ANNUAL REPORT 2015

Report for the Fiscal Year Ended March 31, 2015

FINANCIAL SECTION

Nihon Dempa Kogyo Co., Ltd. and Consolidated Subsidiaries

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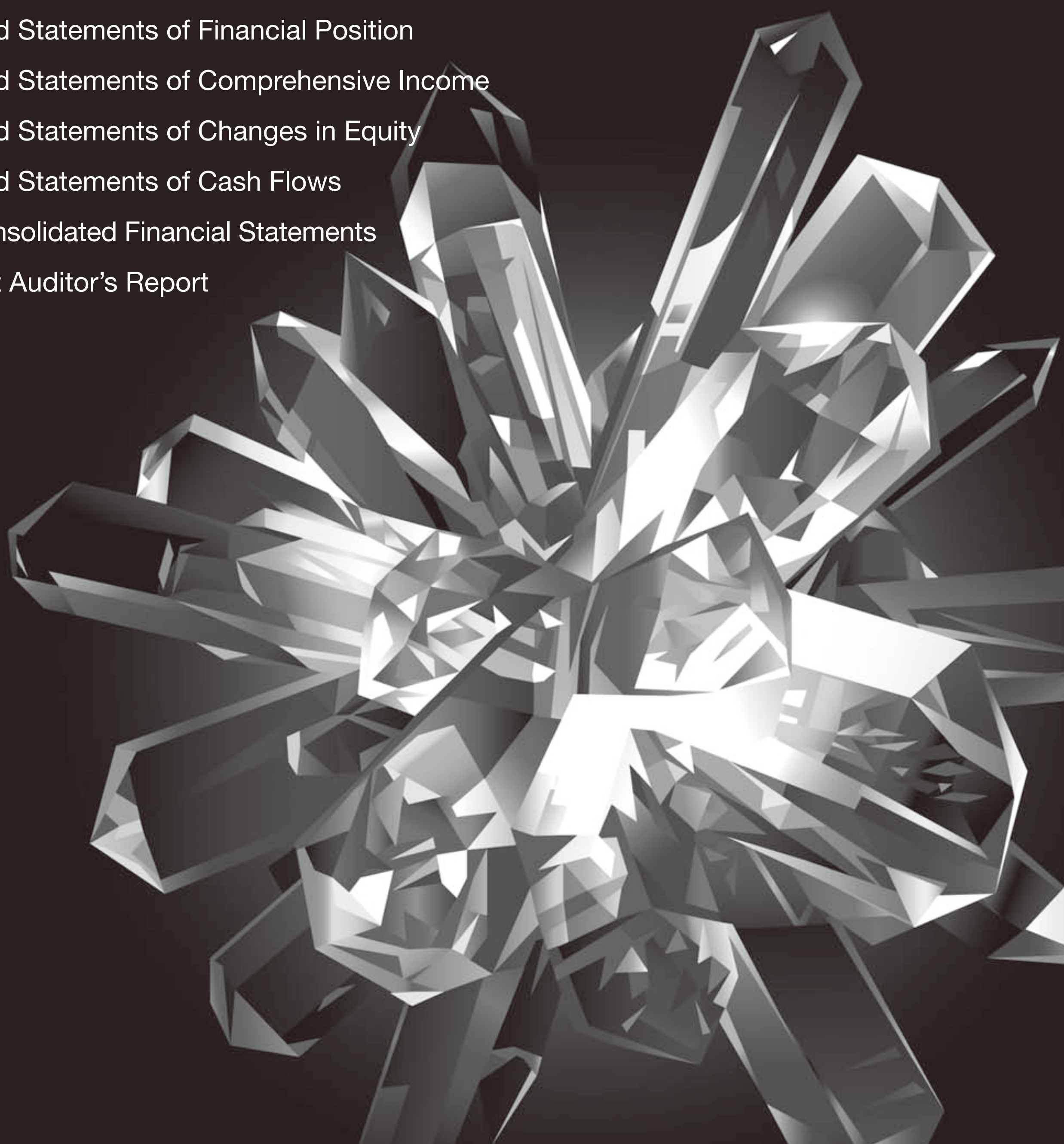


FIVE-YEAR SUMMARY

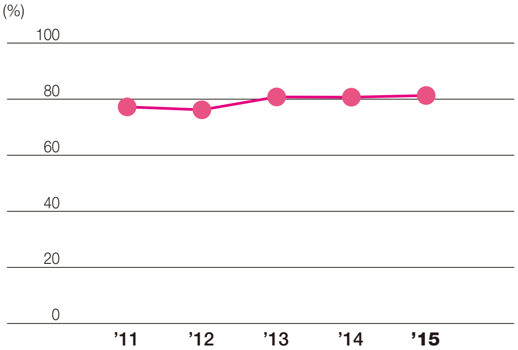
Nihon Dempa Kogyo Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31

	Millions of yen					Thousands of U.S. dollars (Note)
	2015	2014	2013	2012	2011	**2015**
Net sales	**¥47,730**	¥50,774	¥50,623	¥50,804	¥54,934	**$397,187**
Cost of sales	**38,801**	40,978	40,752	38,744	42,421	**322,884**
Selling, general and administrative expenses	**7,713**	7,496	7,186	7,417	7,511	**64,184**
Research and development expenses	**2,133**	2,221	2,579	2,686	2,420	**17,749**
Operating income	**175**	240	235	2,081	2,094	**1,456**
Income/(loss) before income tax	**359**	191	(37)	1,615	1,695	**2,987**
Net (loss)/income	**(569)**	181	(289)	1,759	1,738	**(4,734)**
Net (loss)/income attributable to owners of the parent	**(569)**	181	(289)	1,759	1,738	**(4,734)**
Total comprehensive income for the period	**1,319**	827	1,307	1,863	852	**10,976**
Total assets	**71,670**	76,218	71,367	67,216	67,586	**596,405**
Total equity	**27,507**	26,581	26,147	26,123	24,652	**228,900**
Depreciation and amortisation	**3,809**	3,923	3,425	3,040	3,247	**31,696**
Capital expenditures	**2,024**	2,733	4,736	4,873	3,389	**16,842**

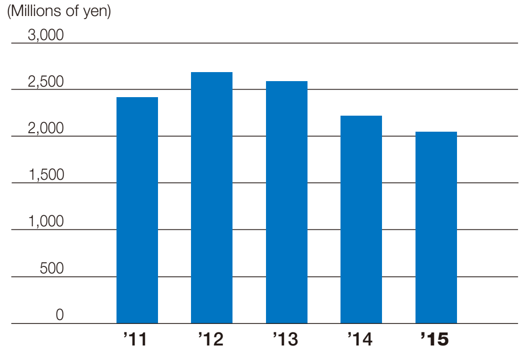
	Yen					U.S. dollars (Note)
Per Share Data:						
Net (loss)/income:						
Basic	**¥(29.00)**	¥ 9.25	¥(14.75)	¥89.66	¥88.59	**$(0.24)**
Diluted	**—**	—	—	89.66	88.59	**—**
Cash dividends applicable to the period	**20.00**	20.00	20.00	20.00	20.00	**0.16**

Notes: 1. Figures are presented in accordance with International Financial Reporting Standards. The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥120.17 to U.S.$1.00, which was the rate prevailing on March 31, 2015.
2. The results for the year of 2014 are retrospective in line with changes in accounting policies.

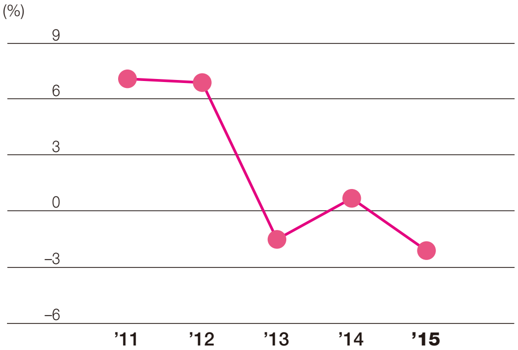
Cost of Sales/Net Sales
(%)



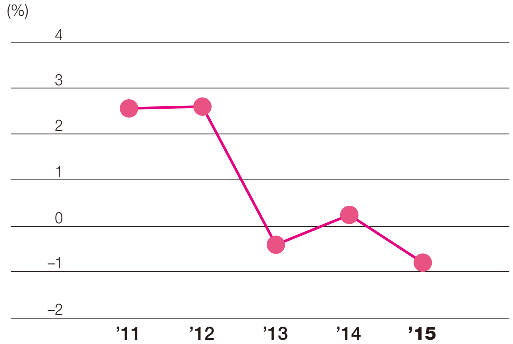
R&D Expenses
(Millions of yen)



ROE
(%)



ROA
(%)



Outlook

The global economic conditions in the year ended March 31, 2015, included solid economic recovery led by private-sector demand in the United States and ongoing improvement in business conditions in Europe. Overall global economic conditions lacked momentum, however, from slower economic growth in China in part from downward pressure from the real estate market adjustment and other emerging countries.

The Japanese economy is improving from the decline following the hike in the consumption tax but private consumption has been slow to recover. The severe conditions persisted in the crystal device market with product prices continuing to fall, particularly in the mass production market.

In these conditions, the NDK Group shifted its focus to developing and expanding sales of its highly reliable, high-value-added products. The Group also developed and introduced highly differentiated products for the mass production market while taking steps to lower unit production costs by improving yields and productivity.

Results of Operations

In the year ended March 31, 2015, orders declined 9.2% year on year to ¥46,544 million, and consolidated net sales decreased 6.0% to ¥47,730 million. Operating income declined 27.0% to ¥175 million and income before income tax increased 87.6% to ¥359 million. The Company posted a net loss of ¥569 million for the year, compared with net income of ¥181 million in the previous fiscal year. Depreciation of the yen produced a foreign exchange gain of ¥1,717 million on contributions from foreign operations with other comprehensive income for the period, net of income tax amounting to ¥1,888 million. Total consolidated comprehensive income was ¥1,319 million, an increase of 59.5% from the previous fiscal year.

Sales by Product

Sales by product were as follows.

(1) Crystal Units

Sales of crystal units edged up 0.3% year on year to ¥28,820 million. The sales improved for crystal units with a built-in temperature sensor used in smartphones and for automotive applications but declined for crystal units for computers and game consoles.

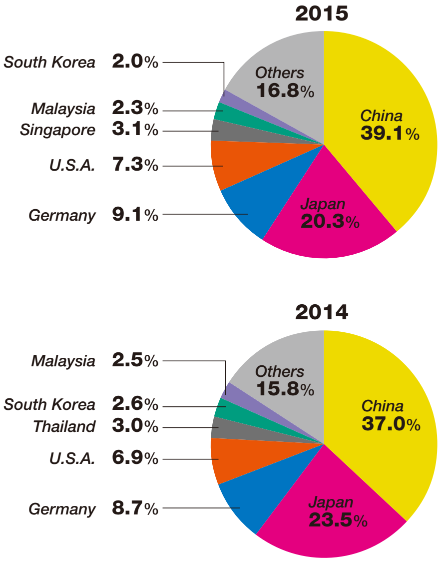
(2) Crystal Devices

Crystal device sales declined 8.0% year on year to ¥14,706 million. Sales increased for high-precision oscillators for LTE mobile phone base stations but declined for smartphone applications due to falling crystal oscillator prices and the ongoing shift from crystal oscillators to crystal units.

(3) Other

Other sales declined 30.4% year on year to ¥4,203 million. Sales of optical devices fell from the steep decline in digital camera production.

Sales by Customer-Based Geographic Area



Performance by Customer-Based Geographic Area

Performance by customer-based geographic area was as follows.

Japan

Optical device sales declined from the sharp drop in production in the digital camera market. Sales of crystal oscillators for optical communication devices also declined from the shift to lower-priced models. Japan sales declined 19.1% year on year to ¥9,659 million.

Asia

Sales rose for crystal units with a built-in temperature sensor used in smartphones, crystal units for automotive applications, high-precision crystal oscillators for LTE mobile phone base stations, and crystal clock oscillators for high resolution sound. Sales declined for crystal oscillators for smartphones, crystal units for computers, and optical devices. By country, China sales declined 0.8% year on year to ¥18,666 million, Singapore sales rose 66.5% to ¥1,497 million, South Korea sales fell 30.4% to ¥935 million, Malaysia sales fell 11.7% to ¥1,113 million, and sales in other locations declined 42.3% to ¥1,804 million.

Europe

Overall sales of crystal devices for automotive applications increased in Europe while falling in Germany as automakers continued shifting production operations to China. Sales declined 1.7% year on year to ¥4,334 million in Germany while rising a combined 12.7% to ¥4,890 million in other countries.

North America

Sales increased for crystal devices for automotive applications and declined for crystal oscillators for mobile phones. Sales edged up 0.1% year on year to ¥3,493 million in the United States and declined 78.3% to ¥13 million in other locations.

R&D Expenses

The NDK Group's R&D units engage in programs aimed at establishing new technologies and manufacturing methods that will be the foundation for future products in the medium and long terms. To better meet customer crystal device needs, the Group is strengthening its R&D network with the Sayama facility as its hub and conducting R&D to develop next-generation frequency control, selection, and detection devices and their core technologies.

