Notes to Consolidated Financial Statements

Years ended March 31, 2014 and 2013 Casio Computer Co., Ltd. and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of CASIO COMPUTER CO., LTD. ("the Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English (with certain expanded disclosure) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2014, which was ¥103 to U.S.$1. The convenience translation should not be construed as a representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Significant Accounting Policies

Consolidation

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries (together with the Company, the "Group") which the Company controls through majority voting rights or existence of certain conditions. Shares of associates of which the Company has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method.

In the elimination of investments in subsidiaries, the portion of assets and liabilities of a subsidiary attributable to the subsidiary's shares acquired by the Company are recorded based on the fair value as of the respective dates when such shares are acquired. The amounts of assets and liabilities attributable to minority shareholders of the subsidiary are determined using the financial statements of the subsidiary.

Material intercompany balances, transactions and profits have been eliminated in consolidation.

The difference between the cost and underlying fair value of the net assets of investments in subsidiaries at acquisition is included in other assets and is amortized on a straight-line basis over five years.

Cash flow statements

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated at the current exchange rates at the balance sheet date, and the translation gains and losses are credited or charged to income (loss).

Assets and liabilities of overseas subsidiaries are translated into yen at the current exchange rate at the balance sheet date while their revenue and expenses are translated at the average exchange rate for the period. Differences arising from such translation are included in net assets as foreign currency translation adjustment.

Securities and investment securities

Debt securities designated as held-to-maturity are carried at amortized cost using the straight-line method. Other securities, except for trading securities ("available-for-sale securities") for which fair value is readily determinable, are stated at fair value as of the end of the period with unrealized gains and losses, net of applicable deferred tax assets or liabilities, not reflected in earnings but directly reported as a separate component under net assets. The cost of such securities sold is determined primarily by the moving-average method. Available-for-sale securities for which fair value is not readily determinable are stated primarily at moving-average cost.

Derivatives and hedge accounting

The accounting standard for financial instruments requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Group defers recognition of gains or losses resulting from changes in the fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

Also, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swaps is added to or deducted from the interest on the assets or liabilities for which the swap contract is executed.

The Group uses forward foreign currency contracts and interest rate swaps as derivative financial instruments primarily for the purpose of mitigating future risks of fluctuations of foreign currency exchange rates with respect to foreign currency assets and liabilities and of interest rate changes with respect to cash management.

Forward foreign currency and interest rate swap contracts are subject to risks of foreign currency exchange rate changes and interest rate changes, respectively.

The derivative transactions are executed and managed by the Company's Finance Department in accordance with the established policies and within the specified limits on the amounts of derivative transactions allowed.

Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount sufficient to cover probable losses on the collection of receivables.

The amount of the allowance is determined by an estimated amount of probable bad debt that is based on past write-off experience and a review of the collectability of individual receivables.

Inventories

Inventories are stated primarily at the lower of cost (first-in, first-out) or net realizable values at year-end.

Property, plant and equipment, except leased assets

Property, plant and equipment is stated at cost. For the Company and its consolidated subsidiaries in Japan, depreciation is principally determined by the declining-balance method at rates based on estimated useful lives except for the following items. The building of the head office of the Company, buildings, excluding building fixtures, acquired on or after April 1, 1998, and structures are depreciated using the straight-line method. For overseas subsidiaries, depreciation is principally determined by the straight-line method. The depreciation period ranges from 2 years to 50 years for buildings and structures, from 2 years to 12 years for machinery, equipment and vehicles, and from 1 year to 20 years for tools, furniture and fixtures.

Software, except leased assets

Software is categorized by the following purposes and amortized using the following two methods.

Software for market sales: The production costs for the master product are capitalized and amortized over no more than 3 years on a projected revenue basis.

Software for internal use: The acquisition costs of software for internal use are amortized over 5 years using the straight-line method.

The amount of software costs capitalized is included in other under investments and other assets in the consolidated balance sheets.

Leased assets

(Finance leases which do not transfer ownership of the leased property to the lessee)

Leased assets are divided into the two principal categories of property, plant and equipment and intangible assets included in other under investments and other assets. The former consists primarily of facilities (machinery and equipment, tools, furniture and fixtures) while the latter consists of software. The assets are depreciated on a straight-line basis on the assumption that the lease term is the useful life and the residual value is zero.

Retirement benefits

Under the terms of the employees' severance and retirement plan, eligible employees are entitled under most circumstances, upon mandatory retirement or earlier voluntary severance, to severance payments based on compensation at the time of severance and years of service.

For employees' severance and retirement benefits, the Company and some of its consolidated subsidiaries in Japan provide a defined benefit plan and have established and are participating in the Casio corporate pension fund, which is a system with multiple business proprietors.

The Company and its consolidated subsidiaries in Japan received permission from the Minister of Health, Labour and Welfare, for release from the obligation of paying benefits for employees' prior services relating to the substitutional portion of the Welfare Pension Insurance Scheme. Afterwards, the welfare pension insurance plan was changed to the defined benefit plan.

The Company and some of its consolidated subsidiaries in Japan also provide a defined contribution plan. On April 1, 2012, the Company and certain consolidated subsidiaries transferred part of the defined benefit plan to the defined contribution plan. In addition, the Company has established an employee retirement benefit trust.

The liabilities and expenses for retirement benefits are determined based on the amounts actuarially calculated using certain assumptions. The liability and expenses for retirement benefit plan subject to some of the consolidated subsidiaries are calculated by a simplified method.

Income taxes

Taxes on income consist of corporation, inhabitants' and enterprise taxes.

The Company and certain consolidated subsidiaries in Japan have applied the consolidated tax payment system from the fiscal year ended March 31, 2014.

The Group recognizes tax effects of temporary differences between the financial statement and the tax basis of assets and liabilities. The provision for income taxes is computed based on the income before income taxes and minority interests included in the statements of income of each company of the Group. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

Appropriations of retained earnings

Appropriations of retained earnings are accounted for and reflected in the accompanying consolidated financial statements when approved by the shareholders.

Amounts per share of common shares

Net income per share of common shares is computed based on the weighted average number of common shares outstanding during each fiscal year (less the treasury shares).

Cash dividends per share represent the actual amount applicable to the respective years.

Reclassifications

Certain reclassifications have been made in the 2013 consolidated financial statements to conform to the 2014 presentation.

Changes in accounting policies

Effective from the year ended March 31, 2014, the Company and its consolidated subsidiaries in Japan have applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012 (hereinafter, "Statement No. 26")) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012 (hereinafter, "Guidance No. 25")) except article 35 of Statement No. 26 and article 67 of Guidance No. 25, and unrecognized actuarial differences and prior service costs have been recognized and the difference between projected benefit obligation and pension plan assets has been recognized as a net defined benefit liability (or as a net defined benefit asset if the amount of pension plan assets exceeds the retirement benefit obligation).

