)	42,606	455,176	(2,157)	453,019

30.Earnings per share

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

	(Yen)	(Yen)	(U.S.Dollars (Note 2))
	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Basic earnings per share			
From continuing operations	93.48	164.78	1.75
From discontinued operations	6.70	–	–
Total basic earnings per share	100.18	164.78	1.75
Diluted earnings per share			
From continuing operations	93.46	164.75	1.75
From discontinued operations	6.70	–	–
Total diluted earnings per share	100.16	164.75	1.75

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

① Basic earnings per share

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Profit attributable to owners of the Company from continuing operations	40,329	71,099	755,975
Profit attributable to owners of the Company from discontinued operations	2,890	–	–
Profit used in the calculation of basic earnings per share	43,219	71,099	755,975

(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 2012	For the year ended 31 March 2013
Weighted-average number of ordinary shares	431,420	431,476

② **Diluted earnings per share**

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Profit attributable to owners of the Company from continuing operation after dilution	40,329	71,099	755,975
Profit attributable to owners of the Company from discontinued operation after dilution	2,890	−	−
Profit used in the calculation of diluted earnings per share	43,219	71,099	755,975

(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 2012	For the year ended 31 March 2013
Weighted-average number of ordinary shares	431,420	431,476
Shares deemed to be issued for no consideration in respect of:		
Stock options	85	83
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	431,505	431,559

31.Non-cash transactions

Non-cash transactions for the years ended 31 March 2012 and 2013 consisted of acquiring property, plant and equipment through new finance lease arrangements in the amount of 124 million yen and 14 million yen (147 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 2012	Proportion of shares held As at 31 March 2013
HOYA GLASS DISK (THAILAND) LTD.	Information Technology	Electronics related products	THAILAND	100.0%	100.0%
HOYA GLASS DISK PHILIPPINES, INC.	Information Technology	Electronics related products	PHILIPPINES	100.0%	100.0%
HOYA GLASS DISK VIETNAM LTD.	Information Technology	Electronics related products	VIETNAM	100.0%	100.0%
HOYA GLASS DISK VIETNAM Ⅱ LTD.	Information Technology	Electronics related products	VIETNAM	100.0%	100.0%
HOYA MICROELECTRONICS TAIWAN CO., LTD.	Information Technology	Electronics related products	TAIWAN	100.0%	100.0%
HOYA ELECTRONICS KOREA CO., LTD.	Information Technology	Electronics related products	SOUTH KOREA	100.0%	100.0%
HOYA ELECTRONICS MALAYSIA SDN.BHD.	Information Technology	Electronics related products	MALAYSIA	100.0%	100.0%
HOYA ELECTRONICS SINGAPORE PTE. LTD.	Information Technology	Electronics related products	SINGAPORE	100.0%	100.0%
HOYA CORPORATION USA	Information Technology	Electronics related products	U.S.A.	100.0%	100.0%
EAST CHEER INVESTMENT LIMITED	Information Technology	Electronics related products	CHINA	100.0%	100.0%
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	100.0%	100.0%
PENTAX CEBU PHILIPPINES CORPORATION	Information Technology	Imaging related products	PHILIPPINES	100.0%	100.0%
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	Proportion of shares held
				As at 31 March 2012	As at 31 March 2013
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%

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 2012:

Advance payment of 3,000 million yen for AvanStrate Inc. was refunded in the year ended 31 March 2012.

There are no outstanding balances and no collateral or guarantees balances as at 31 March 2012.

As at/ for the year ended 31 March 2013:

	Name of affiliates	Nature of related party transactions	Transaction amount		Outstanding balance
			(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))	(Millions of Yen)
Affiliates	AvanStrate Inc.	Purchase of material	27	287	―

(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 2012	For the year ended 31 March 2013	For the year ended 31 March 2013
Short-term benefits	302	345	3,671
Share-based payments	56	22	236
Total remuneration of key management personnel	358	367	3,907

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 acquired some companies and businesses through business combination during the year ended 31 March 2013 as follows:

(1) Overview of acquired companies(businesses)

Name of acquirees	Primary business	Reportable segments	Acquisition date	Percentage of voting equity interests acquired	Total consideration transferred (Million Yen)	Total consideration transferred (Thousands of U.S.Dollars (Note 2))	Acquisition method
OPTOTAL HOYA LIMITADA. （Note）	Manufacturing and sales of ophthalmic lenses	Life Care (Health Care related products)	2 Apr 2012	75％	8,073	85,840	Acquisition of shares
Japan Universal Technologies, Inc.	Manufacturing and sales of Metallic implant for orthopedics	Life Care (Medical related products)	30 May 2012	100％	2,000	21,265	Acquisition of shares
Seiko Epson Corporation Eyeglass lens development and manufacturing	Development and manufacturing of ophthalmic lenses	Life Care (Health Care related products)	1 Feb 2013	―	4,800	51,036	Acquisition of business

Note:
OPTOTAL HOYA S.A. changed its company form after the acquisition.

(2) Primary reasons for business combinations

① OPTOTAL HOYA LIMITADA.