R&D expenditures during the fiscal year under review totaled ¥2,133 million, compared with ¥2,221 million in the previous fiscal year.

Financial Condition

At fiscal year-end, total assets amounted to ¥71,670 million, a decrease of ¥4,548 million from the previous fiscal year-end, owing to factors including a ¥3,362 million decrease in cash and cash equivalents, a ¥604 million decrease in trade receivables, a ¥1,494 million increase in inventories, and a ¥2,568 million decrease in property, plant and equipment. Total liabilities amounted to ¥44,162 million, down ¥5,474 million from the previous fiscal year-end, owing to factors including a ¥4,679 million decrease in loans and borrowings and a ¥387 million decline in trade and other payables. Total equity attributable to owners of the Company amounted to ¥27,507 million, an increase of ¥925 million from the previous fiscal year-end, primarily as a result of ¥1,319 million in total comprehensive income for the period and ¥392 million in dividends declared. As a result, the ratio of equity attributable to owners of the Company was 38.4% at the fiscal year-end, up 3.5 percentage points from the previous fiscal year-end.

Capital Financing and Cash Flow Analysis

The Group obtains funds for working capital and capital investments from internal sources and bank loans. Bank loans include short-term loans with periods of one year or less procured for working capital and longer-term loans for long-term funding, such as for production facilities. At March 31, 2015, the Group had outstanding balances of short-term loans and borrowings of ¥841 million and long-term loans and borrowings of ¥29,072 million.

The balance of cash and cash equivalents at the end of the fiscal year under review amounted to ¥14,364 million, a decrease of ¥3,362 million from the previous fiscal year-end. Factors adding to the balance included ¥8,000 million in proceeds from long-term loans and borrowings and ¥3,809 million in depreciation and amortisation, while factors subtracting from the balance included ¥13,070 million in repayment of long-term loans and borrowings and ¥2,107 million in the purchase of property, plant and equipment.

Free cash flow amounted to ¥1,186 million, an increase of ¥563 million from the previous fiscal year, which was the result of a ¥218 million decrease in cash flow from investing activities and a ¥1,405 million increase in cash flow from operating activities.

Net cash provided by operating activities amounted to ¥1,405 million, a decrease of ¥1,814 million from the previous fiscal year. Contributing factors included ¥3,809 million in depreciation and amortisation and a ¥1,364 million decline in trade receivables. Subtracting factors included an ¥867 million gain on sales of investment property and a ¥937 million increase in inventories.

Net cash used in investing activities amounted to ¥218 million, a decrease of ¥2,377 million from the previous fiscal year. Contributing factors included ¥1,124 million in proceeds from sales of investment property and ¥2,556 million in proceeds from sales of investments and other assets.

Subtracting factors included ¥2,107 million for the purchase of property, plant and equipment, and ¥2,678 million used for purchase of investments and other assets.

Net cash provided by financing activities amounted to a net outflow of ¥5,240 million, representing a decrease of ¥10,118 million from the level in the previous fiscal year. The main elements were ¥8,000 million in proceeds from long-term loans and borrowings and ¥13,070 million for repayment of long-term loans and borrowings.

Dividends

NDK regards returning profit to shareholders as a management priority and aims to maintain stable dividend payments while taking into account earnings, financial position, and other factors. While ensuring a reasonable balance between levels of retained earnings and shareholder dividend payments, we are committed to further improving earnings performance by conducting R&D and capital investment related to the manufacture of high-value-added and high-quality products that will effectively strengthen the constitution of the Company.

Based on a comprehensive consideration of the business performance during the year, the management environment, and other factors, the Company has set a year-end dividend of ¥10 per share for the year ended March 31, 2015. Combined with the ¥10 per share interim dividend, the total dividend payment for the year ended March 31, 2015, amounted to ¥20 per share.

In the year ending March 31, 2016, the Company plans to pay an interim dividend of ¥10 per share and a year-end dividend of ¥10 per share for a total dividend payment of ¥20 per share.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Nihon Dempa Kogyo Co., Ltd. and Consolidated Subsidiaries
As of March 31, 2015 and 2014

	Millions of yen		*Thousands of U.S. dollars*
ASSETS	***2015***	*2014 Restated**	***2015***
Current assets:			
Cash and cash equivalents (Note 4)	**¥14,364**	¥17,727	**$119,530**
Trade receivables (Note 5)	**11,617**	12,221	**96,671**
Inventories (Note 6)	**12,540**	11,045	**104,352**
Income taxes refundable	**9**	45	**74**
Derivative assets (Note 28)	**34**	2	**282**
Others (Note 7)	**3,378**	2,216	**28,110**
Total current assets	**41,945**	43,259	**349,047**
Non-current assets:			
Property, plant and equipment (Note 8)	**25,643**	28,211	**213,389**
Intangible assets (Note 9)	**1,105**	1,068	**9,195**
Investment property (Note 10)	**—**	254	**—**
Investment securities (Note 11)	**1,132**	953	**9,419**
Deferred tax assets (Note 26)	**894**	1,608	**7,439**
Others (Note 12)	**948**	862	**7,888**
Total non-current assets	**29,724**	32,959	**247,349**
Total assets	**¥71,670**	¥76,218	**$596,405**

** See Note 2. (c).*

The accompanying notes to consolidated financial statements are an integral part of these consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen 2015	Millions of yen 2014 Restated*	Thousands of U.S. dollars 2015
Current liabilities:			
Loans and borrowings (Note 15)	**¥10,593**	¥13,085	**$ 88,150**
Trade and other payables (Note 13)	**8,220**	8,607	**68,403**
Derivative liabilities (Note 28)	**174**	110	**1,447**
Provisions (Note 31)	**30**	24	**249**
Income taxes payable	**170**	108	**1,414**
Others (Note 14)	**627**	616	**5,217**
Total current liabilities	**19,816**	22,552	**164,899**
Non-current liabilities:			
Loans and borrowings (Note 15)	**19,370**	21,557	**161,188**
Deferred tax liabilities (Note 26)	**522**	627	**4,343**
Employee benefits (Note 16)	**3,666**	4,013	**30,506**
Provisions (Note 31)	**136**	133	**1,131**
Deferred government grants	**236**	340	**1,963**
Others	**412**	412	**3,428**
Total non-current liabilities	**24,346**	27,084	**202,596**
Total liabilities	**44,162**	49,636	**367,496**
Equity:			
Share capital (Note 17)	**10,649**	10,649	**88,616**
Share premium (Note 17)	**8,564**	8,565	**71,265**
Other components of equity (Note 17)	**1,260**	(329)	**10,485**
Retained earnings	**7,032**	7,696	**58,517**
Total equity attributable to owners of the Company	**27,507**	26,581	**228,900**
Total equity	**27,507**	26,581	**228,900**
Total liabilities and equity	**¥71,670**	¥76,218	**$596,405**

** See Note 2. (c).*

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Nihon Dempa Kogyo Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of yen		*Thousands of U.S. dollars*
	2015	*2014*	***2015***
Net sales	**¥47,730**	¥50,774	**$397,187**
Cost of sales (Notes 19, 23 and 24)	**(38,801)**	(40,978)	**(322,884)**
Gross profit	**8,928**	9,795	**74,294**
Selling, general and administrative expenses (Notes 20, 23, 24 and 29)	**(7,713)**	(7,496)	**(64,184)**
Research and development expenses (Notes 21, 23 and 24)	**(2,133)**	(2,221)	**(17,749)**
Other operating income (Note 22)	**2,533**	428	**21,078**
Other operating expenses (Notes 22 and 24)	**(1,439)**	(267)	**(11,974)**
Operating income	**175**	240	**1,456**
Financial income (Note 25)	**472**	271	**3,927**
Financial expenses (Note 25)	**(288)**	(319)	**(2,396)**
Income before income tax	**359**	191	**2,987**
Income tax expenses (Note 26)	**(928)**	(10)	**(7,722)**
Net (loss)/income for the period	**(569)**	181	**(4,734)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plan	**297**	(287)	**2,471**
Subtotal	**297**	(287)	**2,471**
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations (Note 17)	**1,717**	1,008	**14,288**
Change in fair value of available-for-sale financial assets (Note 17)	**170**	79	**1,414**
Change in fair value of available-for-sale financial assets transferred to profit or loss	**(360)**	(190)	**(2,995)**
Income tax relating to items that may be reclassified (Note 26)	**62**	36	**515**
Subtotal	**1,590**	932	**13,231**
Other comprehensive income for the period, net of income tax	**1,888**	645	**15,711**
Total comprehensive income for the period	**¥ 1,319**	¥ 827	**$ 10,976**
Net income attributable to:			
Owners of the Company	**¥ (569)**	¥ 181	**$ (4,734)**
Total comprehensive income attributable to:			
Owners of the Company	**¥ 1,319**	¥ 827	**$ 10,976**
	Yen		*U.S. dollars*
Earnings per share (Note 27)**:**			
Basic (loss)/earnings per share	**¥ (29.00)**	¥ 9.25	**$ (0.24)**

The accompanying notes to consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Nihon Dempa Kogyo Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2014

Millions of yen

	Share capital	Additional paid-in capital*	Treasury shares*	Share premium*	Available-for-sale financial assets**	Translation differences for foreign operations**	Other components of equity**	Retained earnings	Attributable to owners of the Company	Total equity
Balance at April 1, 2013	¥10,649	¥11,353	¥(2,787)	¥8,566	¥211	¥(1,473)	¥(1,262)	¥8,194	¥26,147	¥26,147
Total comprehensive income for the period										
Net income				—			—	181	181	181
Other comprehensive income, net of income tax										
Remeasurement of defined benefit plan				—			—	(287)	(287)	(287)
Foreign currency translation differences for foreign operations				—		1,008	1,008		1,008	1,008
Net change in fair value of available-for-sale financial assets				—	(75)		(75)		(75)	(75)
Total comprehensive income for the period	—	—	—	—	(75)	1,008	932	(105)	827	827
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Changes in treasury shares, net			(0)	(0)			—		(0)	(0)
Dividends declared (Note 18)				—			—	(392)	(392)	(392)
Total contributions by and distributions to owners	—	—	(0)	(0)	—	—	—	(392)	(393)	(393)
Total transactions with owners	—	—	(0)	(0)	—	—	—	(392)	(393)	(393)
Balance at March 31, 2014	¥10,649	¥11,353	¥(2,787)	¥8,565	¥135	¥ (465)	¥ (329)	¥7,696	¥26,581	¥26,581
Total comprehensive income for the period										
Net loss				—			—	(569)	(569)	(569)
Other comprehensive income, net of income tax										
Remeasurement of defined benefit plan				—			—	297	297	297
Foreign currency translation differences for foreign operations				—		1,717	1,717		1,717	1,717
Net change in fair value of available-for-sale financial assets				—	(127)		(127)		(127)	(127)
Total comprehensive income for the period	—	—	—	—	(127)	1,717	1,590	(271)	1,319	1,319
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Changes in treasury shares, net		(0)	(0)	(0)			—		(0)	(0)
Dividends declared (Note 18)				—			—	(392)	(392)	(392)
Total contributions by and distributions to owners	—	(0)	(0)	(0)	—	—	—	(392)	(393)	(393)
Total transactions with owners	—	(0)	(0)	(0)	—	—	—	(392)	(393)	(393)
Balance at March 31, 2015	**¥10,649**	**¥11,353**	**¥(2,788)**	**¥8,564**	**¥ 8**	**¥ 1,251**	**¥ 1,260**	**¥7,032**	**¥27,507**	**¥27,507**

Thousands of U.S. dollars

	Share capital	Additional paid-in capital*	Treasury shares*	Share premium*	Available-for-sale financial assets**	Translation differences for foreign operations**	Other components of equity**	Retained earnings	Attributable to owners of the Company	Total equity
Balance at March 31, 2014	$88,616	$94,474	$(23,192)	$71,274	$1,123	$ (3,869)	$ (2,737)	$64,042	$221,194	$221,194
Total comprehensive income for the period										
Net loss				—			—	(4,734)	(4,734)	(4,734)
Other comprehensive income, net of income tax										
Remeasurement of defined benefit plan				—			—	2,471	2,471	2,471
Foreign currency translation differences for foreign operations				—		14,288	14,288		14,288	14,288
Net change in fair value of available-for-sale financial assets				—	(1,056)		(1,056)		(1,056)	(1,056)
Total comprehensive income for the period	—	—	—	—	(1,056)	14,288	13,231	(2,255)	10,976	10,976
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Changes in treasury shares, net		(0)	(0)	(0)			—		(0)	(0)
Dividends declared (Note 18)				—			—	(3,262)	(3,262)	(3,262)
Total contributions by and distributions to owners	—	(0)	(0)	(0)	—	—	—	(3,262)	(3,270)	(3,270)
Total transactions with owners	—	(0)	(0)	(0)	—	—	—	(3,262)	(3,270)	(3,270)
Balance at March 31, 2015	**$88,616**	**$94,474**	**$(23,200)**	**$71,265**	**$ 66**	**$10,410**	**$10,485**	**$58,517**	**$228,900**	**$228,900**

