

Notes to the Consolidated Financial Statements

Note 1. Basis of Preparing Consolidated Financial Statements

The accompanying consolidated financial statements of Fuji Electric Co., Ltd. (the "Company") and consolidated subsidiaries (together, the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

In preparing these statements, certain reclassifications and rearrangements have been made to the consolidated financial statements prepared domestically in Japan in order to present these statements in a form that is more familiar to readers outside Japan.

In addition, the notes to the consolidated financial statements include additional information which is not required under accounting principles generally accepted in Japan. Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

Note 2. Summary of Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements for the year ended March 31, 2016 include the accounts of the Company and its 69 significant subsidiaries and its 5 subsidiaries and affiliates are accounted for by the equity method (48 and 5 in 2015).

Under the control or influence concept, the accompanying consolidated financial statements include the accounts of the Company and, with minor exceptions, those of its subsidiaries, whether directly or indirectly controlled, and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method. All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated. The Company does not consolidate nor apply the equity method to subsidiaries or affiliates whose gross assets, net sales, net income (loss) and retained earnings are not significant to the consolidated financial statements.

Investments in unconsolidated subsidiaries and affiliates are stated at cost.

The balance sheet date of certain consolidated subsidiaries is December 31. In principle, the financial statements of such subsidiaries were tentatively prepared in accordance with the fiscal year of the Company, and those were consolidated.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

Goodwill resulting from the difference between the cost and the underlying net assets at the respective dates of acquisition are being amortized over a period of 5 or 10 years.

b. Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Companies consider all short-term, highly liquid instruments with a maturity of three months or less to be cash equivalents.

c. Inventories

Raw materials are mainly stated at cost, determined by the most recent purchase price method. Finished goods and work in process are mainly stated at actual cost determined by accumulated production cost for contract items or average cost for regular production items, except that finished goods of certain consolidated

subsidiaries are priced by the most recent purchase price method. In accordance with accounting practices generally accepted in the heavy electric industry, inventories include items with a manufacturing period exceeding one year.

Inventories with lower profitability were written down and the losses on valuation were included in cost of sales.

d. Securities

Marketable securities classified as other securities are stated at fair value. Unrealized gains and losses, net of taxes, are reported in a separate component of net assets.

Nonmarketable securities classified as other securities are stated at cost determined by the moving-average method.

e. Derivatives and Hedging Activities

The Companies enter into derivative financial instruments ("derivatives"), including foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies and interest rate swap agreements as a means of managing its interest rate exposures on certain liabilities.

In addition, the Companies enter into commodity swap agreements to hedge the risk of fluctuation of commodity prices for raw materials.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows:

- a) Except as described in the following paragraphs b) and c), all derivatives are recognized as either assets or liabilities and measured at fair value, and forward contracts applied for forecasted transactions are measured at fair value but the unrealized gains/losses are deferred until the underlying transactions are completed if the forward contracts qualify for hedge accounting.
- b) Trade receivables and trade payables denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts qualify for hedge accounting.
- c) The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differentials paid or received under the swap agreements are recognized and included in interest expense or income.

f. Depreciation

1) Tangible fixed assets (excluding leased assets)

Depreciation is computed by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight line method is applied to the buildings of the Company and its domestic consolidated subsidiaries acquired after April 1, 1998. The range of useful lives is from 7 to 50 years for buildings and from 5 to 12 years for machinery and equipment.

2) Leased assets

Depreciation is computed by the straight-line method over the lease period assuming no residual value. Finance leases other than those that were deemed to transfer the ownership of the leased assets to the lessees and contracted before April 1, 2008, are accounted for by the method that is applicable to ordinary operating leases.

g. Allowance for Doubtful Accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

h. Retirement Benefits

- (1) The retirement benefit obligation for employees is attributed to each period by the benefit formula method over the estimated years of service of the eligible employees.
- (2) The prior service costs are amortized by the straight-line method within the average remaining years of service of the employees participants. The actuarial gains and losses are amortized by the straight-line method within the average remaining years of service of the employee participants from the next period in which they arise, respectively.

i. Provision for Directors' Retirement Benefits

For certain consolidated subsidiaries, the accrued retirement benefits for directors were provided mainly at an amount to be required at the year-end according to internal regulations.