OPTOTAL HOYA LIMITADA. (OPTOTAL) operates the largest prescription lens (Rx) laboratory and has one of the largest wholesale distribution networks in Brazil. HOYA’s cooperation with OPTOTAL started in 1992 with a distributorship agreement and established Rx manufacturing joint-venture in 2007 (Voting equity interests of the Group: 25%). Since then, OPTOTAL has become a significant market player in Brazil with a leading position in the market segment of premium progressive lenses. With the acquisition of OPTOTAL, HOYA will have a strong footprint in South America and will aggressively pursue expansion opportunities in the fast-growing Brazilian market.

② Japan Universal Technologies, Inc.

The Group is leading in the ceramic artificial bone market in Japan, however, the market is quite small among the orthopedics implants market in Japan. The Group will seek to enhance its business base by adding products and services of Japan Universal Technologies, a manufacturer and distributor of implants for the internal fixation of humeral fractures.

③ Seiko Epson Corporation Eyeglass lens development and manufacturing (EPSON eyeglass)

The Group will seek to enlarge its range of products as well as services with the accumulated and unique expertise and knowledge on the development, manufacturing and sales of the eyeglasses and related products obtained from the EPSON eyeglass business.

(3) Consideration for the acquisitions

(Millions of Yen)

	OPTOTAL	Japan Universal Technologies, Inc.	EPSON eyeglass	Total
Cash and cash equivalents	8,073	2,000	3,150	13,223
Non-current liabilities other than Deferred tax liabilities (i)	−	−	1,009	1,009
Trade and other receivables (ii)	−	−	(291)	(291)
Trade and other payables (ii)	−	−	932	932
Total	8,073	2,000	4,800	14,873

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

	OPTOTAL	Japan Universal Technologies, Inc.	EPSON eyeglass	Total
Cash and cash equivalents	85,840	21,265	33,495	140,600
Non-current liabilities other than Deferred tax liabilities (i)	−	−	10,724	10,724
Trade and other receivables (ii)	−	−	(3,098)	(3,098)
Trade and other payables (ii)	−	−	9,914	9,914
Total	85,840	21,265	51,036	158,141

Note:

(i) The amount represents a part of the consideration which will be paid when the royalties for the four years after the closing date will be determined.

(ii) The amounts represent unsettled amounts as at 31 March 2013, which are the adjustments of the fluctuations of net assets until the closing date and the amounts that should be paid immediately after the conditions in the agreement are met.

(4) Expenses related to acquisition

Expenses related to acquisition in the amount of 240 million yen (2,554 thousand U.S.dollars) are included in "Commission expense" in the Consolidated Statement of Comprehensive Income.

(5) The amount of assets acquired and liabilities assumed at the acquisition dates are as follows:

(Millions of Yen)

	OPTOTAL	Japan Universal Technologies, Inc.	EPSON eyeglass	Total
Intangible assets (i)	6,100	854	1,077	8,031
Non-current assets other than intangible assets	1,717	280	2,828	4,825
Trade and other receivables (Before deducting allowance for doubtful accounts)	1,214	488	－	1,702
Allowance for doubtful accounts	(34)	(4)	－	(38)
Cash and cash equivalents	41	644	－	685
Current assets other than above	815	248	1,284	2,348
Total assets	9,852	2,510	5,190	17,552
Deferred tax liabilities (ii)	(2,067)	(287)	－	(2,354)
Non-current liabilities other than deferred tax liabilities	(239)	(501)	(290)	(1,030)
Current liabilities	(2,432)	(455)	(100)	(2,987)
Total liabilities	(4,737)	(1,243)	(390)	(6,370)
Fair value of identifiable acquired net assets	5,115	1,267	4,800	11,182

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

	OPTOTAL	Japan Universal Technologies, Inc.	EPSON eyeglass	Total
Intangible assets (i)	64,859	9,084	11,452	85,395
Non-current assets other than intangible assets	18,256	2,975	30,073	51,304
Trade and other receivables (Before deducting allowance for doubtful accounts)	12,906	5,191	－	18,097
Allowance for doubtful accounts	(364)	(44)	－	(408)
Cash and cash equivalents	433	6,847	－	7,281
Current assets other than above	8,667	2,638	13,655	24,960
Total assets	104,757	26,692	55,180	186,629
Deferred tax liabilities (ii)	(21,974)	(3,051)	－	(25,025)
Non-current liabilities other than deferred tax liabilities	(2,543)	(5,324)	(3,083)	(10,950)
Current liabilities	(25,854)	(4,843)	(1,062)	(31,759)
Total liabilities	(50,371)	(13,218)	(4,144)	(67,733)
Fair value of identifiable acquired net assets	54,385	13,474	51,036	118,895

Note:

(i) Intangible assets mainly consist of "Customer related assets" and "Intellectual properties".

(ii) Deferred tax liabilities are mainly recognised on temporary differences arising in recognition of identifiable intangible assets.