** The figures in the share premium column are calculated by totalling additional paid-in capital and treasury shares.*
*** The figures in the other components of the equity column are calculated by totalling available-for-sale financial assets and translation differences for foreign operations.*

The accompanying notes to consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Nihon Dempa Kogyo Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	*2014*	**2015**
Operating activities:			
Income before income tax	**¥ 359**	¥ 191	**$ 2,987**
Depreciation and amortisation	**3,809**	3,923	**31,696**
Gain on sales of land use right	**(406)**	—	**(3,378)**
Gain on sales of investment property	**(867)**	—	**(7,214)**
Gain on sales of property, plant and equipment	**(304)**	(109)	**(2,529)**
Loss on disposal of property, plant and equipment	**7**	11	**58**
Impairment losses of property, plant and equipment	**1,149**	114	**9,561**
Gain on sales of investment securities	**(360)**	(190)	**(2,995)**
Gain on receipt of subsidies	**(150)**	(139)	**(1,248)**
Insurance claim income	**(645)**	—	**(5,367)**
Decrease in trade receivables	**1,364**	817	**11,350**
(Increase)/decrease in inventories	**(937)**	540	**(7,797)**
Decrease in trade payables	**(428)**	(194)	**(3,561)**
Increase/(decrease) in accrued bonuses	**120**	(104)	**998**
(Increase)/decrease in derivative assets	**(32)**	7	**(266)**
Increase/(decrease) in derivative liabilities	**63**	(641)	**524**
Decrease in provisions	**(10)**	(46)	**(83)**
Interest and dividend income	**(83)**	(75)	**(690)**
Interest expense	**270**	268	**2,246**
Interest and dividends received	**80**	68	**665**
Interest paid	**(186)**	(205)	**(1,547)**
Income tax paid, net	**(109)**	(151)	**(907)**
Other, net	**(1,296)**	(865)	**(10,784)**
Net cash provided by operating activities	**1,405**	3,220	**11,691**
Investing activities:			
Purchase of property, plant and equipment	**(2,107)**	(2,631)	**(17,533)**
Purchase of intangible assets	**(147)**	(151)	**(1,223)**
Purchase of investments and other assets	**(2,678)**	(678)	**(22,285)**
Proceeds from sales of land use right	**463**	—	**3,852**
Proceeds from sales of investment property	**1,124**	—	**9,353**
Proceeds from sales of property, plant and equipment	**547**	55	**4,551**
Proceeds from receipt of subsidies	**21**	40	**174**
Proceeds from sales of investments and other assets	**2,556**	770	**21,269**
Other, net	**0**	0	**0**
Net cash used in investing activities	**(218)**	(2,596)	**(1,814)**
Financing activities:			
Proceeds from long-term loans and borrowings	**8,000**	12,300	**66,572**
Repayment of long-term loans and borrowings	**(13,070)**	(6,748)	**(108,762)**
Net increase/(decrease) in short-term loans and borrowings	**220**	(279)	**1,830**
Cash dividends paid	**(389)**	(392)	**(3,237)**
Purchase and sales of treasury shares, net	**(0)**	(0)	**(0)**
Net cash (used in)/provided by financing activities	**(5,240)**	4,877	**(43,604)**
Net (decrease)/increase in cash and cash equivalents	**(4,054)**	5,501	**(33,735)**
Cash and cash equivalents at beginning of year	**17,727**	11,812	**147,516**
Net effect of currency translation on cash and cash equivalents	**691**	413	**5,750**
Cash and cash equivalents at end of year (Note 4)	**¥14,364**	¥17,727	**$119,530**

The accompanying notes to consolidated financial statements are an integral part of these consolidated financial statements.

1. Reporting Entity

Nihon Dempa Kogyo Co., Ltd. ("NDK" or the "Company") is a company domiciled in Japan. The main activities of the Company and its subsidiaries (collectively, the "Group") are the manufacture and sale of quartz crystal units and devices. The consolidated financial statements of the Company as of and for the years ended March 31, 2015 and 2014 comprise those of the Group.

2. Basis of Preparation

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee.

The consolidated financial statements were authorized for issue by the board of directors on June 23, 2015.

(b) Basis of Measurement

The consolidated financial statements are presented in Japanese yen, which is the functional currency of NDK, and figures of less than one million yen are omitted. They are prepared on the historical cost basis except for the following material items in the consolidated statements of financial position:

- Derivative financial instruments are measured at fair value.
- Available-for-sale financial assets, other than the securities which do not have a published price quotation in an active market and cannot be measured reliably, are measured at fair value.
- Defined benefit assets and liabilities are recognised as the present value of the defined benefit obligation, less the fair value of the plan assets.

The translations of Japanese yen amounts into U.S. dollars are included solely for the convenience of the reader as supplementary information, using the prevailing exchange rate at March 31, 2015, which was ¥120.17 to U.S.$1.00. The convenience translations should not be construed as representations 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.

Accounting policies have been consistently applied by the Group entities and are consistent with those used in the previous year unless otherwise stated.

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates made by management in the application of IFRS that have a significant effect on the amounts recognised in the consolidated financial statements are as follows:

- Estimate of useful lives and residual values of property, plant, equipment and Intangible assets (refer to Notes 8 and 9)
- Accounting for and valuation of provisions (refer to Note 31)
- Devaluation of inventories (refer to Note 6)
- Valuation of trade and other receivables (refer to Notes 5, 7 and 28)
- Utilisation of tax losses and deductions (refer to Note 26)
- Planning and valuation premises upon which impairment tests are based (refer to Notes 8 and 9)
- Measurement of defined benefit obligations (refer to Note 16)

(c) Effects of Applying New Accounting Standards

The Group has applied IFRIC 21 (Levies) from the fiscal year ended March 31, 2015.

In accordance with the adoption of IFRIC 21, the timing of recognition of liabilities to pay levies imposed by governments other than income taxes has changed from the fiscal year ended March 31, 2015. This change in accounting policy is applied retrospectively and the consolidated financial statements for the fiscal year ended March 31, 2014 were restated.

As a result, there was an increase in "Others" in current assets and "Trade and other payables" in current liabilities of ¥267 million as of March 31, 2014.

As the method adopted, it caused an increase in current assets "Others" and current liabilities "Trade and other payables" of ¥234 million as of March 31, 2015.

(d) New Standards and Interpretations Not Yet Adopted

The IASB has issued some standards, interpretations and amendments to existing standards whose application is not yet mandatory and which have not yet been applied by the Group ahead of time. These standards and interpretations are not expected to have significant effects on future consolidated financial statements of the Group, except IFRS 9 Financial Instruments which introduces new requirements for the classification and measurement of financial assets and IFRS 15 Revenue from Contracts with Customers which provides a single framework regarding revenue recognition.

IFRS 9 will be applied for the annual period beginning on April 1, 2018. The effects of adopting this standard on the consolidated financial statements of the Group are under review and cannot be estimated at this time.

IFRS 15 will be applied for the annual period beginning on April 1, 2018. The effects of adopting this standard on the consolidated financial statements of the Group are under review and cannot be estimated at this time.

(e) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are those entities controlled by the Group. In case that the Group has exposure or right to variable returns from its involvement with an entity and ability to use its power to affect those returns, it controls that entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Scope of consolidation

The scope of consolidation, including NDK, comprises 16 and 17 consolidated companies as of March 31, 2015 and 2014, respectively. All domestic and overseas subsidiaries are consolidated for the years ended March 31, 2015 and 2014.

NDK Italy SRL, which was one of the Company's subsidiaries, as of March 31, 2014, was merged into another subsidiary, NDK Europe Ltd., and liquidated as of April 1, 2014.

(f) Foreign Currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into functional currencies at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated into functional currencies at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into functional currencies at the foreign exchange rates ruling at the dates the fair values were determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, other than those for which the functional currency is Japanese yen, are translated into the presentation currency (Japanese yen) at the foreign exchange rates ruling at the consolidated statement of financial position date. The revenues and expenses of foreign operations are translated into Japanese yen at the average rates of exchange for the period. Foreign exchange differences arising on translation are recognised in other comprehensive income.

The exchange rates for major currencies against Japanese yen for the years ended March 31, 2015 and 2014 were as follows:

		Yen			
		Year-end rate		*Average rate*	
		2015	*2014*	***2015***	*2014*
U.S.A.	US$	**¥120.17**	¥102.92	**¥110.03**	¥100.00
U.K.	GBP	**178.07**	171.31	**176.81**	159.20
Italy, Germany	EUR	**130.32**	141.65	**138.68**	134.01
China	RMB	**19.36**	16.59	**17.74**	16.34
Hong Kong	HK$	**15.50**	13.27	**14.19**	12.89
Malaysia	MYR	**32.41**	31.56	**32.76**	31.17
Singapore	SG$	**87.35**	81.90	**85.22**	79.45

(g) Derivative Financial Instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities. The Group does not apply hedge accounting, because the Group's derivative financial instruments do not qualify for hedge accounting.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value. The fair values of derivative financial instruments are based on quotes from financial institutions. Changes in the fair value of derivative financial instruments are recognised immediately in profit or loss.

(h) Cash and Cash Equivalents

Cash comprises cash on hand and bank deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to cash with original maturities of three months or less and are subject to an insignificant risk of change in value.

(i) Trade and Other Receivables

Trade and other receivables are initially recognised at fair value. Subsequent to initial recognition, trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is based primarily on the moving-average cost for raw materials and first-in, first-out cost for finished products, semi-finished products and work in process. For processed inventories, cost includes the applicable allocation of fixed and variable overhead costs.

(k) Property, Plant and Equipment

(i) Owned assets

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses (refer to Basis of Preparation (o)).

Cost includes expenditures that are directly attributable to the acquisition of the asset, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

(ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership of leased assets are classified as finance leases. Plant and equipment acquired by way of finance leases are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the leases, less accumulated depreciation and impairment losses (refer to Basis of Preparation (o)). The future lease payments are recorded as financial obligations.

Lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Subsequent expenditure

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are expensed in profit or loss as incurred.

(iv) Depreciation

Whether held for operational purposes or as investment properties (refer to Basis of Preparation (n)), depreciation is charged to profit or loss on a straight-line basis over the following estimated useful lives:

- Buildings and structures 3-50 years
- Machinery and vehicles 2-20 years
- Furniture and fixtures 2-20 years

Property, plant and equipment are depreciated from the date they are available for use

Leased assets are depreciated over their estimated useful lives except where subsequent transfer of title is uncertain, in which case they are depreciated over their estimated useful lives or the respective lease term, whichever is shorter.

No depreciation is provided on land and construction in progress.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Intangible Assets

(i) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the net identifiable assets acquired. Goodwill is measured at cost less accumulated impairment losses (refer to Basis of Preparation (o)). Goodwill is subject to an annual impairment test and is subject to an impairment write-down, if applicable. Impairments of goodwill are not reversed.

(ii) Other intangible assets

Other intangible assets are measured at cost, less accumulated amortisation, and any accumulated impairment losses (refer to Basis of Preparation (o)), unless useful lives are indefinite. Other intangible assets mainly include software and patents.

(iii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

Other development expenditure is recognised in profit or loss as incurred.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed in profit or loss as incurred.

(v) Amortisation

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets other than goodwill, unless such lives are indefinite. Other intangible assets are amortised from the date they are available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The estimated useful lives are as follows:

- Software 3-5 years
- Patents 12 years

(m) Investment Securities

All investment securities are classified as available-for-sale and measured at fair value, other than securities which do not have a published price quotation in an active market and cannot be measured at fair value reliably. Securities which do not have a published price quotation in an active market and cannot be measured at fair value reliably are measured at historical cost.

The fair value of an available-for-sale investment is its closing price at the consolidated statement of financial position date. Investments held as available-for-sale are recognised/derecognised on the date the Group commits to purchase/sell the investments.

Gains and losses arising from the changes in the fair values of available-for-sale investments are recognised in other comprehensive income as net change in fair value of available-for-sale financial assets, until the investment is sold or otherwise disposed of or until it is determined to be impaired (refer to Basis of Preparation (o)), at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss for the period. Interest and dividends received on available-for-sale investments are reported as financial income.

(n) Investment Property

The cost model is applied to investment property and it is stated at cost, less accumulated depreciation and accumulated impairment losses (refer to Basis of Preparation (o)).

(o) Impairment of Assets

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of receivables is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial assets are recognised by transferring the cumulative loss that has been recognised in other comprehensive income and presented in change in fair value of available-for-sale financial assets in equity, to profit or loss. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.

If the fair value of an impaired available-for-sale financial assets subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the asset is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(p) Trade and Other Payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are measured at amortised cost using the effective interest method.

(q) Loans and Borrowings

Loans and borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, loans and borrowings are measured at amortised cost using the effective interest method.

(r) Provisions

Provisions are recognised in the consolidated statements of financial position when the Group has a legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a financial expense.

(i) Asset retirement obligation

In accordance with a contractual obligation to a landlord to dismantle and remove leasehold improvements from a leased office at the end of the lease contract, a provision for asset retirement obligation is recognised.

(ii) Settlement for products sold

The Company makes a provision for settlement for products sold regarding the damage incurred by customers attributed to the Company's products.