j. Research and Development Costs

Research and development costs are charged to income as incurred.

k. Recognition for Revenue and Costs

For long-term construction contracts whose outcome can be estimated reliably, the percentage-of-completion method is adopted. The stage of completion of a contract is determined by the percentage of the cost incurred to date to the estimated total cost. When the outcome of the construction contracts cannot be estimated reliably, the completed-contract method is adopted.

l. Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The Company filed a consolidated tax return, which allows companies to file tax payments on the combined basis of profits or losses of the parent company and its wholly owned domestic subsidiaries. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of

temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

m. Foreign Currency Transactions

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

n. Foreign Currency Financial Statements

Assets, liabilities, and revenue and expense accounts of the foreign consolidated subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for shareholders' equity, which is translated at the historical rate.

Differences arising from such translation are included in foreign currency translation adjustments and non-controlling interests in consolidated subsidiaries as a separate component of net assets.

o. Accounting for Consumption Taxes

The Japanese consumption taxes withheld and consumption taxes paid are not included in the accompanying consolidated statements of income.

p. Amounts Per Share

Basic net income per share is computed based on the profit attributable to common shareholders of the parent and the weighted average number of shares of common stock outstanding during the year, and diluted net income per share is computed based on the profit attributable to owners of parent's common stock and weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of warrants and stock subscription rights.

Net assets per share are computed based on the net assets excluding share subscription rights and non-controlling interests and the number of shares of common stock outstanding at the year end.

q. Changes in Accounting Policies

(Application of "Accounting Standards for Business Combination, etc.") Effective April 1, 2015, the Company and its domestic consolidated subsidiaries have adopted "Revised Accounting Standard for Business Combination" (Accounting Standard Board of Japan ("ASBJ") Statement No. 21 of September 13, 2013), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 of September 13, 2013), and "Revised Accounting Standards for Business Divestitures" (ASBJ Statement No. 7 of September 13, 2013), etc.

Accordingly, the accounting treatment for business combination has been amended as follows: Any changes in a parent's ownership interests in its controlled subsidiaries are recorded as changes in capital surplus and the acquisition-related costs are expensed for the consolidated fiscal year in which they arise. Revisions in provisional amounts of purchase price allocations are recorded in the consolidated fiscal year in which the allocations are completed. In addition, the presentation method of net income and other related

items were amended and the reference to “minority interests” was changed to “non-controlling interests.”

Consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation.

In accordance with transitional treatment as stipulated in paragraph 58-2 (4) of the Revised Accounting Standard for Business Combination, paragraph 44-5 (4) of the Revised Accounting

Standard for Consolidated Financial Statements, and paragraph 57-4 (4) of the Revised Accounting Standard for Business Divestitures, the Company and its domestic consolidated subsidiaries started to apply these standards at the beginning of the current consolidated fiscal year and will continue to do so in the future.

These changes do not affect the consolidated financial statements for the current consolidated fiscal year.

Note 3. U.S. Dollar Amounts

The U.S. dollar amounts included in the accompanying consolidated financial statements and notes thereto represent the arithmetic results of translating yen into U.S. dollars at ¥112=U.S.\$1, the approximate

exchange rate as of March 31, 2016. The U.S. dollar amounts are presented solely for the convenience of the readers outside Japan.

Note 4. Inventories

Inventories as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Merchandise and finished goods	¥ 56,290	¥ 54,495	\$ 502,596
Work in process	52,410	48,787	467,955
Raw materials	36,439	34,332	325,333
Inventories	¥145,139	¥137,614	\$1,295,884

Losses (gains) on valuation of inventories with lower profitability were ¥587 million (\$5,246 thousand) and ¥663 million for the years ended March 31, 2016 and 2015, respectively. These were included in cost of sales.