In accordance with article 37 of Statement No. 26, the effect of the change in accounting policies arising from initial application has been recognized in remeasurements of defined benefit plans in accumulated other comprehensive income.

As a result, the Group recorded ¥9,621 million ($93,408 thousand) of net defined benefit asset and ¥860 million ($8,349 thousand) of net defined benefit liability as of March 31, 2014. Furthermore, accumulated other comprehensive income increased by ¥5,292 million ($51,379 thousand) as of March 31, 2014.

Accounting standard and guidance that are yet to be adopted

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012)
"Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012)

(1) Overview

From the standpoint of improving financial reporting and considering international trends, the aforementioned accounting standard and guidance principally reflect the following amendments: Changes in the treatment of unrecognized actuarial differences and prior service costs; Amendments to the determination of projected benefit obligation and current service costs; and Enhanced disclosures.

(2) Planned Effective Dates

Amendments to the determination of projected benefit obligation and current service costs are scheduled to be applied from the beginning of the fiscal year ending March 31, 2015.

(3) Effect of Adopting this Accounting Standard and Guidance

The Company is currently evaluating the effect of adopting this accounting standard and guidance on the consolidated financial statements at the time of preparation of these statements.

Additional information

The Group recorded accrued benefits at the end of the fiscal year based on the regulations for directors' retirement benefits, as provision for payment of the retirement benefits of directors. However, at a meeting of the board of directors on May 21, 2013, a resolution was passed to terminate the retirement benefits system for directors at the close of the annual shareholders' meeting that was then held on June 27, 2013, and the same shareholders' meeting accordingly resolved to cease payment of directors' retirement benefits.

As a result, the Group recorded a reversal of accrued retirement benefits for directors and statutory auditors. The unpaid portion of the amount of the ceased payments was recorded as long-term accounts payable-other of ¥3,957 million ($38,417 thousand) included in other under non-current liabilities. The Group also recorded directors' retirement benefits included in other expenses of ¥2,122 million ($20,602 thousand).

3. Cash and Cash Equivalents

(1) Cash and cash equivalents at March 31, 2014 and 2013

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Cash and deposits	**¥ 90,759**	¥ 56,029	**$ 881,155**
Time deposits over three months	**(15,449)**	(10,267)	**(149,990)**
Debt securities within three months to maturity	**22,999**	36,098	**223,292**
Short-term loans receivable with resale agreement	**15,820**	15,490	**153,592**
Cash and cash equivalents	**¥114,129**	¥ 97,350	**$1,108,049**

(2) Significant non-cash transactions

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Assets relating to finance lease transactions	**¥594**	¥683	**$5,767**
Obligations relating to finance lease transactions	**625**	719	**6,068**

4. Inventories

Inventories at March 31, 2014 and 2013:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Finished goods	**¥35,469**	¥39,665	**$344,359**
Work in process	**5,314**	5,573	**51,592**
Raw materials and supplies	**7,320**	8,877	**71,068**
Total	**¥48,103**	¥54,115	**$467,019**

5. Fair Value of Financial Instruments

Information on financial instruments for the years ended March 31, 2014 and 2013:

(1) Qualitative information on financial instruments

1) Policies for using financial instruments

The Group invests surplus funds in highly secure financial assets, and funds required for working capital and capital investments are raised through the issuance of bonds or loans from financial institutions such as banks. Derivatives are used to avoid the risks described hereinafter and no speculative transactions are entered into.

2) Details of financial instruments used and risks involved, and how they are managed

Notes and accounts receivable—trade are exposed to customers' credit risk. To minimize that risk, the Group periodically monitors the due date and the balance of the accounts.

Securities and investment securities are primarily highly secure and highly-rated debt securities and shares of companies with which the Group has business relations, and are exposed to market price fluctuation risk. The Group periodically monitors the market price and reviews the status of these holdings.

Operating payables comprising notes and accounts payable-trade and accounts payable-other have a due date of within one year.

Operating payables, loans payable, and bonds payable are subject to liquidity risk (the risk of an inability to pay by the due date). However, the Group manages liquidity risk by maintaining short-term liquidity in excess of a certain level of consolidated sales or by other means.

The Group uses derivative transactions of forward foreign currency contracts to hedge currency fluctuation risks arising from assets and liabilities denominated in foreign currencies, as well as interest rate swap contracts to fix the cash flows associated with loans payable and bonds payable or to offset market fluctuation risks. The Group utilizes and manages derivative transactions following the internal regulations for them, which stipulate policy, objective, scope, organization, procedures and financial institutions to deal with, and has an implementation and reporting system for derivative transactions reflecting proper internal control functions.

3) Supplemental information on fair values

The fair value of financial instruments is calculated based on quoted market price or, in case where there is no market price, by making a reasonable estimation. Because the preconditions applied include a floating element, estimation of fair value may vary. The contract amounts, as presented in Note 7 "Derivative Transactions," do not reflect market risk.

(2) Fair values of financial instruments

The following table summarizes book value and fair value of the financial instruments, and the difference between them as of March 31, 2014 and 2013. Items for which fair value is difficult to estimate are not included in the following table (see (Note) 2 on P27).

Millions of Yen

For 2014	Book value	Fair value	Difference
Assets			
[1] Cash and deposits	¥ 90,759	¥ 90,759	¥ —
[2] Notes and accounts receivable—trade	50,633	50,633	—
[3] Securities and investment securities			
a. Held-to-maturity debt securities	10,000	10,000	—
b. Available-for-sale securities	43,601	43,601	—
Total assets	¥194,993	¥194,993	¥ —
Liabilities			
[1] Notes and accounts payable—trade	¥ 39,407	¥ 39,407	¥ —
[2] Short-term loans payable	4,768	4,768	—
[3] Accounts payable—other	19,727	19,727	—
[4] Bonds payable	22,366	22,601	235
[5] Long-term loans payable	58,749	59,146	397
Total liabilities	¥145,017	¥145,649	¥632
Derivative transactions *	¥ 282	¥ 282	¥ —