(s) Employee Benefits

(i) Defined benefit plans

The Group's net obligation with respect to defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the consolidated statement of financial position date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. Actuarial gains or losses and return on assets, excluding interest income, are recognised immediately in other comprehensive income.

(ii) Defined contribution plans

The employees of the Company and certain subsidiaries are provided defined contribution plans based on local practices and regulations. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred. In addition, the Company participates in a defined benefit multi-employer plan. The Company accounts for the plan as if it were a defined contribution plan because sufficient information on the Company's share of the defined benefit obligation and plan assets in the plan is not available to use defined benefit accounting.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid as a bonus or vacation pay if the Group has a present legal or constructive obligation to pay this amount, and the obligation can be estimated reliably.

(t) Net Sales

Revenue from the sale of goods in ordinary business operations is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, there is no continuing management involvement with the goods, recovery of the consideration is probable and the associated costs and amount of revenue can be measured reliably.

(u) Government Grants

Government grants related to certain investments are measured at fair value and are recognised in the consolidated statements of financial position initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to the grants. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised as other operating income in profit or loss on a systematic basis over the useful life of the asset.

(v) Operating Leases

An operating lease is a lease other than a finance lease. Lease payments are recognised in profit or loss on a straight-line basis over the lease term.

(w) Financial Income and Expenses

Financial income and expenses mainly comprise interest income, dividend income, interest expense on borrowings calculated using the effective interest method, foreign exchange gains and losses, changes in the fair value of derivative financial instruments, impairment losses of available-for-sale financial assets, and gains and losses on sales of available-for-sale financial assets.

Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset. Dividend income is recognised in profit or loss on the date that the dividend is declared.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(x) Income Taxes

Income taxes comprise current and deferred taxes. Income taxes are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or other comprehensive income.

Current taxes are the expected taxes payable on the taxable income for the year, using tax rates enacted or substantially enacted at the consolidated statement of financial position date, and any adjustment to taxes payable in respect of previous years.

Deferred taxes are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred taxes recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the consolidated statement of financial position date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(y) Segment Information

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses relating to transactions with other components of the Group.

The main activities of the Group are the integrated manufacture and sale of quartz crystal units, crystal devices, ultrasonic transducers and synthetic quartz crystals and there is no separate operating segment whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Therefore, the Group has a single reportable segment.

(z) Changes in Accounting Estimates

From the fiscal year ended March 31, 2015, the period of depreciation for fixed assets and the period of discount for asset retirement obligation of a leased office were revised due to the change of the estimate of the expiration date of contract for the leased office.

In addition, during the fiscal year ended March 31, 2015, the estimates of the obligation to dismantle and remove leasehold improvements from the leased office was reviewed.

As a result, there was a decrease in operating income of ¥107 million and income before income tax of ¥106 million for the fiscal year ended March 31, 2015.

3. Segment Information

General information

The main activities of the Group are the integrated manufacture and sale of quartz crystal units, crystal devices, ultrasonic transducers and synthetic quartz crystals, and there are no separate operating segments. Therefore, the Group has a single reportable segment.

Information about products and services

Net sales by type of products is as follows:

	Millions of yen						Thousands of U.S. dollars
	2015		2014		Increase/(decrease)		**2015**
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)	Amount
Quartz crystal units	**¥28,820**	**60.4**	¥28,745	56.6	¥ 75	0.3	**$239,826**
Crystal devices	**14,706**	**30.8**	15,991	31.5	(1,284)	(8.0)	**122,376**
Others	**4,203**	**8.8**	6,038	11.9	(1,835)	(30.4)	**34,975**
Total	**¥47,730**	**100.0**	¥50,774	100.0	¥(3,043)	(6.0)	**$397,187**

Information about geographical areas

Sales by geographical areas and non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts are as set out below. Sales by geographical areas are categorised by country or areas of customers and non-current assets are based on the geographical location of the assets.

	Millions of yen								
	2015								
	Japan	China	Germany	U.S.A.	Singapore	Malaysia	South Korea	Others	Total
Net sales	**¥ 9,659**	**¥18,666**	**¥4,334**	**¥3,493**	**¥1,497**	**¥1,113**	**¥935**	**¥8,030**	**¥47,730**
Non-current assets	**20,566**	**3,125**	**—**	**576**	**7**	**2,595**	**—**	**30**	**26,900**

	Millions of yen								
	2014								
	Japan	China	Germany	U.S.A.	Thailand	Malaysia	South Korea	Others	Total
Net sales	¥11,942	¥18,809	¥4,410	¥3,488	¥1,512	¥1,261	¥1,344	¥8,007	¥50,774
Non-current assets	23,034	3,424	1	527	—	2,694	—	43	29,724

	Thousands of U.S. dollars								
	2015								
	Japan	China	Germany	U.S.A.	Singapore	Malaysia	South Korea	Others	Total
Net sales	**$ 80,377**	**$155,329**	**$36,065**	**$29,067**	**$12,457**	**$ 9,261**	**$7,780**	**$66,822**	**$397,187**
Non-current assets	**171,140**	**26,004**	**—**	**4,793**	**58**	**21,594**	**—**	**249**	**223,849**

Major customers

During the years ended March 31, 2015 and 2014, there were no major external customers with net sales exceeding 10% of the Group's total net sales.

4. Cash and Cash Equivalents

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Cash on hand and bank deposits	**¥11,364**	¥10,227	**$ 94,566**
Short-term investments	**3,000**	7,500	**24,964**
Total	**¥14,364**	¥17,727	**$119,530**
Cash and cash equivalents in the consolidated statements of cash flows	**¥14,364**	¥17,727	**$119,530**

5. Trade Receivables

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Notes receivable and electronically recorded monetary claims	**¥ 322**	¥ 363	**$ 2,679**
Accounts receivable	**11,295**	11,858	**93,991**
Total	**¥11,617**	¥12,221	**$96,671**

6. Inventories

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Finished products	**¥ 6,046**	¥ 5,803	**$ 50,312**
Semi-finished products	**735**	728	**6,116**
Work in process	**2,744**	1,898	**22,834**
Raw materials and supplies	**3,012**	2,614	**25,064**
Total	**¥12,540**	¥11,045	**$104,352**
Write-down of inventories recognised as an expense*	**¥ 1,404**	¥ 1,135	**$ 11,683**
Reversal of write-down*, **	**¥ (1,145)**	¥ (1,354)	**$ (9,528)**

Write-down and the reversal of write-down of inventories are included in cost of sales.

*** Since it is not possible for the Company to track individual utilisation of the inventory allowance, the total amount of write-down recognised at the previous year-end is reversed to cost of sales in the current period.*

Note: There were no inventories pledged as security as of March 31, 2015 and 2014.

7. Other Current Assets

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Prepaid expenses	**¥ 195**	¥ 186	**$ 1,622**
Trust beneficiary right	**307**	232	**2,554**
Other receivables	**1,001**	375	**8,329**
Advance payments	**86**	86	**715**
Consumption tax/ value-added tax receivables	**1,537**	1,057	**12,790**
Others	**249**	277	**2,072**
Total	**¥3,378**	¥2,216	**$28,110**

8. Property, Plant and Equipment

	Millions of yen					
	2014					
	Land	Buildings and structures	Machinery and vehicles	Furniture and fixtures	Construction in progress	Total
Cost:						
At April 1	¥3,808	¥ 29,277	¥ 77,759	¥ 5,777	¥3,108	¥119,733
Additions	0	148	689	316	1,426	2,581
Disposals	—	(24)	(4,747)	(201)	(33)	(5,006)
Currency translation differences	15	487	1,553	102	40	2,199
Transfers and others	—	249	1,522	187	(2,236)	(277)
At March 31	¥3,824	¥ 30,139	¥ 76,778	¥ 6,182	¥2,305	¥119,230
Accumulated depreciation and impairment losses:						
At April 1	¥ —	¥(17,069)	¥(68,250)	¥(5,005)	¥ (178)	¥ (90,503)
Depreciation for the year	—	(1,162)	(2,417)	(253)	—	(3,833)
Impairment losses	—	(2)	(111)	(1)	—	(114)
Disposals	—	12	4,737	200	—	4,951
Currency translation differences	—	(263)	(1,422)	(84)	(0)	(1,770)
Transfers and others	—	0	244	7	0	252
At March 31	¥ —	¥(18,485)	¥(67,219)	¥(5,136)	¥ (178)	¥ (91,019)
Net book value	¥3,824	¥ 11,654	¥ 9,558	¥ 1,046	¥2,127	¥ 28,211

	Millions of yen						Thousands of U.S. dollars
	2015						2015
	Land	Buildings and structures	Machinery and vehicles	Furniture and fixtures	Construction in progress	Total	Total
Cost:							
At April 1	**¥3,824**	**¥ 30,139**	**¥ 76,778**	**¥ 6,182**	**¥2,305**	**¥119,230**	**$ 992,177**
Additions	**—**	**216**	**998**	**115**	**554**	**1,884**	**15,677**
Disposals	**—**	**(282)**	**(3,828)**	**(526)**	**(11)**	**(4,649)**	**(38,686)**
Currency translation differences	**20**	**867**	**2,383**	**167**	**87**	**3,526**	**29,341**
Transfers and others	**—**	**(0)**	**1,099**	**(41)**	**(1,586)**	**(528)**	**(4,393)**
At March 31	**¥3,844**	**¥ 30,940**	**¥ 77,431**	**¥ 5,896**	**¥1,350**	**¥119,464**	**$ 994,124**
Accumulated depreciation and impairment losses:							
At April 1	**¥ —**	**¥(18,485)**	**¥(67,219)**	**¥(5,136)**	**¥ (178)**	**¥ (91,019)**	**$(757,418)**
Depreciation for the year	**—**	**(1,215)**	**(2,178)**	**(302)**	**—**	**(3,697)**	**(30,764)**
Impairment losses	**—**	**(295)**	**(691)**	**(1)**	**(160)**	**(1,149)**	**(9,561)**
Disposals	**—**	**118**	**3,779**	**520**	**0**	**4,418**	**36,764**
Currency translation differences	**—**	**(496)**	**(2,186)**	**(145)**	**(1)**	**(2,830)**	**(23,549)**
Transfers and others	**—**	**(0)**	**299**	**93**	**62**	**456**	**3,794**
At March 31	**¥ —**	**¥(20,374)**	**¥(68,196)**	**¥(4,972)**	**¥ (277)**	**¥ (93,820)**	**$(780,727)**
Net book value	**¥3,844**	**¥ 10,566**	**¥ 9,234**	**¥ 924**	**¥1,073**	**¥ 25,643**	**$ 213,389**

Notes: 1. Depreciation is included in cost of sales, selling, general and administrative expenses, research and development expenses and other operating expenses. Impairment losses are included in other operating expenses.
2. There were no restrictions on title, on property, plant and equipment pledged as security as of March 31, 2015 and 2014.

Impairment losses

The Group is grouping assets or groups of assets by company and business location based on the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). Idle assets which are not expected to be used in the future are grouped by individual asset units.

The Group expects that the business environment will deteriorate with declining product prices and decreasing demand in the digital camera market. After testing relevant of property, plant and equipment for impairment, impairment losses were recognised in other operating expenses for those assets or asset group for which the carrying amount exceeded the recoverable amount.

Impairment losses for the year ended March 31, 2015 and 2014 were as follows:

			Millions of yen	Thousands of U.S. dollars
			2015	2015
Location	Asset/Asset group	Category	Total	Total
Sayama Plant (Sayama-city, Saitama, Japan)	Optical products	Machinery and others	**¥136**	**$1,131**
	Idle assets	Machinery and others	**308**	**2,563**
Furukawa NDK Co., Ltd. (Osaki-city, Miyagi, Japan)	Idle assets	Machinery	**27**	**224**
Hakodate NDK Co., Ltd. (Hakodate-city, Hokkaido, Japan)	Idle assets	Machinery	**33**	**274**
Suzhou NDK Co., Ltd. (Suzhou, Jiangsu Province, China)	Corporate assets	Building	**295**	**2,454**
	Crystal units and Crystal oscillators	Machinery and others	**267**	**2,221**
	Optical products	Machinery and others	**81**	**674**

Note: The recoverable amount of the asset group was measured at value in use or net selling price. Value in use was calculated using the discounted present value of future cash flows. The pre-tax discount rate used in the calculation was from 5.9% to 9.9%. Net selling price was based on the estimated amount on disposal after deducting the costs of disposal.

			Millions of yen
			2014
Location	Asset/Asset group	Category	Total
Sayama Plant (Sayama-city, Saitama, Japan)	Optical products	Machinery	¥39
Furukawa NDK Co., Ltd. (Osaki-city, Miyagi, Japan)	Optical products	Machinery and others	60
Suzhou NDK Co., Ltd. (Suzhou, Jiangsu Province, China)	Optical products	Machinery	9
	Idle assets	Machinery and others	4

Note: The recoverable amount of asset group was measured at value in use or net selling price. Value in use was calculated using the discounted present value of future cash flows. The pre-tax discount rate used in the calculation was from 5.1% to 7.8%. Net selling price was the amount on disposal after deducting the costs of disposal.