Note 5. Pledged Assets and Financial Assets Accepted as Collateral

The amounts of assets pledged as collateral for trade payables, short-term debt and long-term debt as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Investment securities	¥ 15	¥ 23	\$ 138
Property, plant and equipment	5,723	3,984	51,107
Intangible assets	472	—	4,205
Total	¥6,210	¥4,007	\$55,450

Collateralized liabilities as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Trade payables	¥ 43	¥ 45	\$ 385
Short-term debt	244	—	2,182
Long-term debt	431	501	3,844
Total	¥718	¥546	\$6,411

Note 6. Financial Instruments

1. Status of financial instruments

(1) Policy regarding financial instruments

The Companies limit the scope of their cash and fund management activities to short-term deposits. When raising funds, the Companies have a policy of relying principally on bank borrowings, bonds payable and commercial paper. The Companies mainly raise the operating funds through short-term loans payable and commercial paper, and the funds relating to capital investments through long-term loans payable and bonds payable. The Companies make use of derivatives to reduce risk, as explained below, and have a policy of not engaging in derivative transactions for speculative purposes.

(2) Details of financial instruments and associated risk

In the course of its business activities, trade receivables are exposed to customer credit risk.

In addition, trade receivables denominated in foreign currencies arising from international business are exposed to exchange risk. The Companies hedge the exchange risk, by using foreign exchange forward contracts within the range prescribed relating to the net amount of the trade receivables denominated in foreign currencies, offset by the amount of the trade payables denominated in the same currencies.

Short-term investments and investment securities are comprised primarily of stocks of companies with which the Companies have business relations and are exposed to market price risk.

Trade payables are mostly payable within one year. Some trade payables are denominated in foreign currencies and exposed to exchange risk. The Companies hedge the exchange risk of the trade payables denominated in foreign currencies in principle, except for the amount within that of trade receivables denominated in the same currencies, by using foreign exchange forward contracts.

Short-term loans payable and commercial paper are primarily raised for the purpose of maintaining operating funds. Bonds payable, long-term loans payable and lease obligations on finance lease transactions are primarily raised for the purpose of preparing capital investment. The maturities of these bonds payable, long-term loans payable and lease obligations on finance lease transactions are up to 11 years at the longest after the balance sheet date. Some are exposed to interest rate fluctuation risk and the Companies hedge such risk by interest rate swap transactions.

Regarding derivatives, the Companies employ foreign exchange forward contracts to reduce the risk of foreign currency exchange movements that arise from the previously mentioned receivables and payables denominated in foreign currencies. In addition, the Companies use interest rate swap transactions to reduce the interest rate fluctuation risk of loans, and use commodity swap transactions to reduce the risk of fluctuation of commodity prices for raw materials. As hedging instruments under hedge accounting, the Companies enter into these derivative transactions in accordance with the Companies' policies to reduce the corresponding risk to each hedged item. The Companies compare the market change of hedged items and hedging instruments or the cash flow changes. Assessment of effectiveness for hedging activities depends on the ratio of the amount of change.

(3) Systems for management of financial instruments risk

a) Credit risk management (the risk that transaction partners may default on their obligations to the Companies)

The credit risk in relation to trade receivables from customers, pursuant to criteria for managing credit exposure, is managed by controlling due dates and balances of each customer. In addition, the Companies manage to identify doubtful receivables earlier and mitigate their risk caused by aggravation of the financing position, etc.

Because the counterparties to derivative transactions are limited to authentic financial institutions, the Companies do not anticipate any losses arising from credit risk.

b) Market risk management (the risks arising from fluctuations in exchange rates, interest rates and other indicators)

The Companies, in principle, employ foreign exchange forward contracts to reduce the risk of foreign currency exchange movements that arise from the previously mentioned receivables and payables denominated in foreign currencies. In addition, the Companies use interest rate swap transactions to reduce the interest rate fluctuation risk of loans, and use commodity swap transactions to reduce the risk of fluctuation of commodity prices for raw materials.

Regarding investment securities, the Companies periodically review the market value of such financial instruments and the financial position of the issuer (the company having business transactions with the Companies). In addition, other than debt securities to be held until maturity, the Companies review the status of these investments on a continuing basis.

Derivative transactions have been entered into in accordance with the Companies' policies. The execution of derivatives, which is based on the application of each section, is mainly controlled by the Finance Department of each company, or by the Material Section regarding commodity swap transactions. In addition, the Finance Department periodically reports to the management and each section, and strictly performs risk management relating to derivative transactions.

c) Liquidity risk management (the risk that the Companies may not be able to meet their payment obligations on the scheduled date)

The Companies reduce the liquidity risk by having each company review and revise cash management plans monthly or timely.