Thousands of U.S. Dollars

For 2014	Book value	Fair value	Difference
Assets			
[1] Cash and deposits	$ 881,155	$ 881,155	$ —
[2] Notes and accounts receivable—trade	491,583	491,583	—
[3] Securities and investment securities			
a. Held-to-maturity debt securities	97,087	97,087	—
b. Available-for-sale securities	423,311	423,311	—
Total assets	$1,893,136	$1,893,136	$ —
Liabilities			
[1] Notes and accounts payable—trade	$ 382,592	$ 382,592	$ —
[2] Short-term loans payable	46,291	46,291	—
[3] Accounts payable—other	191,524	191,524	—
[4] Bonds payable	217,146	219,428	2,282
[5] Long-term loans payable	570,379	574,233	3,854
Total liabilities	$1,407,932	$1,414,068	$6,136
Derivative transactions *	$ 2,738	$ 2,738	$ —

For 2013	Book value	Fair value	Difference (Millions of Yen)
Assets			
[1] Cash and deposits	¥ 56,029	¥ 56,029	¥ —
[2] Notes and accounts receivable—trade	50,490	50,490	—
[3] Securities and investment securities			
a. Held-to-maturity debt securities	3,298	3,308	10
b. Available-for-sale securities	81,348	81,348	—
Total assets	¥191,165	¥191,175	¥ 10
Liabilities			
[1] Notes and accounts payable—trade	¥ 35,709	¥ 35,709	¥ —
[2] Short-term loans payable	4,400	4,400	—
[3] Accounts payable—other	18,777	18,777	—
[4] Bonds payable	31,278	31,680	402
[5] Long-term loans payable	77,900	78,384	484
Total liabilities	¥168,064	¥168,950	¥886
Derivative transactions *	¥ (222)	¥ (222)	¥ —

* Net receivables and payables, which are derived from derivative transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

(Note) 1: Method for calculating the fair value of financial instruments and matters related to securities and investment securities and derivative transactions

Assets

[1] Cash and deposits, [2] Notes and accounts receivable—trade

Since these items are short-term and the fair value approximates the book value, the book value is used as fair value.

[3] Securities and investment securities

The fair value of equity securities is the market price, while the fair value of debt securities is the market price or the price quoted by the correspondent financial institution. Since certificates of deposit and commercial paper are short-term, and the fair value approximates the book value, the book value is used as fair value.

See Note 6 "Securities and Investment Securities" for information on securities categorized by holding purposes.

Liabilities

[1] Notes and accounts payable—trade, [2] Short-term loans payable, [3] Accounts payable—other

Since these items are short-term, and the fair value approximates the book value, the book value is used as fair value.

[4] Bonds payable

The fair value of bonds payable is calculated by using the discounted cash flow, based on the sum of the principal and total interest over the remaining period and credit risk.

[5] Long-term loans payable

The fair value of long-term loans payable with fixed interest rates is the sum of the principal and total interest discounted by the rate that is applied if a new loan is made.

Since long-term loans payable with floating interest rates reflect market interest rates over the short term, and the fair value approximates the book value, the book value is used as fair value. However, those that are subject to special treatment interest rate swaps are measured by taking the sum of the principal and total interest associated with the interest rate swaps and discounting it by the rate that is reasonably estimated and applied if a new loan is made (see Note 7 "Derivative Transactions").

Derivative transactions

See Note 7 "Derivative Transactions."

(Note) 2: Financial instruments of which fair value is difficult to estimate

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
	Book value	Book value	Book value
Unlisted shares	**¥2,701**	¥2,894	**$26,223**

The market price of the above shares is not available and the future cash flow cannot be estimated. Therefore, the fair value is difficult to estimate. Hence, these are not included in "[3] Securities and investment securities" on P26–27.

In the fiscal year ended March 31, 2014, the Group booked impairment loss of ¥386 million ($3,748 thousand) for unlisted shares.

(Note) 3: Monetary claims, securities and investment securities with repayment due dates after March 31, 2014 and 2013

Millions of Yen

For 2014	Within one year	Within five years	Within ten years	Over ten years
Cash and deposits	¥ 90,759	¥—	¥—	¥—
Notes and accounts receivable—trade	50,633	—	—	—
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds	—	—	—	—
(2) Corporate bonds	—	—	—	—
(3) Others	10,000	—	—	—
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds	—	—	—	—
b. Corporate bonds	9,000	—	—	—
c. Others	3,000	—	—	—
(2) Others	4,000	—	—	—
Total	¥167,392	¥—	¥—	¥—

Thousands of U.S. Dollars

For 2014	Within one year	Within five years	Within ten years	Over ten years
Cash and deposits	$ 881,155	$—	$—	$—
Notes and accounts receivable—trade	491,583	—	—	—
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds	—	—	—	—
(2) Corporate bonds	—	—	—	—
(3) Others	97,087	—	—	—
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds	—	—	—	—
b. Corporate bonds	87,379	—	—	—
c. Others	29,126	—	—	—
(2) Others	38,835	—	—	—
Total	$1,625,165	$—	$—	$—

Millions of Yen

For 2013	Within one year	Within five years	Within ten years	Over ten years
Cash and deposits	¥ 56,029	¥ —	¥—	¥—
Notes and accounts receivable—trade	50,490	—	—	—
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds	—	—	—	—
(2) Corporate bonds	—	—	—	—
(3) Others	3,298	—	—	—
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds	—	—	—	—
b. Corporate bonds	20,600	5,000	—	—
c. Others	24,700	—	—	—
(2) Others	8,500	—	—	—
Total	¥163,617	¥5,000	¥—	¥—

(Note) 4: Bonds and long-term loans payable and other interest-bearing liabilities with repayment due dates after March 31, 2014 and 2013

Millions of Yen

For 2014	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
Short-term loans payable	¥ 4,768	¥ —	¥ —	¥ —	¥ —	¥—
Bonds payable	7,366	15,000	—	—	—	—
Long-term loans payable	28,749	—	23,000	2,000	5,000	—
Total	¥40,883	¥15,000	¥23,000	¥2,000	¥5,000	¥—

Thousands of U.S. Dollars

For 2014	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
Short-term loans payable	$ 46,291	$ —	$ —	$ —	$ —	$—
Bonds payable	71,515	145,631	—	—	—	—
Long-term loans payable	279,116	—	223,301	19,417	48,544	—
Total	$396,922	$145,631	$223,301	$19,417	$48,544	$—

Millions of Yen

For 2013	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
Short-term loans payable	¥ 4,400	¥ —	¥ —	¥—	¥—	¥ —
Bonds payable	10,000	6,278	15,000	—	—	—
Long-term loans payable	25,000	47,900	—	—	—	5,000
Total	¥39,400	¥54,178	¥15,000	¥—	¥—	¥5,000

6. Securities and Investment Securities

(1) Held-to-maturity debt securities

	Millions of Yen 2014		
	Book value	Fair value	Difference
Securities with fair values exceeding book values	¥10,000	¥10,000	¥—
Securities other than the above	—	—	—
Total	¥10,000	¥10,000	¥—