Leased assets
The carrying amount of leased machinery and vehicles was ¥21 million ($174 thousand) and ¥30 million as of March 31, 2015 and 2014, respectively. The carrying amount of leased furniture and fixtures was ¥26 million ($216 thousand) and ¥22 million as of March 31, 2015 and 2014, respectively.

Property, plant and equipment acquired under finance leases for the years ended March 31, 2015 and 2014 amounted to ¥16 million ($133 thousand) and ¥18 million, respectively.

Construction in progress
During the years ended March 31, 2015 and 2014, the Group acquired new production lines under construction for crystal units, crystal oscillators and optical devices. The cost of acquisition was ¥1,073 million ($8,929 thousand) and ¥2,127 million as of March 31, 2015 and 2014, respectively.

9. Intangible Assets

	Millions of yen				
	2014				
	Computer software	*Goodwill*	*Patents*	*Others*	*Total*
Cost:					
At April 1	¥ 832	¥1,356	¥ 35	¥ 58	¥ 2,282
Additions	42	—	—	109	151
Disposals	(227)	—	—	—	(227)
Currency translation differences	10	—	—	1	11
Transfers and others	8	—	—	(9)	(1)
At March 31	¥ 665	¥1,356	¥ 35	¥158	¥ 2,216
Accumulated amortisation and impairment losses:					
At April 1	¥(617)	¥ (644)	¥ (7)	¥ (8)	¥(1,277)
Amortisation for the year	(85)	—	(2)	(1)	(90)
Disposals	227	—	—	—	227
Currency translation differences	(10)	—	—	—	(10)
Transfers and others	1	—	—	—	1
At March 31	¥(483)	¥ (644)	¥(10)	¥ (10)	¥(1,147)
Net book value	¥ 182	¥ 712	¥ 24	¥148	¥ 1,068

	Millions of yen					*Thousands of U.S. dollars*
	2015					***2015***
	Computer software	*Goodwill*	*Patents*	*Others*	*Total*	*Total*
Cost:						
At April 1	**¥ 665**	**¥1,356**	**¥ 35**	**¥158**	**¥ 2,216**	**$18,440**
Additions	**123**	**—**	**—**	**16**	**139**	**1,156**
Disposals	**(150)**	**—**	**—**	**—**	**(150)**	**(1,248)**
Currency translation differences	**17**	**—**	**—**	**3**	**20**	**166**
Transfers and others	**110**	**—**	**—**	**(111)**	**(1)**	**(8)**
At March 31	**¥ 766**	**¥1,356**	**¥ 35**	**¥ 66**	**¥ 2,225**	**$18,515**
Accumulated amortisation and impairment losses:						
At April 1	**¥(483)**	**¥ (644)**	**¥(10)**	**¥ (10)**	**¥(1,147)**	**$ (9,544)**
Amortisation for the year	**(107)**	**—**	**(2)**	**(1)**	**(112)**	**(932)**
Disposals	**150**	**—**	**—**	**—**	**150**	**1,248**
Currency translation differences	**(11)**	**—**	**—**	**—**	**(11)**	**(91)**
Transfers and others	**1**	**—**	**—**	**—**	**1**	**8**
At March 31	**¥(450)**	**¥ (644)**	**¥(13)**	**¥ (11)**	**¥(1,119)**	**$ (9,311)**
Net book value	**¥ 315**	**¥ 712**	**¥ 21**	**¥ 55**	**¥ 1,105**	**$ 9,195**

Note: Amortisation is included in cost of sales, selling, general and administrative expenses and research and development expenses.

Impairment losses
• Goodwill
As a result of annual impairment tests, the recoverable amount of the cash-generating unit exceeded the net book value and no impairment losses were recognised during the years ended March 31, 2015 and 2014.

The estimates of the recoverable amount of the cash-generating unit, including the goodwill for SAW device production, were based on the value in use, which was calculated using the discounted present value of estimated future cash flows for 10 years.

The cash flows were projected based on actual operating results and the three-year plan approved by management. The plan reflected management's assessment of future industry forecasts and historical results based on external and internal information. The growth rates used for the cash flow estimation were assumed to be zero by considering the long-term average growth rate of the market to which the CGU belongs. The Company believes that the forecast period was justified due to the long-term nature of the business. The pre-tax discount rate used in the calculation was 5.9% and 5.1% for the years ended March 31, 2015 and 2014, respectively.

Even if major assumptions were revised based on reasonably possible changes, it is considered that the probability of such recoverable amount becoming less than the carrying amount is unlikely.

• Other intangible assets

During the years ended March 31, 2015 and 2014, there were no impairment losses.

10. Investment Property

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
At April 1	¥254	¥254	$2,113
Change during the year	(254)	—	(2,113)
At March 31	¥ —	¥254	$ —
Fair value*	¥ —	¥761	$ —
Rental income from investment property**	¥ 21	¥ 23	$ 174
Direct operating expenses arising from investment property***	¥ 5	¥ 5	$ 41
Gain on sales****	¥867	¥ —	$7,214

* The fair value of the investment property was based on the appraised assessed value by an independent real-estate appraiser.

** Rental income from investment property is included in other operating income.

*** Direct operating expenses arising from investment property is included in other operating expenses.

**** Gain on sales arose from sales of investment property in March 2015.

11. Investment Securities

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Available-for-sale financial assets	¥1,132	¥953	$9,419

12. Other Non-current Assets

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Lease deposits	¥292	¥221	$2,429
Golf and resort club memberships	152	156	1,264
Long-term prepaid expenses	152	189	1,264
Insurance premium reserve	289	268	2,404
Others	61	26	507
Total	¥948	¥862	$7,888

13. Trade and Other Payables

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Trade accounts payable	¥4,452	¥4,726	$37,047
Accrued expenses	2,714	2,695	22,584
Other payables	1,052	1,185	8,754
Total	¥8,220	¥8,607	$68,403

14. Other Current Liabilities

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Accrued vacation pay	¥469	¥469	$3,902
Others	157	147	1,306
Total	¥627	¥616	$5,217

15. Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

Loans and borrowings at March 31, 2015 and 2014 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Short-term loans and borrowings:			
Unsecured bank loans	¥ 841	¥ 514	$ 6,998
Long-term loans and borrowings maturing within one year:			
Unsecured bank loans	9,731	12,550	80,976
Finance lease obligations	20	21	166
Total	¥10,593	¥13,085	$ 88,150
Long-term loans and borrowings:			
Unsecured bank loans	¥19,340	¥21,522	$160,938
Finance lease obligations	29	35	241
Total	¥19,370	¥21,557	$161,188

The maturities of long-term loans and borrowings at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
The second year	¥13,886	¥ 7,761	$115,552
The third year	3,653	11,461	30,398
The fourth year	1,327	2,171	11,042
The fifth year	503	163	4,185
Thereafter	—	—	—
Total	¥19,370	¥21,557	$161,188

Future minimum lease payments for the finance leases are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2015		2014		2015	
	Present value	Future value	Present value	Future value	Present value	Future value
Within one year	¥20	¥23	¥21	¥23	$166	$191
From one year through five years	29	34	35	39	241	282
Total minimum lease obligations	¥50	¥57	¥56	¥62	$416	$474

Note: The difference between the future value of the minimum lease payments and their present value represents the interest element of the finance leases.

The following table indicates the effective interest rates and maturity dates of interest-bearing financial liabilities at the consolidated statement of financial position date.

As of March 31, 2015	Effective interest rate (weighted average)	Millions of yen — Carrying amount: Within one year	More than one year	Total
Short-term loans and borrowings:				
Unsecured bank loans with fixed rates	**0.53%**	**¥ 841**	**¥ —**	**¥ 841**
Long-term loans and borrowings:				
Unsecured bank loans with fixed rates	**0.44**	**6,757**	**16,368**	**23,125**
Unsecured bank loans with floating rates	**0.39**	**2,973**	**2,972**	**5,946**
Finance lease obligations with fixed rates	**7.47**	**20**	**29**	**50**

As of March 31, 2014	Effective interest rate (weighted average)	Millions of yen — Carrying amount: Within one year	More than one year	Total
Short-term loans and borrowings:				
Unsecured bank loans with fixed rates	0.48%	¥ 514	¥ —	¥ 514
Long-term loans and borrowings:				
Unsecured bank loans with fixed rates	0.47	12,050	17,647	29,697
Unsecured bank loans with floating rates	0.46	500	3,875	4,375
Finance lease obligations with fixed rates	7.11	21	35	56

As of March 31, 2015	Thousands of U.S. dollars — Carrying amount: Within one year	More than one year	Total
Short-term loans and borrowings:			
Unsecured bank loans with fixed rates	**$ 6,998**	**$ —**	**$ 6,998**
Long-term loans and borrowings:			
Unsecured bank loans with fixed rates	**56,228**	**136,207**	**192,435**
Unsecured bank loans with floating rates	**24,739**	**24,731**	**49,479**
Finance lease obligations with fixed rates	**166**	**241**	**416**

The Group's exposure to foreign currency and liquidity risks are described in Note 28.

16. Employee Benefits

Defined benefit plans

The Company and certain subsidiaries provide defined benefit plans for their employees. Benefits are dependent on the levels of wages and salaries at the times of retirement or termination, lengths of service and certain other factors.

The following table reconciles the funded status of the defined benefit plans to the amounts recognised in the consolidated statements of financial position:

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Present value of funded obligations	**¥6,939**	¥6,695	**$57,743**
Fair value of plan assets	**(5,501)**	(4,810)	**(45,776)**
	1,437	1,884	**11,958**
Present value of unfunded obligations	**2,191**	2,128	**18,232**
Net liabilities	**3,628**	4,013	**30,190**
Recognised assets for defined benefit plans	**38**	—	**316**
Net liabilities recognised in the consolidated statements of financial position	**¥3,666**	¥4,013	**$30,506**

Movement in present value of defined benefit obligations:

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Defined benefit obligations at April 1	**¥8,823**	¥8,161	**$73,420**
Benefits paid by the plan	**(274)**	(321)	**(2,280)**
Benefits paid by the Group	**(96)**	(100)	**(798)**
Current service costs*	**551**	501	**4,585**
Interest cost*	**85**	117	**707**
Actuarial losses**	**41**	464	**341**
Defined benefit obligations at March 31	**¥9,130**	¥8,823	**$75,975**

** Current service costs and interest cost (net interest after deducting interest income on plan assets) are included in cost of sales, selling, general and administrative expenses and research and development expenses.*

*** Actuarial losses arose from changes in financial assumptions and others.*

Note: The weighted-average duration of the defined benefit obligation was 12 years as of March 31, 2015 and 2014.

Movement in fair value of plan assets:

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Fair value of plan assets at April 1	**¥4,810**	¥4,304	**$40,026**
Contributions paid to the plan*	**579**	586	**4,818**
Benefits paid by the plan	**(274)**	(321)	**(2,280)**
Interest income	**47**	63	**391**
Return on plan assets, excluding interest income	**338**	177	**2,812**
Fair value of plan assets at March 31	**¥5,501**	¥4,810	**$45,776**

** The Company and certain subsidiaries expect to pay ¥572 million ($4,759 thousand) in contributions to defined benefit plans for the year ending March 31, 2016.*

The target of the management of plan assets is to secure needed total earnings in the long term to sustain the payment of pension and lump-sum benefits in the future, paying attention to medium-term risk of downward market trends.

The Group designs an optimal portfolio to achieve this target, attempts to maintain asset allocations based on this portfolio and reviews the necessity of rebalancing the portfolio as needed.

Plan assets consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Pension investment fund trust*	**¥4,166**	¥3,593	**$34,667**
Life insurance company general accounts**	**1,180**	1,076	**9,819**
Others	**155**	140	**1,289**
Total plan assets	**¥5,501**	¥4,810	**$45,776**

** The components of the pension investment fund trust were Domestic bonds 60%, Domestic equities 16%, Foreign-currency equities 14% and Foreign-currency bonds & others 10% as of March 31, 2015, and Domestic bonds 61%, Domestic equities 16%, Foreign-currency equities 17% and Foreign-currency bonds & others 6% as of March 31, 2014. The fair value measurement of these assets is classified as Level 2 in the fair value hierarchy (refer to Note 28).*

*** Life insurance company general accounts are group pension general accounts which are guaranteed certain assumed interest rates and return of principal, the fair value measurement of which is classified as Level 2 in the fair value hierarchy.*

Principal actuarial assumptions used to determine pension obligations as of March 31, 2015 and 2014 are as follows:

	2015	2014
Discount rate	**0.7%**	1.0%

Note: Other actuarial assumptions include mortality rate, turnover rate, future salary growth rate, and others.

Changes of the discount rate would have affected the defined benefit obligation by the amounts shown below. This analysis assumes that all variables other than the discount rate remain constant.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Discount rate–0.1% increase	**¥(105)**	¥(105)	**$(873)**
Discount rate–0.1% decrease	**¥ 107**	¥ 106	**$ 890**

Defined contribution plans

In addition to the preceding plans, the Company and a majority of its subsidiaries, overseas and domestic, sponsor defined contribution plans based on local practices and regulations. The Group's contributions were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Contributions paid to the plans	**¥1,142**	¥1,053	**$9,503**

Note: Contributions are included in cost of sales, selling, general and administrative expenses and research and development expenses.