(4) Supplementary explanation of the estimated fair value of financial instruments and related matters

The estimated fair value of financial instruments is their price based on their market price and other indicators. When there is no market price available, it includes prices which are reasonably computed.

Since variable factors are taken into account in computing the price, this price may fluctuate depending on different assumptions adopted. In addition, the contract (notional) amount of derivatives in "Note 8. Derivatives" is not an indicator of the actual market risk involved in derivative transactions.

2. Estimated fair value and other matters related to financial instruments

Carrying amounts on the consolidated balance sheets as of March 31, 2016 and 2015, estimated fair value and the variance between them are shown in the following table. Financial instruments whose estimated fair value is deemed to be extremely difficult to obtain are not included (please refer to Note 2).

	Millions of yen		
	2016		
	Carrying amounts	Fair value	Variance
Cash and cash equivalents	¥ 30,838	¥ 30,838	¥ —
Trade receivables	258,378	258,358	(20)
Investment securities	109,000	119,074	10,074
Trade payables	(160,416)	(160,416)	—
Short-term debt	(59,317)	(59,317)	—
Current portion of long-term debt	(36,977)	(36,977)	—
Lease obligations (Current Liabilities)	(11,970)	(11,970)	—
Long-term debt	(88,449)	(89,326)	877
Lease obligations (Long-term Liabilities)	(23,498)	(23,768)	270
Derivatives			
Derivative transactions to which hedge accounting is not applied	13	13	—
Derivative transactions to which hedge accounting is applied	(1,643)	(1,643)	—

	Millions of yen		
	2015		
	Carrying amounts	Fair value	Variance
Cash and cash equivalents	¥ 31,895	¥ 31,895	¥ —
Trade receivables	237,631	237,596	(35)
Investment securities	168,374	175,963	7,589
Trade payables	(150,648)	(150,648)	—
Short-term debt	(67,080)	(67,080)	—
Current portion of long-term debt	(35,015)	(35,015)	—
Lease obligations (Current Liabilities)	(12,988)	(12,988)	—
Long-term debt	(89,129)	(90,193)	1,064
Lease obligations (Long-term Liabilities)	(22,260)	(22,428)	168
Derivatives			
Derivative transactions to which hedge accounting is not applied	4	4	—
Derivative transactions to which hedge accounting is applied	(767)	(767)	—

	Thousands of U.S. dollars (Note 3)		
	2016		
	Carrying amounts	Fair value	Variance
Cash and cash equivalents	\$ 275,346	\$ 275,346	\$ —
Trade receivables	2,306,952	2,306,769	(183)
Investment securities	973,220	1,063,164	89,944
Trade payables	(1,432,294)	(1,432,294)	—
Short-term debt	(529,625)	(529,625)	—
Current portion of long-term debt	(330,155)	(330,155)	—
Lease obligations (Current Liabilities)	(106,881)	(106,881)	—
Long-term debt	(789,727)	(797,561)	7,834
Lease obligations (Long-term Liabilities)	(209,804)	(212,218)	2,414
Derivatives			
Derivative transactions to which hedge accounting is not applied	121	121	—
Derivative transactions to which hedge accounting is applied	(14,670)	(14,670)	—

(*1) Figures shown in parentheses are liability items.

(*2) The value of assets and liabilities arising from derivatives is shown at net value, and a net liability position is shown in parentheses.

Notes: 1. Methods for computing the estimated fair value of financial instruments, and information on securities and derivatives

- (1) Cash and cash equivalents
Since these items are settled in a short period of time, estimated fair values are virtually the same as the carrying amounts.
- (2) Trade receivables
Fair values of trade receivables, classified by each maturity, are based on the present value discounted by the interest rate determined taking into account the term until maturity and the credit risk.
- (3) Investment securities
Stocks are valued at the exchange trading price. For information on securities classified by the purpose of holding, please refer to "Note 7. Securities."
- (4) Trade payables, (5) Short-term debt, (6) Current portion of long-term debt (except bonds) and (7) Lease obligations (Current Liabilities)
Since these items are settled in a short period of time, estimated fair values are virtually the same as the carrying amounts.
- (6) Current portion of long-term debt (bonds) and (8) Long-term debt (bonds)
Fair values of bonds issued by the Company are based on each market price.
- (8) Long-term debt (except bonds) and (9) Lease obligations (Long-term Liabilities)
Fair values of these items are based on the present value of the total of principal and interest discounted by the interest rate applied if similar new borrowings and new lease transactions were entered into.
- (10) Derivatives
Please refer to "Note 8. Derivatives."