	Thousands of U.S. Dollars 2014		
	Book value	Fair value	Difference
Securities with fair values exceeding book values	$97,087	$97,087	$—
Securities other than the above	—	—	—
Total	$97,087	$97,087	$—

	Millions of Yen 2013		
	Book value	Fair value	Difference
Securities with fair values exceeding book values	¥3,298	¥3,308	¥10
Securities other than the above	—	—	—
Total	¥3,298	¥3,308	¥10

(2) Available-for-sale securities

Securities with book values exceeding acquisition costs:

	Millions of Yen 2014		
	Book value	Acquisition cost	Difference
Equity securities	¥25,512	¥15,448	¥10,064
Debt securities	12,001	11,999	2
Others	4,000	4,000	—
Total	¥41,513	¥31,447	¥10,066

	Thousands of U.S. Dollars 2014		
	Book value	Acquisition cost	Difference
Equity securities	$247,689	$149,981	$97,708
Debt securities	116,515	116,495	20
Others	38,835	38,835	—
Total	$403,039	$305,311	$97,728

	Millions of Yen 2013		
	Book value	Acquisition cost	Difference
Equity securities	¥18,262	¥12,064	¥6,198
Debt securities	50,356	50,308	48
Others	8,502	8,502	0
Total	¥77,120	¥70,874	¥6,246

Securities other than the above:

	Millions of Yen 2014		
	Book value	Acquisition cost	Difference
Equity securities	¥2,088	¥2,311	¥(223)
Debt securities	—	—	—
Others	—	—	—
Total	¥2,088	¥2,311	¥(223)

	Thousands of U.S. Dollars 2014		
	Book value	Acquisition cost	Difference
Equity securities	$20,272	$22,437	$(2,165)
Debt securities	—	—	—
Others	—	—	—
Total	$20,272	$22,437	$(2,165)

	Millions of Yen 2013		
	Book value	Acquisition cost	Difference
Equity securities	¥4,228	¥4,686	¥(458)
Debt securities	—	—	—
Others	—	—	—
Total	¥4,228	¥4,686	¥(458)

(Note): Acquisition cost is presented based on book values after posting of impairment loss.

(3) Available-for-sale securities sold in the years ended March 31, 2014 and 2013

	Millions of Yen 2014		
	Sales amount	Gross realized gains	Gross realized losses
Equity securities	¥ —	¥—	¥—
Debt securities	5,000	3	—
Others	—	—	—
Total	¥5,000	¥ 3	¥—

	Thousands of U.S. Dollars		
	2014		
	Sales amount	Gross realized gains	Gross realized losses
Equity securities	$ —	$—	$—
Debt securities	48,544	29	—
Others	—	—	—
Total	$48,544	$29	$—

	Millions of Yen		
	2013		
	Sales amount	Gross realized gains	Gross realized losses
Equity securities	¥—	¥—	¥—
Debt securities	—	—	—
Others	—	—	—
Total	¥—	¥—	¥—

(4) Securities and investment securities impaired

Certain securities are impaired for the years ended March 31, 2014 and 2013. An impairment loss of ¥8 million ($78 thousand), comprising ¥7 million ($68 thousand) on "available-for-sale securities" and ¥1 million ($10 thousand) on other securities was recorded for the year ended March 31, 2014. An impairment loss of ¥733 million, comprising ¥728 million on "available-for-sale securities" and ¥5 million on other securities was recorded for the year ended March 31, 2013.

With respect to impairment loss, securities with a fair value that has declined by 50% or more against their acquisition costs are impaired. Among securities that have declined by 30% or more, but less than 50% against their acquisition costs, those that have been comprehensively assessed and deemed as unlikely to recover their value are also impaired.

7. Derivative Transactions

The aggregate amounts contracted to be paid or received and the fair values of derivative transactions of the Group at March 31, 2014 and 2013:

Derivative transactions not subject to hedge accounting

(1) Currency-related derivatives

Not applicable at March 31, 2014.

	Millions of Yen			
	2013			
	Contract amount			
	Total	Due after one year	Fair value	Realized gain (loss)
Forward contracts:				
To sell:				
Euros	¥3,223	¥—	¥(158)	¥(158)
Chinese yuan	1,650	—	(289)	(289)
Total	¥ —	¥—	¥(447)	¥(447)

(Notes): 1. Fair values of derivative transactions are determined by forward exchange rates.
2. Transactions are transactions other than market transactions.

(2) Interest rate-related derivatives

	Millions of Yen			
	2014			
	Contract amount			
	Total	Due after one year	Fair value	Realized gain (loss)
Interest rate swaps:				
Receive fix/Pay float	¥10,000	¥10,000	¥282	¥57
Total	¥10,000	¥10,000	¥282	¥57

	Thousands of U.S. Dollars			
	2014			
	Contract amount			
	Total	Due after one year	Fair value	Realized gain (loss)
Interest rate swaps:				
Receive fix/Pay float	$97,087	$97,087	$2,738	$553
Total	$97,087	$97,087	$2,738	$553

	Millions of Yen			
	2013			
	Contract amount			
	Total	Due after one year	Fair value	Realized gain (loss)
Interest rate swaps:				
Receive fix/Pay float	¥10,000	¥10,000	¥225	¥269
Total	¥10,000	¥10,000	¥225	¥269

(Notes): 1. Fair values of derivative transactions are determined by prices principally reported by the financial institutions with which the Group engages in derivative transactions.
2. Transactions are transactions other than market transactions.

Derivative transactions subject to hedge accounting

(1) Currency-related derivatives

Millions of Yen

Hedge accounting method	Type	Main hedged item	2014 Contract amount Total	2014 Contract amount Due after one year	2014 Fair value
Forward contracts that are subject to appropriated treatment	Forward contracts: To sell				
	Chinese yuan	Foreign-currency deposits	**¥13,835**	**¥—**	**(Note)**
	British pounds	Foreign-currency deposits	**4,969**	**—**	**(Note)**
Total			**¥18,804**	**¥—**	**¥—**

Thousands of U.S. Dollars

Hedge accounting method	Type	Main hedged item	2014 Contract amount Total	2014 Contract amount Due after one year	2014 Fair value
Forward contracts that are subject to appropriated treatment	Forward contracts: To sell				
	Chinese yuan	Foreign-currency deposits	**$134,320**	**$—**	**(Note)**
	British pounds	Foreign-currency deposits	**48,243**	**—**	**(Note)**
Total			**$182,563**	**$—**	**$—**

Millions of Yen

Hedge accounting method	Type	Main hedged item	2013 Contract amount Total	2013 Contract amount Due after one year	2013 Fair value
Forward contracts that are subject to appropriated treatment	Forward contracts: To sell				
	Chinese yuan	Foreign-currency deposits	¥ 9,754	¥—	(Note)
	Australian dollars	Foreign-currency Held-to-maturity debt securities	1,298	—	(Note)
Total			¥11,052	¥—	¥—

(Note): Since forward contracts that are subject to appropriated treatment are accounted for together with deposits or securities which are hedged items, their fair value is included in the fair value of the said deposits or securities.