Multi-employer plan

The Company participates in the welfare pension fund for the Tokyo Electrical Machinery Association, a multi-employer defined benefit plan.

For the multi-employer defined benefit plan, sufficient information is not available to use defined benefit accounting since it is not possible to calculate the amount of plan assets corresponding to the Company's contributions. Therefore, the Company accounts for the plan as if it were a defined contribution plan, and the contributions are included in cost of sales, selling, general and administrative expenses and research and development expenses.

The contributions paid to the plan are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Contributions paid to the plan	**¥207**	¥281	**$1,722**

Notes: 1. Contributions are calculated by multiplying the standard salary of each member by a defined contribution rate. In case the plan is underfunded, future contributions to the plan may increase.

2. Assets contributed to the plan may be used to provide benefits to employees of other participating employers. If the other participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

3. This plan was approved of exemption from the future payment obligation about the part of the welfare pension fund, deputizing for the Japanese government, by the Minister of Health, Labour and Welfare on October 10, 2014.

4. The Company expects to pay ¥171 million ($1,422 thousand) in contributions to the plan for the year ending March 31, 2016.

Information for the multi-employer plan as a whole which is not in accordance with IAS 19 Employee Benefits is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2014	As of March 31, 2013	**As of March 31, 2014**
Fair value of plan assets	**¥303,721**	¥281,339	**$2,527,427**
Actuarial benefit obligation of the plan	**299,821**	290,987	**2,494,973**
Net	**¥ 3,900**	¥ (9,648)	**$ 32,454**
Surplus	**¥ 12,010**	¥ 12,320	**$ 99,941**
General reserve	**12,320**	—	**102,521**
Unamortised past service obligation	**(20,430)**	(21,968)	**(170,009)**
Total	**¥ 3,900**	¥ (9,648)	**$ 32,454**
Amortisation method of past service obligation	**The amounts of principal and interest are amortised equally for 20 years.**	The amounts of principal and interest are amortised equally for 20 years.	
Ratio of contributions by the Company to the plan as a whole	**2.92%**	3.03%	

Note: In case of withdrawing from the plan, the Company may be required to pay the amount of unfunded obligations proportional to the Company's ratio of contributions to the plan as a whole.

Termination benefits

Certain subsidiaries paid additional compensation to employees for early retirement recorded as an expense in cost of sales.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Expense recognised in consolidated statements of comprehensive income	**¥5**	¥—	**$41**

17. Share Capital

	Number of shares	
	2015	2014
Class of shares*	**Ordinary shares**	Ordinary shares
Number of authorised shares	**40,000,000**	40,000,000
Number of outstanding shares**		
At April 1	**20,757,905**	20,757,905
Increase or decrease	**—**	—
At March 31	**20,757,905**	20,757,905
Number of treasury shares		
At April 1	**1,130,304**	1,129,346
Number of purchased or sold shares less than a full trading unit	**914**	958
At March 31	**1,131,218**	1,130,304

* Ordinary shares have no par value.
** Outstanding shares are fully paid.

Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Other components of equity

Available-for-sale financial assets

Available-for-sale financial assets includes the cumulative net change in the fair value of available-for-sale financial assets until they are sold or otherwise disposed of or are determined to be impaired.

Translation differences for foreign operations

This reserve is used for translation differences arising on the consolidation of financial statements of foreign subsidiaries.

18. Dividends

Payments of dividends in the year ended March 31, 2014:

		Amount of dividends		Dividend per share		
Resolution	Class of shares	Millions of yen	Thousands of U.S. dollars	Yen	Record date	Payment date
Annual general meeting on June 21, 2013	Ordinary shares	¥196	$1,631	¥10	March 31, 2013	June 24, 2013
Board of directors on November 8, 2013	Ordinary shares	¥196	$1,631	¥10	September 30, 2013	December 9, 2013

Payments of dividends in the year ended March 31, 2015:

		Amount of dividends		Dividend per share		
Resolution	Class of shares	Millions of yen	Thousands of U.S. dollars	Yen	Record date	Payment date
Annual general meeting on June 20, 2014	Ordinary shares	¥196	$1,631	¥10	March 31, 2014	June 23, 2014
Board of directors on November 7, 2014	Ordinary shares	¥196	$1,631	¥10	September 30, 2014	December 8, 2014

On June 26, 2015, a dividend of ¥196 million will be proposed to shareholders at the annual general meeting:

		Amount of dividends		Dividend per share		
Resolution	Class of shares	Millions of yen	Thousands of U.S. dollars	Yen	Record date	Payment date
Annual general meeting on June 26, 2015	Ordinary shares	¥196	$1,631	¥10	March 31, 2015	June 29, 2015

Note: In accordance with IAS 10 Events after the Reporting Period, the dividend has not been recorded in the consolidated financial statements for the year ended March 31, 2015.

19. Cost of Sales

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Raw materials	**¥18,311**	¥19,529	**$152,375**
Subcontract fees	**782**	760	**6,507**
Decrease/(increase) in products and work-in-process	**(623)**	588	**(5,184)**
Personnel expenses (refer to Note 23)	**11,587**	11,398	**96,421**
Depreciation and amortisation (refer to Note 24)	**2,827**	3,194	**23,525**
Electricity	**2,369**	2,282	**19,713**
Others	**3,546**	3,224	**29,508**
Total	**¥38,801**	¥40,978	**$322,884**

20. Selling, General and Administrative Expenses

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Personnel expenses (refer to Note 23)	**¥3,793**	¥3,622	**$31,563**
Depreciation and amortisation (refer to Note 24)	**384**	234	**3,195**
Commissions	**585**	713	**4,868**
Shipping charges	**731**	699	**6,083**
Travel	**320**	334	**2,662**
Welfare	**215**	230	**1,789**
Rent	**311**	318	**2,588**
Advertising	**156**	175	**1,298**
Communication	**105**	100	**873**
Others	**1,107**	1,066	**9,211**
Total	**¥7,713**	¥7,496	**$64,184**

21. Research and Development Expenses

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Personnel expenses (refer to Note 23)	**¥1,097**	¥1,123	**$ 9,128**
Depreciation and amortisation (refer to Note 24)	**397**	395	**3,303**
Materials	**317**	339	**2,637**
Others	**321**	361	**2,671**
Total	**¥2,133**	¥2,221	**$17,749**

22. Other Operating Income and Expenses

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Gain on sales of property, plant and equipment ("PPE")*	**¥ 304**	¥109	**$ 2,529**
Gain on sales of land-use rights**	**406**	—	**3,378**
Gain on sales of investment property***	**867**	—	**7,214**
Government grants****	**150**	139	**1,248**
Insurance claim income*****	**645**	—	**5,367**
Reversal of provisions for settlement for products sold	**—**	35	**—**
Other income	**157**	144	**1,306**
Total other operating income	**¥2,533**	¥428	**$21,078**
Loss on disposal of PPE	**¥ 7**	¥ 11	**$ 58**
Impairment losses of PPE	**1,149**	114	**9,561**
Depreciation of temporarily idle fixed assets	**194**	93	**1,614**
Other expenses	**88**	47	**732**
Total other operating expenses	**¥1,439**	¥267	**$11,974**

Gain on sales of PPE occurred mainly due to sales of real estate at subsidiaries in China and Malaysia for the year ended March 31, 2015.

** *Gain on sales of land-use rights relates to sales of part of land-use rights at a subsidiary in China.*

*** *Gain on sales of investment property relates to sales of investment property at the head office (see Note 10).*

**** *Grants mainly include accounts received from national and local public entities for employment and investments in facilities and benefits received through low-interest loans using the lending system of the Bank of Japan, which are recognised in the periods when the related expenses are recognised.*

***** *Insurance claim income represents the virtually certain amount to be received, regarding losses caused by the explosion of an autoclave at a subsidiary in the U.S.A. in December 2009.*

23. Personnel Expenses and Number of Employees

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Wages and salaries	**¥13,284**	¥13,053	**$110,543**
Pension expenses	**1,943**	1,890	**16,168**
Fringe benefits and others	**1,251**	1,199	**10,410**
Total	**¥16,479**	¥16,144	**$137,130**

The number of employees at the end of the year is as follows:

	2015	2014
Number of employees	**4,305**	4,418

Note: The average number of temporary staff is included in number of employees.

24. Depreciation and Amortisation Expenses

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Property, plant and equipment:			
Cost of sales	**¥2,784**	¥3,147	**$23,167**
Selling, general and administrative expenses	**324**	200	**2,696**
Research and development expenses	**389**	386	**3,237**
Other operating expenses	**199**	98	**1,655**
Subtotal—depreciation expenses	**¥3,697**	¥3,833	**$30,764**
Intangible assets and goodwill:			
Cost of sales	**¥ 43**	¥ 46	**$ 357**
Selling, general and administrative expenses	**60**	34	**499**
Research and development expenses	**8**	9	**66**
Subtotal—amortisation expenses	**¥ 112**	¥ 90	**$ 932**
Total depreciation and amortisation expenses	**¥3,809**	¥3,923	**$31,696**

25. Financial Income and Expenses

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Interest income:			
Financial assets measured at amortised cost	**¥ 55**	¥ 52	**$ 457**
Dividend income:			
Available-for-sale financial assets	**27**	23	**224**
Gain on sales of investment securities:			
Available-for-sale financial assets*	**360**	190	**2,995**
Gain arising from changes in the fair value of derivative financial instruments:			
Financial assets measured at fair value and recognised through profit or loss	**28**	5	**233**
Total financial income	**¥472**	¥271	**$3,927**
Interest expense:			
Unwind of discount	**¥ 0**	¥ 2	**$ 0**
Financial liability measured at amortised cost	**270**	266	**2,246**
Loss arising from changes in the fair value of derivative financial instruments:			
Financial assets measured at fair value and recognised through profit or loss	**—**	10	**—**
Foreign exchange losses, net	**13**	36	**108**
Others	**4**	3	**33**
Total financial expenses	**¥288**	¥319	**$2,396**

Of these amounts, ¥(360) million ($(2,995) thousand) and ¥(190) million for the years ended March 31, 2015 and 2014, respectively, were transferred from equity to profit or loss.

26. Income Taxes

Deferred tax assets and liabilities are attributable to the following:

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Deferred tax assets:			
Accrued bonus	**¥ 68**	¥ 57	**$ 565**
Loss from devaluation of inventories	**40**	39	**332**
Impairment losses of PPE and intangible assets	**61**	288	**507**
Elimination of unrealised gains on inventories	**75**	61	**624**
Depreciation and amortisation	**49**	141	**407**
Tax losses carried forward	**773**	716	**6,432**
Others	**150**	385	**1,248**
Subtotal	**¥1,220**	¥1,690	**$10,152**
Offset by deferred tax liabilities within each entity	**¥ (325)**	¥ (81)	**$ (2,704)**
Deferred tax assets	**¥ 894**	¥1,608	**$ 7,439**
Deferred tax liabilities:			
Depreciation and amortisation	**¥ (260)**	¥ (320)	**$ (2,163)**
Unrealized gains on available-for-sale financial assets	**(14)**	(77)	**(116)**
Others	**(573)**	(310)	**(4,768)**
Subtotal	**¥ (848)**	¥ (708)	**$ (7,056)**
Offset by deferred tax assets within each entity	**¥ 325**	¥ 81	**$ 2,704**
Deferred tax liabilities	**¥ (522)**	¥ (627)	**$ (4,343)**
Net deferred tax assets	**¥ 372**	¥ 981	**$ 3,095**

Deferred tax assets have not been recognised in respect of the following items:

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Deductible temporary differences	**¥15,667**	¥14,277	**$130,373**
Tax losses	**16,136**	14,263	**134,276**
Total	**¥31,803**	¥28,540	**$264,650**

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The deductible temporary differences and part of tax losses do not expire under current tax legislation. The tax losses carried forward for the Company and certain subsidiaries are with the following schedule of expiration:

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
The first year	**¥ —**	¥ —	**$ —**
The second year	**—**	—	**—**
The third year	**—**	—	**—**
The fourth year	**3,079**	—	**25,622**
The fifth year and after	**12,281**	13,915	**102,196**

Deferred tax liabilities have not been recognised for temporary differences associated with investments in foreign subsidiaries of ¥124 million ($1,031 thousand) and ¥146 million at March 31, 2015 and 2014, respectively, as the Company has determined that the profits concerned will not be distributed in the foreseeable future.

Movement in net deferred tax assets during the year is as follows:

	Millions of yen								
	Balance April 1, 2013	Recognised in profit or loss	Recognised directly in equity	Recognised in other comprehensive income	Balance March 31, 2014	Recognised in profit or loss	Recognised directly in equity	Recognised in other comprehensive income	Balance March 31, 2015
Accrued bonus	¥ 73	¥ (16)	¥—	¥—	¥ 57	**¥ 11**	**¥—**	**¥—**	**¥ 68**
Loss from devaluation of inventories	35	3	—	—	39	**1**	**—**	**—**	**40**
Change in fair value of available-for-sale financial assets	(113)	—	—	36	(77)	**—**	**—**	**62**	**(14)**
Impairment losses of PPE and intangible assets	374	(86)	—	—	288	**(226)**	**—**	**—**	**61**
Elimination of unrealised gains on inventories	73	(11)	—	—	61	**13**	**—**	**—**	**75**
Depreciation and amortisation	(225)	46	—	—	(179)	**(31)**	**—**	**—**	**(210)**
Tax losses carried forward	505	211	—	—	716	**56**	**—**	**—**	**773**
Others	74	0	—	—	74	**(497)**	**—**	**—**	**(422)**
Total	¥797	¥147	¥—	¥36	¥981	**¥(671)**	**¥—**	**¥62**	**¥372**

Note: The difference between total of "Recognised in profit or loss" and "Deferred tax expenses/(benefits)" is due to exchange rate fluctuations.