2. Items for which obtaining an estimated fair value is deemed to be extremely difficult

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
	Carrying amounts	Carrying amounts	Carrying amounts
Unlisted stocks (including stocks of unconsolidated subsidiaries and affiliates)	¥16,265	¥27,019	\$145,223

Because the items in the preceding table do not have market price and obtaining the estimated fair values of these items is deemed to be extremely difficult, fair value has not been disclosed in (3) Investment securities.

3. Redemption schedule for monetary assets and securities with maturity dates as of March 31, 2016 and 2015:

	Millions of yen			
	2016			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	¥ 30,838	¥ —	¥ —	¥ —
Trade receivables	253,704	4,636	38	—
Investment securities				
Debt securities with maturity date classified as other securities (Public bonds)	0	—	—	—
Total	¥284,542	¥4,636	¥38	¥ —

	Millions of yen			
	2015			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	¥ 31,895	¥ —	¥ —	¥ —
Trade receivables	232,510	5,090	31	—
Investment securities				
Debt securities with maturity date classified as other securities (Public bonds)	1	—	—	—
Total	¥264,406	¥5,090	¥31	¥ —

	Thousands of U.S. dollars (Note 3)			
	2016			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and cash equivalents	\$ 275,346	\$ —	\$ —	\$ —
Trade receivables	2,265,207	41,398	347	—
Investment securities				
Debt securities with maturity date classified as other securities (Public bonds)	3	—	—	—
Total	\$2,540,555	\$41,398	\$347	\$ —

4. Repayment schedule for long-term debt and lease obligations:

Please refer to "Note 9. Short-term Debt and Long-term Debt" and "Note 10. Lease Obligations."

Note 7. Securities

1. Other securities as of March 31, 2016 and 2015 were as follows:

	Millions of yen			
	2016			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	¥54,536	¥98,014	¥44,209	¥(731)
Debt securities	0	0	—	—
Others	—	—	—	—
Total	¥54,536	¥98,014	¥44,209	¥(731)

	Millions of yen			
	2015			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	¥55,548	¥157,534	¥102,614	¥628
Debt securities	1	1	—	—
Others	—	—	—	—
Total	¥55,549	¥157,535	¥102,614	¥628

	Thousands of U.S. dollars (Note 3)			
	2016			
	Cost	Carrying amounts	Unrealized gains	Unrealized losses
Marketable securities classified as other securities				
Equity securities	\$486,928	\$875,126	\$394,730	\$(6,532)
Debt securities	2	2	—	—
Others	—	—	—	—
Total	\$486,930	\$875,128	\$394,730	\$(6,532)

Note: The following is not included in the preceding tables because it does not have market price and obtaining an estimated fair value is deemed to be extremely difficult:
Unlisted stocks (Values in the consolidated balance sheets as of March 31, 2016 and 2015 were ¥4,003 million (\$35,747 thousand) and ¥6,584 million, respectively.)

2. Sales of other securities for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
	Proceed from sales	¥5,779	¥5,743
Gain on sales	2,330	2,732	20,809
Loss on sales	0	7	0

3. Impairment of other securities for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
	Impairment losses	¥167	¥447

Note 8. Derivatives

1. Derivative transactions to which hedge accounting is not applied

	Millions of yen			
	2016			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollars	¥1,087	¥—	¥ 43	¥ 43
Euro	1,346	—	10	10
Korean won	112	—	(3)	(3)
Canadian dollars	162	—	(0)	(0)
Yen	66	—	(2)	(2)
Payables:				
U.S. dollars	702	—	(2)	(2)
Korean won	366	—	(33)	(33)
Yen	10	—	0	0
Total	¥3,851	¥—	¥ 13	¥ 13