(2) Interest rate-related derivatives

Millions of Yen

Hedge accounting method	Type	Main hedged item	2014 Contract amount Total	2014 Contract amount Due after one year	2014 Fair value
Interest rate swaps that are subject to special treatment	Interest rate swaps: Receive float/ Pay fix	Long-term loans payable	**¥14,750**	**¥1,000**	**(Note) 2**
Total			**¥14,750**	**¥1,000**	**¥—**

Thousands of U.S. Dollars

Hedge accounting method	Type	Main hedged item	2014 Contract amount Total	2014 Contract amount Due after one year	2014 Fair value
Interest rate swaps that are subject to special treatment	Interest rate swaps: Receive float/ Pay fix	Long-term loans payable	**$143,204**	**$9,709**	**(Note) 2**
Total			**$143,204**	**$9,709**	**$—**

Millions of Yen

Hedge accounting method	Type	Main hedged item	2013 Contract amount Total	2013 Contract amount Due after one year	2013 Fair value
Interest rate swaps that are subject to special treatment	Interest rate swaps: Receive float/ Pay fix	Long-term loans payable	¥22,900	¥12,900	(Note) 2
Total			¥22,900	¥12,900	¥—

(Notes): 1. Fair values of derivative transactions are determined by prices principally reported by the financial institutions with which the Group engages in derivative transactions.
2. Since interest rate swaps that are subject to special treatment are accounted for with long-term loans payable, which are hedged items, their fair value is included in the fair value of the said long-term loans payable.

8. Short-term Loans Payable, Bonds and Long-term Loans Payable and Lease Obligation

Short-term loans payable represent bank loans and their average interest rates were 1.0% and 1.2% per annum at March 31, 2014 and 2013, respectively.

(Note): An average interest rate is the weighted average rate on the year-end balance of loans payable.

Bonds and long-term loans payable at March 31, 2014 and 2013:

	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars 2014
Euro-yen convertible bond-type bonds with subscription rights to shares due in 2015*	¥ 250	¥ 250	$ 2,427
1.32% unsecured bonds due in 2014	—	10,000	—
1.07% unsecured bonds due in 2015	15,000	15,000	145,631
1.785% unsecured Eurobonds due in 2015	7,366	6,278	71,515
Loans principally from banks at average interest rates of 0.7% due within one year**	28,749	25,000	279,116
Loans principally from banks at average interest rates of 0.5% due over one year**	30,000	52,900	291,262
Total	81,365	109,428	789,951
Less amount due within one year	36,365	35,000	353,058
	¥45,000	¥ 74,428	$436,893

* Details of bonds with subscription rights to shares ("warrants")
Type of shares involved: common shares
Price of warrant: gratis
Share issue price: ¥1,952
Total issue amount: ¥50,000 million
Total value of new shares issued upon exercise of warrants: —
Warrant-linked: 100%
Period of exercise of warrants: July 3, 2008 to March 17, 2015
Upon request to exercise warrants in question, payments usually required for the issuance of the corresponding number of shares shall be exempted as the issuer of bonds in question, in return, will be automatically exempted from obligation of redemption of the bonds in lump-sum.
Exercise of warrants in question shall be regarded as an eligible request for exercise of subscription rights.

** An average interest rate is the weighted average rate on the year-end balance of loans payable.

The annual maturities of bonds and long-term loans payable at March 31, 2014:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015	¥36,365	$353,058
2016	15,000	145,631
2017	23,000	223,301
2018	2,000	19,417
2019	5,000	48,544
Thereafter	—	—

The annual maturities of lease obligations at March 31, 2014:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015	¥840	$8,155
2016	690	6,699
2017	488	4,738
2018	249	2,417
2019	73	709
Thereafter	164	1,592

The lines of credit with the main financial institutions agreed as of March 31, 2014 and 2013:

	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars 2013
Line of credit	¥57,300	¥57,450	$556,311
Unused	57,300	57,450	556,311

9. Income Taxes

(1) The following table summarizes the significant differences between the statutory tax rate and the Group's actual income tax rate for financial statement purposes for the years ended March 31, 2014 and 2013.

	2014	2013
Statutory tax rate	38.0%	—
Increase (reduction) in tax resulting from:		
Difference in statutory tax rate (including overseas subsidiaries)	(7.7)	—
Valuation allowance	(9.5)	—
Retained earnings of overseas subsidiaries	9.4	—
Decreasing adjustment in deferred tax assets at the year-end due to statutory tax rate	2.1	—
Other	(2.1)	—
Actual income tax rate	30.2%	—

(Note): In the fiscal year ended March 31, 2013, the difference between the statutory tax rate and the actual income tax rate after application of deferred tax accounting was negligible. Accordingly, disclosure has been omitted.

(2) Significant components of deferred tax assets and liabilities as of March 31, 2014 and 2013:

	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars 2014
Deferred tax assets:			
Net operating loss carryforwards	¥ 23,974	¥ 26,609	$ 232,757
Retirement benefits and the related expenses	2,705	6,594	26,262
Inventories	1,955	1,866	18,981
Accrued expenses (bonuses to employees)	1,904	1,939	18,486
Property, plant and equipment	1,263	1,343	12,262
Other	6,245	5,554	60,631
Gross deferred tax assets	38,046	43,905	369,379
Valuation allowance	(17,548)	(19,740)	(170,369)
Total deferred tax assets	20,498	24,165	199,010

	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars 2014
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	**(3,587)**	(2,226)	**(34,825)**
Retained earnings of overseas subsidiaries	**(2,157)**	—	**(20,942)**
Unrealized holding gain	**(1,506)**	(1,651)	**(14,622)**
Reserve for advanced depreciation of non-current assets	**(92)**	(96)	**(893)**
Other	**(66)**	(64)	**(641)**
Total deferred tax liabilities	**(7,408)**	(4,037)	**(71,923)**
Net deferred tax assets	**¥ 13,090**	¥ 20,128	**$ 127,087**

(3) Adjustments of amount of deferred tax assets and liabilities for enacted changes in tax laws and rates

The "Act Regarding Revision of Part of the Income Tax Act, etc." was issued on March 31, 2014, and the special corporate tax for reconstruction ceased to be levied from years starting on or after April 1, 2014. In accordance with this revision, the effective statutory tax rates that are used to measure deferred tax assets and deferred tax liabilities, have been reduced to 35.6% from the 38.0% of the previous fiscal year, in light of the temporary difference that is expected to be annulled in the year starting on April 1, 2014. As a result, the amount of net deferred tax assets was decreased by ¥475 million ($4,612 thousand), and income tax—deferred was increased by ¥473 million ($4,592 thousand).