	Thousands of U.S. dollars				
	Balance March 31, 2014	Recognised in profit or loss	Recognised directly in equity	Recognised in other comprehensive income	Balance March 31, 2015
Accrued bonus	$ 474	**$ 91**	**$—**	**$ —**	**$ 565**
Loss from devaluation of inventories	324	**8**	**—**	**—**	**332**
Change in fair value of available-for-sale financial assets	(640)	**—**	**—**	**515**	**(116)**
Impairment losses of PPE and intangible assets	2,396	**(1,880)**	**—**	**—**	**507**
Elimination of unrealised gains on inventories	507	**108**	**—**	**—**	**624**
Depreciation and amortisation	(1,489)	**(257)**	**—**	**—**	**(1,747)**
Tax losses carried forward	5,958	**466**	**—**	**—**	**6,432**
Others	615	**(4,135)**	**—**	**—**	**(3,511)**
Total	$8,163	**$(5,583)**	**$—**	**$515**	**$3,095**

Income taxes are composed of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Current tax expenses:			
Current year	**¥137**	¥ 71	**$1,140**
Deferred tax expenses/(benefits):			
Origination and reversal of temporary differences	**31**	260	**257**
Change in tax rate	**657**	143	**5,467**
Benefit of tax losses recognised	**40**	(233)	**332**
Change in unrecognised deductible temporary differences	**61**	(232)	**507**
Total	**791**	(61)	**6,582**
Total income tax expenses	**¥928**	¥ 10	**$7,722**

Note: The tax rate used to calculate deferred tax assets and liabilities of the Company as of March 31, 2015 was changed from 35.7% to 33.3% for temporary differences expected to reverse from April 1, 2015 to March 31, 2016, and 32.7% for those expected to reverse after April 1, 2016, because of amendments to Japanese tax laws enacted in March 2015.

Reconciliation between tax expense and the product of accounting profit or loss multiplied by the applicable tax rate is as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Income before income taxes	**¥359**	¥191	**$2,987**
Taxes at the Company's domestic tax rate*	**128**	72	**1,065**
Expenses not deductible for tax purposes	**47**	53	**391**
Non-taxable income	**(2)**	(6)	**(16)**
Impact of different tax rates in other countries	**18**	(56)	**149**
Effect of eliminating dividends received from subsidiaries	**—**	6	**—**
Effect of unrecognised tax losses or temporary differences	**61**	(232)	**507**
Effect of change in tax rate	**657**	143	**5,467**
Others	**16**	28	**133**
Total income tax expenses	**¥928**	¥ 10	**$7,722**

** The Company is subject to a number of income taxes that, in the aggregate, result in an applicable tax rate in Japan of approximately 35.7% and 38.0% for the years ended March 31, 2015 and 2014, respectively.*

27. Earnings per Share

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Net income/(loss) attributable to ordinary shareholders	**¥(569)**	¥181	**$(4,734)**

	Number of shares	
	2015	2014
Weighted-average number of shares outstanding	**19,627,230**	19,628,214

	Yen		U.S. dollars
	2015	2014	**2015**
Basic earnings/(loss) per share	**¥(29.00)**	¥9.25	**$(0.24)**

Notes: 1. Basic earnings/(loss) per share is calculated by dividing the net income/(loss) for the period attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the period.
2. Diluted earnings/(loss) per share is not disclosed because there are no potential ordinary shares which have dilutive effects.

28. Financial Instruments

Exposure to credit, liquidity, interest rate and currency risk arises in the normal course of the Group's business.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount based on reports by credit research companies. The Group does not require collateral in respect of financial assets at the consolidated statements of financial position date.

Transactions involving derivative financial instruments are with creditworthy financial institutions. Given their creditworthiness, management does not expect any counterparty to fail to meet its obligations. At the consolidated statement of financial position date, there were no significant concentrations of credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the consolidated statements of financial position. The maximum exposure to credit risk at the consolidated statement of financial position date was:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Financial assets at fair value through profit or loss	**¥ 34**	¥ 2	**$ 282**
Trade and other receivables	**12,927**	12,830	**107,572**
Cash and cash equivalents	**14,364**	17,727	**119,530**
Total	**¥27,326**	¥30,560	**$227,394**

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Domestic	**¥ 3,655**	¥ 4,231	**$30,415**
Asia	**5,343**	5,511	**44,462**
Europe	**1,826**	1,775	**15,195**
North America	**791**	698	**6,582**
Other regions	**—**	4	**—**
Total	**¥11,617**	¥12,221	**$96,671**

The aging of trade receivables at the reporting date was:

	Millions of yen				Thousands of U.S. dollars	
	2015		2014		2015	
	Gross	Impairment	Gross	Impairment	Gross	Impairment
Not past due	**¥10,915**	**¥—**	¥11,757	¥—	**$90,829**	**$ —**
Past due 0–30 days	**586**	**—**	378	—	**4,876**	**—**
Past due 31–90 days	**111**	**4**	82	11	**923**	**33**
Past due 91–365 days	**15**	**9**	13	1	**124**	**74**
Past due more than 365 days	**51**	**48**	50	48	**424**	**399**
Total	**¥11,680**	**¥63**	¥12,282	¥60	**$97,195**	**$524**

The Group separately records an allowance for trade receivables based on the possibility of default.

An allowance in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

Impairment losses are included in selling, general and administrative expenses.

Considering the past rate of default, the Group judges that there is no necessity to record impairment in respect of trade receivables not past due and past due within 30 days. In addition, the Group judges that it is possible to collect trade receivables past due more than 30 days for which an impairment is not recorded based on the analysis of each customer's financial and credit condition.

The movement in the allowance for doubtful receivables during the year was as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
At April 1	**¥60**	¥59	**$499**
Impairment losses (reversed)*	**—**	(8)	**—**
Currency translation differences	**2**	9	**16**
At March 31	**¥63**	¥60	**$524**

** Allowance for doubtful receivables reversed due to an improvement in conditions are recorded in other operating income. It was as judged that collectability of these trade receivables was doubtful in the previous period.*

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by holding appropriate reserves, ensuring that it has access to credit facilities at financial institutions, and continuously monitoring forecasts and actual cash flows.

The maturity profile of financial assets and liabilities is also reconciled on a regular basis.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Millions of yen							
March 31, 2015	Carrying amount	Contractual cash flows	Within one year	The second year	The third year	The fourth year	The fifth year	Thereafter
Non-derivative financial liabilities:								
Short-term loans and borrowings	¥ 841	¥ (845)	¥ (845)	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term loans and borrowings with fixed rates	23,125	(23,272)	(6,843)	(12,070)	(3,182)	(913)	(263)	—
Long-term loans and borrowings with floating rates	5,946	(5,977)	(2,990)	(1,856)	(477)	(412)	(239)	—
Finance lease obligations with fixed rates	50	(56)	(23)	(14)	(10)	(7)	(1)	—
Trade and other payables	8,627	(8,627)	(8,220)	—	—	—	—	(407)
Derivative financial liabilities:								
Forward exchange contracts	174	(174)	(174)	—	—	—	—	—
Currency swap	—	—	—	—	—	—	—	—
Total	¥38,766	¥(38,954)	¥(19,098)	¥(13,941)	¥(3,669)	¥(1,333)	¥(504)	¥(407)

	Millions of yen							
March 31, 2014	Carrying amount	Contractual cash flows	Within one year	The second year	The third year	The fourth year	The fifth year	Thereafter
Non-derivative financial liabilities:								
Short-term loans and borrowings	¥ 514	¥ (517)	¥ (517)	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term loans and borrowings with fixed rates	29,697	(29,920)	(12,161)	(5,314)	(10,112)	(2,171)	(160)	—
Long-term loans and borrowings with floating rates	4,375	(4,409)	(518)	(2,512)	(1,378)	—	—	—
Finance lease obligations with fixed rates	56	(63)	(24)	(19)	(10)	(6)	(3)	—
Trade and other payables	9,014	(9,014)	(8,607)	—	—	—	—	(407)
Derivative financial liabilities:								
Forward exchange contracts	16	(16)	(16)	—	—	—	—	—
Currency swap	10	(10)	(10)	—	—	—	—	—
Total	¥43,685	¥(43,952)	¥(21,856)	¥(7,846)	¥(11,500)	¥(2,177)	¥(163)	¥(407)

	Thousands of U.S. dollars							
March 31, 2015	Carrying amount	Contractual cash flows	Within one year	The second year	The third year	The fourth year	The fifth year	Thereafter
Non-derivative financial liabilities:								
Short-term loans and borrowings	$ 6,998	$ (7,031)	$ (7,031)	$ —	$ —	$ —	$ —	$ —
Long-term loans and borrowings with fixed rates	192,435	(193,658)	(56,944)	(100,441)	(26,479)	(7,597)	(2,188)	—
Long-term loans and borrowings with floating rates	49,479	(49,737)	(24,881)	(15,444)	(3,969)	(3,428)	(1,988)	—
Finance lease obligations with fixed rates	416	(466)	(191)	(116)	(83)	(58)	(8)	—
Trade and other payables	71,789	(71,789)	(68,403)	—	—	—	—	(3,386)
Derivative financial liabilities:								
Forward exchange contracts	1,447	(1,447)	(1,447)	—	—	—	—	—
Currency swap	—	—	—	—	—	—	—	—
Total	$322,592	$(324,157)	$(158,924)	$(116,010)	$(30,531)	$(11,092)	$(4,194)	$(3,386)

At March 31, 2015, the Group had ¥20,973 million ($174,527 thousand) of total lines of credit, of which ¥841 million ($6,998 thousand) was used and ¥9,973 million ($82,990 thousand) was unused and available for borrowing on an uncommitted basis.

At March 31, 2014, the Group had ¥26,125 million of total lines of credit, of which ¥514 million was used and ¥15,125 million was unused and available for borrowing on an uncommitted basis.

Interest rate risk

The Company controls and monitors debt financing of the Group and prohibits entering into a debt contract without obtaining approval by the head office for the terms and amount.

The Company has a policy of considering economic conditions at the time of the contract and future economic conditions when selecting fixed or floating interest rates. Also, the Company consistently monitors the effectiveness of their selection.

Sensitivity analysis for variable rate instruments

A change of 100 basis points "bp" in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Effect in millions of yen			
	100bp increase		*100bp decrease*	
March 31, 2015	*Equity*	*Loss*	*Equity*	*Profit*
Variable rate instruments	**¥(43)**	**¥(43)**	**¥43**	**¥43**

	Effect in millions of yen			
	100bp increase		*100bp decrease*	
March 31, 2014	*Equity*	*Loss*	*Equity*	*Profit*
Variable rate instruments	¥(30)	¥(30)	¥30	¥30

	Effect in thousands of U.S. dollars			
	100bp increase		*100bp decrease*	
March 31, 2015	*Equity*	*Loss*	*Equity*	*Profit*
Variable rate instruments	**$(357)**	**$(357)**	**$357**	**$357**

Foreign currency risk

The Group experiences foreign currency risk mainly on sales that are denominated in a currency other than yen. The currency giving rise to this risk is primarily the U.S. dollar. The Group economically hedges at least 80% of all trade receivables denominated in a foreign currency. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than four months. In respect of other monetary assets and liabilities held in currencies other than yen, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Foreign currency risks also arise on loan payables and are economically hedged by currency swaps.

Changes in the fair value of forward exchange contracts and currency swaps that economically hedge monetary assets and liabilities, firm commitments or forecasted transactions, in foreign currencies and for which no hedge accounting is applied are recognised in the consolidated statements of comprehensive income. Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised as part of "financial income and expenses" (refer to Note 25).