	Millions of yen			
	2015			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollars	¥2,258	¥ —	¥(53)	¥(53)
Euro	1,434	—	103	103
Korean won	270	—	(4)	(4)
Canadian dollars	286	—	(33)	(33)
Payables:				
Korean won	544	260	(7)	(7)
Yen	29	—	(2)	(2)
Total	¥4,821	¥260	¥ 4	¥ 4

	Thousands of U.S. dollars (Note 3)			
	2016			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Receivables:				
U.S. dollars	\$ 9,675	\$—	\$ 407	\$ 407
Euro	12,026	—	94	94
Korean won	1,008	—	(35)	(35)
Canadian dollars	1,453	—	(2)	(2)
Yen	591	—	(20)	(20)
Payables:				
U.S. dollars	6,274	—	(21)	(21)
Korean won	3,270	—	(302)	(302)
Yen	91	—	0	0
Total	\$34,388	\$—	\$ 121	\$ 121

Note: The fair value is estimated based on forward exchange rates.

2. Derivative transactions to which hedge accounting is applied

(1) Currency-related contracts

			Millions of yen			
			2016			
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value	
Deferral hedge method	Foreign currency forward contracts:					
	Receivables:		Accounts receivable-trade			
	U.S. dollars		¥ 4,550	¥ 3,336	¥ 152	
	Euro		394	—	(1)	
	UAE Dirham		3	—	0	
	Payables:		Accounts payable-trade			
	U.S. dollars		4,113	758	(138)	
	Euro		23,404	20,162	(1,638)	
	Swiss franc		79	—	(3)	
	UAE Dirham		2	—	(0)	
Allocation method	Foreign currency forward contracts:					
	Receivables:		Accounts receivable-trade			
	U.S. dollars		¥ 1,913	¥ 580		
	Payables:		Accounts payable-trade			(Note 2)
	U.S. dollars		647	—		
	Euro		92	2		
Total			¥35,197	¥24,838	¥(1,628)	

			Millions of yen			
			2015			
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value	
Deferral hedge method	Foreign currency forward contracts:					
	Receivables:		Accounts receivable-trade			
	U.S. dollars		¥ 4,972	¥ 603	¥ (404)	
	Euro		553	—	17	
	Payables:		Accounts payable-trade			
	U.S. dollars		8,366	1,014	1,069	
	Euro		20,732	16,897	(1,451)	
	Swiss franc		78	38	2	
Allocation method	Foreign currency forward contracts:					
	Receivables:		Accounts receivable-trade			
	U.S. dollars		924	—		
	Euro		12	—	(Note 2)	
	Payables:		Accounts payable-trade			
	U.S. dollars		127	—		
	Euro		24	—		
	Singapore dollars		3	—		
Total			¥35,791	¥18,552	¥ (767)	

			Thousands of U.S. dollars (Note 3)			
			2016			
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value	
Deferral hedge method	Foreign currency forward contracts:					
	Receivables:		Accounts receivable-trade			
	U.S. dollars		\$ 40,632	\$ 29,787	\$ 1,363	
	Euro		3,518	—	(14)	
	UAE Dirham		33	—	2	
	Payables:		Accounts payable-trade			
	U.S. dollars		36,725	6,776	(1,241)	
	Euro		208,927	180,004	(14,613)	
	Swiss franc		708	—	(35)	
	UAE Dirham		20	—	(2)	
Allocation method	Foreign currency forward contracts:					
	Receivables:		Accounts receivable-trade			
	U.S. dollars		\$ 17,088	\$ 5,186		
	Payables:		Accounts payable-trade			(Note 2)
	U.S. dollars		5,784	—		
	Euro		828	19		
Total			\$314,263	\$221,772	\$(14,540)	

Notes: 1. The fair value is estimated based on forward exchange rates.

2. Since amounts in foreign currency forward contracts treated by the allocation method are handled together with accounts receivable-trade and accounts payable-trade that are subject to hedging, the estimated fair value of such contracts is included in the fair value of accounts receivable-trade or accounts payable-trade.