10. Retirement Benefits

For 2014

(1) Defined benefit plan (Accounting treatment of the defined benefit plan, including the corporate pension plan of multiple employer plan)

1) Movement in projected benefit obligation (except plans applied simplified method)

	Millions of Yen 2014	Thousands of U.S. Dollars 2014
Projected benefit obligation at beginning of period	**¥48,929**	**$475,039**
Service cost	**1,640**	**15,922**
Interest cost	**938**	**9,107**
Actuarial differences accrued	**(1,058)**	**(10,272)**
Benefits paid	**(1,981)**	**(19,233)**
Other	**357**	**3,466**
Projected benefit obligation at end of period	**¥48,825**	**$474,029**

2) Movements in pension plan assets

	Millions of Yen 2014	Thousands of U.S. Dollars 2014
Pension plan assets at beginning of period	**¥52,546**	**$510,155**
Expected return on pension plan assets	**1,711**	**16,612**
Actuarial differences accrued	**3,515**	**34,126**
Contributions paid by the employer	**1,671**	**16,223**
Benefits paid	**(1,980)**	**(19,223)**
Other	**265**	**2,573**
Pension plan assets at end of period	**¥57,728**	**$560,466**

3) Movement in net defined benefit liability for plans applied the simplified method

	Millions of Yen 2014	Thousands of U.S. Dollars 2014
Net defined benefit liability at beginning of period	**¥ 129**	**$ 1,252**
Retirement benefit expenses	**231**	**2,243**
Benefits paid	**(31)**	**(301)**
Contributions paid by the employer	**(205)**	**(1,990)**
Other	**18**	**175**
Net defined benefit liability at end of period	**¥ 142**	**$ 1,379**

4) Reconciliation from projected benefit obligation and pension plan assets to liability (asset) for retirement benefits

	Millions of Yen 2014	Thousands of U.S. Dollars 2014
Funded projected benefit obligation	**¥53,029**	**$514,845**
Pension plan assets	**(61,945)**	**(601,408)**
	(8,916)	**(86,563)**
Unfunded projected benefit obligation	**155**	**1,504**
Total net liability (asset) for retirement benefits recorded on the consolidated balance sheets	**(8,761)**	**(85,059)**
Net defined benefit liability	**860**	**8,349**
Net defined benefit asset	**(9,621)**	**(93,408)**
Total net liability (asset) for retirement benefits recorded on the consolidated balance sheets	**(8,761)**	**(85,059)**

(Note): Including plans applied the simplified method.

5) Retirement benefit expenses

	Millions of Yen 2014	Thousands of U.S. Dollars 2014
Service cost	¥ 1,640	$ 15,922
Interest cost	938	9,107
Expected return on pension plan assets	(1,711)	(16,612)
Amortization of actuarial differences	1,915	18,592
Amortization of prior service costs	(1,884)	(18,291)
Retirement benefit expenses based on the simplified method	231	2,243
Retirement benefit expenses	¥ 1,129	$ 10,961

6) Accumulated adjustments for retirement benefit

	Millions of Yen 2014	Thousands of U.S. Dollars 2014
Unrecognized actuarial differences	¥ 7,105	$ 68,980
Unrecognized prior service costs	(15,312)	(148,660)
Total	¥ (8,207)	$ (79,680)

7) Pension plan assets

(i) Pension plan assets comprise:

	2014
Equity securities	55%
Debt securities	13%
General account	22%
Others	10%
Total	100%

(Note): The total pension plan assets include 15% of the employee retirement benefit trust set up for corporate pension plans.

(ii) Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of pension plan assets have been considered in determining the long-term expected rate of return.

8) Actuarial assumptions

The principal actuarial assumptions at the end of the period follow:

	2014
Discount rate	mainly 1.7%
Long-term expected rate of return	mainly 3.0%

(2) Defined Contribution Plan

The required contributions to the defined contribution plans of the Company and its consolidated subsidiaries were ¥1,004 million ($9,748 thousand).

For 2013

(1) Projected benefit obligation

	Millions of Yen 2013
Projected benefit obligation	¥ 52,607
Less fair value of pension plan assets*	(56,095)
Unrecognized actuarial differences	(13,580)
Unrecognized prior service costs	17,196
Prepaid pension cost	2,572
Provision for retirement benefits	¥ 2,700

* Including the employee retirement benefit trust

(Notes): 1. The Company and some of its consolidated subsidiaries in Japan transferred part of the defined benefit plan to a defined contribution plan. The effect of this transfer was as follows:

Decrease in projected benefit obligation	¥14,834 million
Unrecognized actuarial differences	(4,578)
Unrecognized prior service costs	985
Increase in prepaid pension cost	¥ 2,495 million
Decrease in provision for retirement benefits	8,746

Furthermore, the Company and some of its consolidated subsidiaries in Japan plan to transfer ¥10,856 million in assets to the defined contribution plan over a period of 8 years from the fiscal year ended March 31, 2013. Untransferred assets of ¥8,836 million as of March 31, 2013 were recorded as accounts payable—other under current liabilities and other under non-current liabilities.

2. Certain subsidiaries have adopted the simplified method to calculate projected benefit obligation.

(2) Retirement benefit expenses

	Millions of Yen 2013
Service cost	¥ 2,111
Interest cost	896
Expected return on pension plan assets	(1,486)
Amortization of actuarial differences	2,279
Amortization of prior service costs	(1,894)
Other	1,000
Retirement benefit expenses	¥ 2,906

(3) The discount rate and the rate of expected return on pension plan assets used by the Group are 1.7% and 3.0%, respectively.

Accounting treatment of retirement benefits for 2014 and 2013

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated using a points basis. Actuarial differences are to be recognized in expenses using the straight-line method over 9–15 years (a certain period not exceeding the average of the estimated remaining service lives commencing with the next period). Prior service costs are to be recognized in expenses using the straight-line method over 9–15 years (a certain period not exceeding the average of the estimated remaining service lives).