Exposure to currency risk

The Group's exposure to main foreign currency risk was as follows based on thousands of original amounts:

March 31, 2015	*US$*	*GBP*	*EUR*	*RMB*	*MYR*	*SG$*
Trade receivables	**41,472**	**1**	**777**	**42,271**	**775**	**—**
Trade payables	**(844)**	**(197)**	**(242)**	**(50,289)**	**(1,715)**	**(5)**
Short-term loans and borrowings	**(7,000)**	**—**	**—**	**—**	**—**	**—**
Gross consolidated statement of financial position exposure	**33,627**	**(196)**	**535**	**(8,017)**	**(939)**	**(5)**
Estimated forecast sales	**8,700**	**—**	**160**	**13,000**	**—**	**—**
Estimated forecast purchases	**(100)**	**—**	**—**	**(29,000)**	**—**	**—**
Gross exposure	**8,600**	**—**	**160**	**(16,000)**	**—**	**—**
Forward exchange contracts	**(60,129)**	**—**	**(691)**	**25,789**	**—**	**—**
Net exposure	**(17,902)**	**(196)**	**3**	**1,771**	**(939)**	**(5)**

March 31, 2014	*US$*	*GBP*	*EUR*	*RMB*	*MYR*	*SG$*
Trade receivables	43,856	—	1,054	39,064	688	—
Trade payables	(2,964)	(156)	(753)	(44,324)	(1,984)	(8)
Short-term loans and borrowings	(5,000)	—	—	—	—	—
Gross consolidated statement of financial position exposure	35,892	(156)	300	(5,260)	(1,295)	(8)
Estimated forecast sales	13,000	—	100	5,600	—	—
Estimated forecast purchases	(3,100)	—	—	(37,000)	—	—
Gross exposure	9,900	—	100	(31,400)	—	—
Forward exchange contracts	(69,121)	—	(667)	56,296	—	—
Net exposure	(23,329)	(156)	(266)	19,636	(1,295)	(8)

Note: The significant exchange rates applied during the years are described in Note 2 (f) (ii).

Sensitivity analysis

A 10% appreciation of the yen against the U.S. dollar at March 31 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Effect in millions of yen	
March 31, 2015	Equity	Loss
US$	**¥(567)**	**¥(567)**

	Effect in millions of yen	
March 31, 2014	Equity	Loss
US$	¥(561)	¥(561)

	Effect in thousands of U.S. dollars	
March 31, 2015	Equity	Loss
US$	**$(4,718)**	**$(4,718)**

A 10% depreciation of the yen against the U.S. dollar at March 31 would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Risk of equity instrument price fluctuations

The Group owns listed securities and mutual funds and is exposed to the risks of price fluctuations of equity instruments. The Group regularly conducts financial evaluations of market prices and issuers and conducts ongoing reviews of holdings of these shares.

Sensitivity analysis for equity instrument price fluctuations

A 10% fluctuation of the market price of listed securities and mutual funds at March 31 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Effect in millions of yen			
	10% increase		10% decrease	
March 31, 2015	Equity	Profit	Equity	Loss
Listed securities and mutual funds	**¥74**	**¥—**	**¥(96)**	**¥—**

	Effect in millions of yen			
	10% increase		10% decrease	
March 31, 2014	Equity	Profit	Equity	Loss
Listed securities and mutual funds	¥56	¥—	¥(67)	¥—

	Effect in thousands of U.S. dollars			
	10% increase		10% decrease	
March 31, 2015	Equity	Profit	Equity	Loss
Listed securities and mutual funds	**$615**	**$—**	**$(798)**	**$—**

Fair value

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statements of financial position, are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2015		2014		**2015**	
	Carrying amounts	Future value	Carrying amounts	Future value	Carrying amounts	Future value
Assets carried at fair value:						
Available-for-sale financial assets	**¥ 1,176**	**¥ 1,176**	¥ 1,001	¥ 1,001	**$ 9,786**	**$ 9,786**
Financial assets designated at fair value through profit or loss	**34**	**34**	2	2	**282**	**282**
Assets carried at amortised cost:						
Cash and cash equivalents	**14,364**	**14,364**	17,727	17,727	**119,530**	**119,530**
Trade and other receivables	**12,927**	**12,927**	12,830	12,830	**107,572**	**107,572**
Liabilities carried at fair value:						
Financial liabilities designated at fair value through profit or loss	**174**	**174**	110	110	**1,447**	**1,447**
Liabilities carried at amortised cost:						
Trade and other payables	**8,627**	**8,627**	9,014	9,014	**71,789**	**71,789**
Loans and borrowings	**29,964**	**29,982**	34,643	34,693	**249,346**	**249,496**

Basis for determining fair value of financial instruments

• Cash and cash equivalents, trade and other receivables, trade and other payables

The carrying amounts of these financial instruments approximate fair values because they are settled in the short term.

• Available-for-sale financial assets

The fair values of marketable securities are based on quoted market prices. For non-marketable securities for which there are no quoted market prices in an active market amounting to ¥108 million ($898 thousand) and ¥108 million in the consolidated statements of financial position as of March 31, 2015 and 2014, respectively, fair value cannot be reliably measured. Accordingly, these investments are stated at cost and not included in available-for-sale financial assets in the table above. The disposal of marketable securities for which there are no quoted market prices is not expected.

• Financial assets and liabilities designated at fair value through profit or loss

The fair values of derivative financial instruments were estimated based on quotes from the financial institutions.

• Loans and borrowings

The carrying amounts of short-term loans and borrowings approximate fair values because they are settled in the short term. The fair value of long-term loans and borrowings is estimated based on the discounted amounts of future cash flows using the Group's current borrowing rates for similar liabilities. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

Fair value hierarchy

For financial instruments that are measured at fair value, the Company classifies fair value measurements into a three-level fair value hierarchy by reference to the observability and significance of the inputs used in making the measurement.

• Level 1

Quoted prices in active markets for identical assets or liabilities

• Level 2

Quoted prices in active markets for similar assets or liabilities

Quoted prices for identical or similar assets or liabilities in markets that are considered less than active

Inputs for the assets or liabilities that are observable other than market price

Marketable inputs for the assets or liabilities that are not observable directly but are derived from or corroborated by observable market data

• Level 3

Unobservable inputs for the assets or liabilities that are not based on observable market data

The Group recognises transfers between the levels at the consolidated statement of financial position date.

The details of financial assets or liabilities continuously designated at fair value at the end of the reporting period were as follows:

	Millions of yen				*Thousands of U.S. dollars*			
March 31, 2015	*Level 1*	*Level 2*	*Level 3*	*Total*	*Level 1*	*Level 2*	*Level 3*	*Total*
Available-for-sale financial assets	**¥1,024**	**¥152**	**¥—**	**¥1,176**	**$8,521**	**$1,264**	**$—**	**$ 9,786**
Financial assets designated at fair value through profit or loss	**—**	**34**	**—**	**34**	**—**	**282**	**—**	**282**
Total assets	**¥1,024**	**¥186**	**¥—**	**¥1,211**	**$8,521**	**$1,547**	**$—**	**$10,077**
Financial liabilities designated at fair value through profit or loss	**¥ —**	**¥174**	**¥—**	**¥ 174**	**$ —**	**$1,447**	**$—**	**$ 1,447**
Total liabilities	**¥ —**	**¥174**	**¥—**	**¥ 174**	**$ —**	**$1,447**	**$—**	**$ 1,447**

Note: For the year ended March 31, 2015, there was no transfer between Level 1 and Level 2.

	Millions of yen			
March 31, 2014	*Level 1*	*Level 2*	*Level 3*	*Total*
Available-for-sale financial assets	¥844	¥156	¥—	¥1,001
Financial assets designated at fair value through profit or loss	—	2	—	2
Total assets	¥844	¥158	¥—	¥1,003
Financial liabilities designated at fair value through profit or loss	¥ —	¥110	¥—	¥ 110
Total liabilities	¥ —	¥110	¥—	¥ 110

Note: For the year ended March 31, 2014, there was no transfer between Level 1 and Level 2.

Available-for-sale financial assets for which fair value measurement is based on level 1 inputs comprise listed securities and mutual funds, which are measured at unadjusted market prices in active markets where there are sufficient volume and frequency of transactions.

Available-for-sale financial assets for which fair value measurement is based on level 2 inputs comprise golf and resort club memberships. Golf and resort club memberships are measured based on the quoted prices of identical assets in markets that are considered less than active.

Financial assets or liabilities which are measured at fair value through profit or loss include forward exchange contracts and foreign currency swap contracts.

Forward exchange contracts and foreign currency swap contracts are measured based on observable market data, such as foreign currency exchange rates and interest rates provided by financial institutions.

Capital management

The board of the Company aims to maximise the corporate value by balancing the return on capital and healthy financial position of the Group using equity and debt finance. ROE, which the Company defines as net income divided by total equity, and the Debt/Equity Ratio, which the Company defines as total liabilities divided by total equity, are used as management performance indexes, which the board monitors.

For the years ended March 31, 2015 and 2014, ROE amounted to (2.1)% and 0.7%, and the Debt/Equity Ratio amounted to 160.5% and 186.7%, respectively.

From time to time, the Company purchases its own shares on the market; the timing of these purchases depends on market prices.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

29. Operating Leases

The Group leases office space and motor vehicles under various operating leases. Certain contracts contain renewal options for various periods of time.

Total operating lease expenses recognised in profit or loss were ¥288 million ($2,396 thousand) and ¥292 million for the years ended March 31, 2015 and 2014, respectively.

These operating lease expenses are recorded as selling, general and administrative expenses.

30. Related Party Transactions

The Group made the following related party transactions with an entity that is controlled by a close member of the family of a director:

	Millions of yen		*Thousands of U.S. dollars*
	2015	*2014*	***2015***
Receipt of services (payment of nonlife insurance premiums)	**¥5**	¥5	**$41**

Transactions are priced on an arm's length basis and other terms and conditions are equivalent to those with third-party entities. There were no outstanding balances for these transactions as of March 31, 2015 and 2014.

Compensation to the members of the board of directors is as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2015	*2014*	***2015***
Short-term employee benefits	**¥273**	¥341	**$2,271**

	2015	*2014*
Number of ordinary shares held by members of the board of directors	**1,167,210**	1,189,510

Short-term employee benefits include the salaries paid to directors in respect of their dual position as employees.

31. Provisions

	Millions of yen						Thousands of U.S. dollars
	2015			2014			**2015**
	Asset retirement obligation	Settlement for products sold	Total	Asset retirement obligation	Settlement for products sold	Total	Total
At April 1	**¥61**	**¥96**	**¥157**	¥60	¥143	¥203	**$1,306**
Provision made during the year	**—**	**2**	**2**	—	—	—	**16**
Provision used during the year	**—**	**(14)**	**(14)**	—	(12)	(12)	**(116)**
Reversals	**—**	**—**	**—**	—	(35)	(35)	**—**
Unwind of discount	**0**	**0**	**1**	1	1	2	**8**
Effect of change in approximation*	**19**	**—**	**19**	—	—	—	**158**
At March 31	**¥81**	**¥85**	**¥167**	¥61	¥ 96	¥157	**$1,389**

** Regarding a contractual obligation to a landlord, the head office is recognised the effect of change in approximation due to an estimate available on its amount and due date for performance.*

Asset retirement obligation

The Company made a provision for asset retirement obligation in respect of the Company's obligation to the landlord to dismantle and remove leasehold improvements from a leased office at the end of the lease contract. Considering the long-term nature of the liability, the major uncertainties are the cost that will be incurred and the time the lease contract ends. The Company has estimated the cost using an estimate provided by a third party and the lease period in consideration of that of the Company's former office and the useful life of the furniture and fixtures attached to the office. The provision has been calculated using a discount rate of 3%.

Settlement for products sold

The Company made a provision for settlement for products sold regarding the damage incurred by customers attributed to the Company's products.

The major uncertainties are the cost that will be incurred and the timing of settlement. A portion of the liability is expected to be settled after more than one year. The provision has been determined based on management's estimate of the likely settlement amount. The non-current provision has been calculated using a discount rate of 1.3%.

32. List of Significant Consolidated Subsidiaries

Entity	*Place of incorporation*	*Principal activities*	*Ownership interest*
Furukawa NDK Co., Ltd.	Japan	Manufacturing	100.0%
Hakodate NDK Co., Ltd.	Japan	Manufacturing	100.0%
Niigata NDK Co., Ltd.	Japan	Manufacturing	100.0%
NDK Holdings USA, Inc.	U.S.A.	Holding company	100.0%
NDK America, Inc.	U.S.A.	Sales	100.0%
NDK Crystal, Inc.	U.S.A.	Manufacturing	100.0%
NDK Crystal Asia Pte. Ltd.	Singapore	Sales	100.0%
NDK Europe Ltd.	United Kingdom	Sales	100.0%
NDK Germany GmbH*	Germany	Sales	100.0%
NDK Electronics (HK) Limited	Hong Kong	Sales	100.0%
Asian NDK Crystal Sdn. Bhd.	Malaysia	Manufacturing	100.0%
NDK Quartz Malaysia Sdn. Bhd.	Malaysia	Manufacturing	100.0%
Suzhou NDK Co., Ltd.	China	Manufacturing	100.0%
Suzhou NDK Trading Co., Ltd.	China	Sales	100.0%
NDK-Electronics Shanghai Co., Ltd.	China	Sales	100.0%

** NDK Germany GmbH has gone into liquidation since April 1, 2014.*

KPMG

Independent Auditor's Report

To the Board of Directors of Nihon Dempa Kogyo Co., Ltd.:

We have audited the accompanying consolidated financial statements of Nihon Dempa Kogyo Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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 auditing standards generally accepted in Japan. 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 our judgement, 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, we consider 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, while the objective of the financial statement audit is 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 Nihon Dempa Kogyo Co., Ltd. and its consolidated subsidiaries as at March 31, 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2(b) to the consolidated financial statements.

KPMG AZSA LLC

June 23, 2015
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Crystal Bridge to the Future

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