(6) Goodwill arising from the acquisitions

(Millions of Yen)

	OPTOTAL	Japan Universal Technologies, Inc.	EPSON eyeglass	Total
Consideration for acquisition	8,073	2,000	4,800	14,873
Add: Fair value of current equity interests (Note)	2,691	—	—	2,691
Deduct: Fair value of identifiable acquired net assets	(5,115)	(1,267)	(4,800)	(11,182)
Goodwill arising in acquisition	5,649	733	—	6,382

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

	OPTOTAL	Japan Universal Technologies, Inc.	EPSON eyeglass	Total
Consideration for acquisition	85,840	21,265	51,036	158,141
Add: Fair value of current equity interests (Note)	28,613	—	—	28,613
Deduct: Fair value of identifiable acquired net assets	(54,385)	(13,474)	(51,036)	(118,895)
Goodwill arising in acquisition	60,068	7,791	—	67,859

Note:

Remeasurement of fair value in the step acquisition

The previously held 25% of equity interests in OPTOTAL accounted for under the equity method in the amount of 323 million yen, were remeasured at fair value. The method of remeasurement was the same as that of the measurement of the newly acquired 75% shares on 2 April 2012.

The difference in the amount of 2,238 million yen (23,794 thousand U.S.dollars) between the fair value of the shares of 2,691 million yen (28,613 thousand U.S.dollars), and the book value under the equity method is included in "Other income" in the Consolidated Statement of Comprehensive Income and "Others" in the Consolidated Statement of Cash Flows.

Goodwill recognised consists of "Control premium", "Expected synergy", and "Human resources".

Goodwill arising from these acquisitions is not tax-deductible.

(7) Net cash outflows for the acquisitions of subsidiaries

(Millions of Yen)

	OPTOTAL	Japan Universal Technologies, Inc.	EPSON eyeglass	Total
Consideration for the acquisitions paid in cash	8,073	2,000	3,150	13,223
Deduct: Cash and cash equivalents owned by subsidiaries acquired	(41)	(644)	ー	(685)
Add: Dividend payable assumed to current shareholders	739	ー	ー	739
Net cash outflows for the acquisitions of subsidiaries	8,771	1,356	3,150	13,277

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

	OPTOTAL	Japan Universal Technologies, Inc.	EPSON eyeglass	Total
Consideration for the acquisitions paid in cash	85,840	21,265	33,495	140,600
Deduct: Cash and cash equivalents owned by subsidiaries acquired	(433)	(6,847)	ー	(7,281)
Add: Dividend payable assumed	7,853	ー	ー	7,853
Net cash outflows for the acquisitions of subsidiaries	93,260	14,418	33,495	141,173

(8) Impact on the Group's financial results of the Business combinations

As the effect on sales and profit before tax of all the acquisitions in the year ended 31 March 2013 are relatively small, pro forma information according to IFRS 3 is omitted. Sales and profit for the year included in the Consolidated Statement of Comprehensive Income are 8,203 million yen (87,215 thousand U.S.dollars) and 75 million yen (800 thousand U.S.dollars), respectively.

35.Sale of subsidiary

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)
	For the year ended 31 March 2012
Consideration received	16,180
Cash and cash equivalents	15,575
Trade and other receivables	605
Assets and liabilities transferred	
Non-current assets	(6,224)
Current assets	(16,896)
Non-current liabilities	383
Current liabilities	10,174
Net capital gain	3,617
Net cash and cash equivalents received	
Consideration transferred	15,575
Cash and cash equivalents balances possessed by the company transferred	(3,038)
Net cash and cash equivalents received	12,537

No subsidiary was sold in the year ended 31 March 2013.

36.Contingent liabilities

Guarantee liabilities

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

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S.Dollars (Note 2))
	As at 31 March 2012	As at 31 March 2013	As at 31 March 2013
Business partners	982	527	5,603
The Group’s employees	0	―	―
Total	982	527	5,603

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 2012	As at 31 March 2013	As at 31 March 2013
Commitments for the acquisition of property, plant and equipment and intangible assets	21,165	4,915	52,261

38.Subsequent events

Resolution on cash dividends

On 30 May 2013, 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 2013 of 15,102 million yen (160,578 thousand U.S.dollars) (35 yen per common share).

Alliance in marketing and distribution to promote eyewear including transferring the partial ownership

On 16 November 2012, the Company entered into an agreement with Seiko Holdings Corporation ("SEIKO") to acquire 50% of the shares of Seiko Optical Products Co., Ltd. ("SOP"), a wholly owned subsidiary of SEIKO and is responsible for the sales of the eyeglass-related products. 30% of the shares were to be acquired on 1 February 2013 and 20% of the shares on 31 March 2014. The purpose of this investment was to form a strategic alliance in marketing and distribution to globally promote eyewear and related products.
The 30% acquisition was originally scheduled on 1 February 2013, however, it was delayed due to the review by the antitrust authority of People's Republic of China taking longer than we anticipated.
The aforementioned review was completed and the Company and SEIKO executed the contemplated share transfer of SOP on 1 June 2013.

39.Approval of financial statements

The consolidated financial statements for the year ended 31 March 2013 were approved by the Company’s Board of Directors and authorised for issue on 30 May 2013.