11. Net Assets

Under the Japanese Corporation Law ("the Law") and regulations, the entire amount paid for new shares is required to be designated as capital stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as legal capital surplus, which is included in capital surplus.

In cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of capital stock over the total of legal capital surplus and legal retained earnings must be set aside as legal capital surplus or legal retained earnings. Legal retained earnings is included in retained earnings in the accompanying consolidated balance sheets.

Legal capital surplus and legal retained earnings may not be distributed as dividends. However, all legal capital surplus and all legal retained earnings may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with the Law.

12. Lease Transactions

(1) Finance lease transactions which do not transfer the ownership of the leased property to the lessee, and that were concluded prior to the first year for which the new accounting standards were applied

The outstanding future lease payments as of March 31, 2014 and 2013:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Future lease payments:			
Due within one year	¥14	¥ 20	$136
Due over one year	69	83	670
Total	¥83	¥103	$806

Total lease expenses (corresponding to total assumed depreciation cost and total assumed interest cost) as lessee for the years ended March 31, 2014 and 2013:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Total lease expenses	¥24	¥56	$233
Total assumed depreciation cost	18	48	175
Total assumed interest cost	4	5	39

Assumed data as to acquisition cost, accumulated depreciation and net book value of the leased assets under the finance lease contracts as lessee as of March 31, 2014 and 2013:

	Millions of Yen		
	2014		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥192	¥123	¥69
Total	¥192	¥123	¥69

	Thousands of U.S. Dollars		
	2014		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	$1,864	$1,194	$670
Total	$1,864	$1,194	$670

	Millions of Yen		
	2013		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥232	¥146	¥86
Tools, furniture and fixtures	20	19	1
Other	15	15	0
Total	¥267	¥180	¥87

(Notes): 1. In calculating assumed depreciation cost, the leased assets are depreciated on a straight-line basis on the assumption that the lease term is the useful life and residual value is zero.
2. In calculating the assumed interest cost, the diffence between the total lease amount and the assumed acquisition cost is taken as the assumed interest cost. The method of distribution over each period depends on the interest method.

(2) Finance leases

See Note 2 on P24.

(3) Operating leases

The outstanding future noncancellable lease payments as of March 31, 2014 and 2013:

	Millions of Yen 2014	Millions of Yen 2013	Thousands of U.S. Dollars 2014
Future lease payments:			
Due within one year	¥202	¥204	$1,961
Due over one year	554	740	5,379
Total	¥756	¥944	$7,340

13. Segment Information

(1) Overview of reportable segments

The Group's reportable segments consist of the Group's constituent units for which separate financial information is available and which are subject to periodic examination in order for the board of directors to determine the allocation of management resources and evaluate financial results.

The Group designates three areas of segment reporting, which are the "Consumer," "System equipment," and "Others" segments, based on the type of products and services, and the market and consumer categories.

The categories of the main products and services belonging to each reportable segment:

Consumer................ Watches, Clocks, Electronic dictionaries, Electronic calculators, Label printers, Electronic musical instruments, Digital cameras, etc.

System equipment .... Handheld terminals, Electronic cash registers, Office computers, Page printers, Data projectors, etc.

Others .... Molds, etc.

(2) Basis of measurement for net sales, income or loss, assets and others for each reportable segment

The accounting method for the reportable segments is largely in line with the descriptions in Notes 1–2 on P23–25. Intersegment profits are based on the market price.

(3) Information on net sales, income or loss, assets and others for each reportable segment

Segment information as of and for the years ended March 31, 2014 and 2013:

Millions of Yen

For 2014	Reportable segments: Consumer	System equipment	Others	Total	Adjustments*	Amounts on consolidated financial statements**
Net sales:						
Outside customers	¥264,404	¥45,299	¥12,058	¥321,761	¥ —	¥321,761
Intersegment	3	63	4,445	4,511	(4,511)	—
Total	264,407	45,362	16,503	326,272	(4,511)	321,761
Segment income (loss)	35,504	(1,765)	(512)	33,227	(6,651)	26,576
Segment assets	175,012	47,818	29,199	252,029	114,935	366,964
Others						
Depreciation	5,265	2,419	643	8,327	562	8,889
Amortization of goodwill	115	24	—	139	—	139
Investment to entities accounted for using equity method	—	—	2,391	2,391	—	2,391
Increase in property, plant and equipment and intangible assets	5,728	2,481	236	8,445	590	9,035

Thousands of U.S. Dollars

For 2014	Reportable segments: Consumer	System equipment	Others	Total	Adjustments*	Amounts on consolidated financial statements**
Net sales:						
Outside customers	$2,567,029	$439,796	$117,068	$3,123,893	$ —	$3,123,893
Intersegment	29	612	43,155	43,796	(43,796)	—
Total	2,567,058	440,408	160,223	3,167,689	(43,796)	3,123,893
Segment income (loss)	344,699	(17,136)	(4,971)	322,592	(64,573)	258,019
Segment assets	1,699,146	464,252	283,485	2,446,883	1,115,874	3,562,757
Others						
Depreciation	51,117	23,485	6,243	80,845	5,456	86,301
Amortization of goodwill	1,117	233	—	1,350	—	1,350
Investment to entities accounted for using equity method	—	—	23,214	23,214	—	23,214
Increase in property, plant and equipment and intangible assets	55,612	24,087	2,291	81,990	5,728	87,718

Millions of Yen

For 2013	Reportable segments: Consumer	System equipment	Others	Total	Adjustments*	Amounts on consolidated financial statements**
Net sales:						
Outside customers	¥227,861	¥41,778	¥28,124	¥297,763	¥ —	¥297,763
Intersegment	1	93	3,010	3,104	(3,104)	—
Total	227,862	41,871	31,134	300,867	(3,104)	297,763
Segment income (loss)	26,554	(702)	(293)	25,559	(5,506)	20,053
Segment assets	163,099	47,125	31,321	241,545	127,777	369,322
Others						
Depreciation	5,020	2,328	811	8,159	213	8,372
Amortization of goodwill	97	24	—	121	—	121
Investment to entities accounted for using equity method	—	—	2,345	2,345	—	2,345
Increase in property, plant and equipment and intangible assets	7,594	2,831	337	10,762	273	11,035

* Adjustments are as shown below:

(1) Downward adjustments to segment income (loss) for the years ended March 31, 2014 and 2013 are ¥6,651 million ($64,573 thousand) and ¥5,506 million, respectively. These amounts include corporate expenses that are not allocated to any reportable segments of ¥6,651 million ($64,573 thousand) and ¥5,506 million, respectively. Corporate expenses principally consist of administrative expenses of the parent company and R&D expenses for fundamental research, which are not attributable to any reportable segments.

(2) Adjustments to segment assets for the years ended March 31, 2014 and 2013 are ¥ 114,935 million ($1,115,874 thousand) and ¥127,777 million, respectively. These amounts include corporate assets that are not allocated to any reportable segments of ¥115,133 million ($1,117,796 thousand) and ¥127,946 million, respectively.

(3) Adjustments to depreciation for the years ended March 31, 2014 and 2013 are ¥562 million ($5,456 thousand) and ¥213 million, respectively. These amounts consist of depreciation of assets related to administrative divisions that are not attributable to any reportable segments.

(4) Adjustments to the increase in property, plant and equipment and intangible assets for the years ended March 31, 2014 and 2013 are ¥590 million ($5,728 thousand) and ¥273 million, respectively. These amounts consist of capital expenditures in administrative divisions that are not attributable to any reportable segments.

** Segment income (loss) is reconciled with operating income in the consolidated financial statements.

(4) Information about geographic areas

Millions of Yen

For 2014	Japan	North America	Europe	Asia	Others	Total
Net sales	**¥117,906**	**¥38,110**	**¥50,191**	**¥81,494**	**¥34,060**	**¥321,761**

Thousands of U.S. Dollars

For 2014	Japan	North America	Europe	Asia	Others	Total
Net sales	**$1,144,718**	**$370,000**	**$487,291**	**$791,204**	**$330,680**	**$3,123,893**

Millions of Yen

For 2013	Japan	North America	Europe	Asia	Others	Total
Net sales	¥132,387	¥32,914	¥43,731	¥60,055	¥28,676	¥297,763

(Note): Sales are classified by country or region where customers are located.

Millions of Yen

For 2014	Japan	North America	Europe	Asia	Others	Total
Property, plant and equipment	**¥54,730**	**¥966**	**¥435**	**¥7,725**	**¥89**	**¥63,945**

Thousands of U.S. Dollars

For 2014	Japan	North America	Europe	Asia	Others	Total
Property, plant and equipment	**$531,359**	**$9,379**	**$4,223**	**$75,000**	**$864**	**$620,825**

Millions of Yen

For 2013	Japan	North America	Europe	Asia	Others	Total
Property, plant and equipment	¥56,216	¥891	¥410	¥6,798	¥66	¥64,381

(5) Information on impairment loss of non-current assets for each reportable segment

Millions of Yen

For 2014	Consumer	System equipment	Others	Elimination or unallocated amount	Total
Impairment loss	**¥29**	**¥414**	**¥1**	**¥4**	**¥448**

Thousands of U.S. Dollars

For 2014	Consumer	System equipment	Others	Elimination or unallocated amount	Total
Impairment loss	**$282**	**$4,019**	**$10**	**$39**	**$4,350**

Millions of Yen

For 2013	Consumer	System equipment	Others	Elimination or unallocated amount	Total
Impairment loss	¥220	¥364	¥26	¥37	¥647

(6) Information on amortization of goodwill and unamortized balance in each reportable segment

Millions of Yen

For 2014	Consumer	System equipment	Others	Elimination or unallocated amount	Total
Goodwill					
Balance at the end of the reporting year	**¥—**	**¥12**	**¥—**	**¥—**	**¥12**

Thousands of U.S. Dollars

For 2014	Consumer	System equipment	Others	Elimination or unallocated amount	Total
Goodwill					
Balance at the end of the reporting year	**$—**	**$117**	**$—**	**$—**	**$117**

Millions of Yen

For 2013	Consumer	System equipment	Others	Elimination or unallocated amount	Total
Goodwill					
Balance at the end of the reporting year	¥103	¥36	¥—	¥—	¥139
Negative goodwill					
Amortization for the reporting year	57	—	1	—	58
Balance at the end of the reporting year	—	—	—	—	—

(Note): Disclosure of the amount of goodwill amortization has been omitted as it is disclosed in the segment information above.

14. Contingent Liabilities

At March 31, 2014 and 2013, the Group was contingently liable for trade notes and export drafts discounted with banks in the amount of ¥2,062 million ($20,019 thousand) and ¥1,770 million, respectively.

15. Impairment Loss

For 2014:

The Group posts impairment loss.

Use	Type of assets	Location
Business assets	Tools, furniture and fixtures, software, leased assets, etc.	Hachioji City, Tokyo, and others
Idle assets	Land and buildings	Minami Alps City, Yamanashi Pref., and others

With respect to business assets, the Group carries out asset grouping principally according to its management accounting categories, which are employed to enable continuous monitoring of the Group's earnings situation. Idle assets are managed on an individual basis.

The Group has applied impairment accounting to business assets whose values are deemed to have significantly declined due to deteriorating business environment and idle assets to make optimal use of these assets in the future. Book value of these assets has been reduced to recoverable amounts and the reduced amounts ¥448 million ($4,350 thousand) are recognized as "impairment loss."

The breakdown of the losses is: ¥104 million ($1,010 thousand) for tools, furniture and fixtures, ¥33 million ($321 thousand) for land, ¥102 million ($990 thousand) for leased assets, ¥185 million ($1,796 thousand) for software and ¥24 million ($233 thousand) for others.

Recoverable amounts are estimated using net selling prices which are reasonably estimated. Recoverable amounts for land are calculated based on roadside land prices, etc., and those for assets other than land are based on estimated disposal values.

For 2013:

The Group posts impairment loss.

Use	Type of assets	Location
Business assets	Tools, furniture and fixtures, etc.	Hachioji City, Tokyo, and others
Idle assets	Land	Yufu City, Oita Pref., and others

With respect to business assets, the Group carries out asset grouping principally according to its management accounting categories, which are employed to enable continuous monitoring of the Group's earnings situation. Idle assets are managed on an individual basis.

The Group has applied impairment accounting to business assets whose values are deemed to have significantly declined due to deteriorating business environment and idle assets to make optimal use of these assets in the future. Book value of these assets has been reduced to recoverable amounts and the reduced amounts ¥647 million are recognized as "impairment loss."

The breakdown of the losses is: ¥239 million for tools, furniture and fixtures, ¥326 million for land,and ¥82 million for others.

Recoverable amounts are estimated using net selling prices which are reasonably estimated. Recoverable amounts for land are calculated based on property tax valuation or roadside land prices and those for assets other than land are based on estimated disposal values.

16. Subsequent Events

Appropriation of retained earnings

At the annual shareholders' meeting held on June 27, 2014, the Company's shareholders approved the payment of a cash dividend of ¥15.00 ($0.15) per share aggregating ¥4,033 million ($39,155 thousand) to registered shareholders as of March 31, 2014.