(2) Interest-rate-related contracts

			Millions of yen		
			2016		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Specific treatment for interest rate swaps	Interest rate swaps Receive floating pay fixed	Long-term loans payable	¥11,500	¥11,500	(Note 2)

			Millions of yen		
			2015		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Specific treatment for interest rate swaps	Interest rate swaps Receive floating pay fixed	Long-term loans payable	¥20,132	¥11,500	(Note 2)

			Thousands of U.S. dollars (Note 3)		
			2016		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Specific treatment for interest rate swaps	Interest rate swaps Receive floating pay fixed	Long-term loans payable	\$102,679	\$102,679	(Note 2)

Notes: 1. The fair value is principally based on the quotes obtained from the correspondent financial institutions.

2. Since amounts in interest rate swaps which qualify for hedge accounting and meet specific matching criteria are handled together with long-term loans payable that are subject to hedging, the estimated fair value of such interest rate swaps is included in the fair value of the long-term loans payable.

(3) Commodity-related contracts

			Millions of yen		
			2016		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Commodity swap Receive floating pay fixed	Raw materials	¥76	¥—	¥(14)

			Millions of yen		
			2015		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Commodity swap Receive floating pay fixed	Raw materials	¥245	¥—	¥(0)

			Thousands of U.S. dollars (Note 3)		
			2016		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount	Contract amount over 1 year	Fair value
Deferral hedge method	Commodity swap Receive floating pay fixed	Raw materials	\$684	\$—	\$(130)

Note: The fair value is principally based on the quotes obtained from the correspondent financial institutions.

Note 9. Short-term Debt and Long-term Debt

Short-term debt as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Loans, principally from banks	¥37,317	¥48,080	\$333,196
Commercial paper	22,000	19,000	196,429
Short-term debt	¥59,317	¥67,080	\$529,625

Note: The weighted average interest rates on short-term debt as of March 31, 2016 and 2015 were 0.68% and 0.80%, respectively.

Long-term debt as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Loans, principally from banks and insurance companies	¥ 64,926	¥ 63,644	\$ 579,703
Bonds issued by the Company:			
0.79% Yen unsecured straight bonds due 2015	—	15,000	—
0.86% Yen unsecured straight bonds due 2016	20,000	20,000	178,571
1.00% Yen unsecured straight bonds due 2017	5,000	5,000	44,643
0.90% Yen unsecured straight bonds due 2018	20,000	20,000	178,571
0.38% Yen unsecured straight bonds due 2020	15,000	—	133,929
Zero coupon convertible bonds with stock acquisition rights due 2016	500	500	4,465
	125,426	124,144	1,119,882
Less: Portion due within one year	36,977	35,015	330,155
Long-term debt	¥ 88,449	¥ 89,129	\$ 789,727

Note: The weighted average interest rates on loans, principally from banks and insurance companies, as of March 31, 2016 and 2015 were 0.67% and 0.71%, respectively.

As of March 31, 2016, the aggregate annual maturities of long-term debt were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 3)
2018	¥30,462	\$271,986
2019	21,704	193,794
2020	19,809	176,869
2021	16,456	146,937
2022 thereafter	18	141
Total	¥88,449	\$789,727

Note 10. Lease Obligations

Lease obligations as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Short-term	¥11,970	¥12,988	\$106,881
Long-term	23,498	22,260	209,804
Total	¥35,468	¥35,248	\$316,685

Note: The weighted average interest rates on lease obligations as of March 31, 2016 and 2015 were 2.08% and 2.17%, respectively.

As of March 31, 2016, the aggregate annual maturities of lease obligations were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 3)
2018	¥ 8,280	\$ 73,935
2019	6,153	54,940
2020	4,505	40,230
2021	2,986	26,661
2022 thereafter	1,574	14,038
Total	¥23,498	\$209,804

Note 11. Retirement Benefits

1. Outline of retirement benefits for employees

The Company and most of its consolidated subsidiaries have either funded or unfunded defined benefit plans and defined contribution pension plans.

Defined benefit corporate pension plans are all funded and cover substantially all employees who are entitled to lump-sum or annuity payments determined by reference to their basic rates of pay and length of service. In addition, retirement benefit trust has been established in certain pension plans.

Lump-sum payment plans are either unfunded or funded as a result of establishing retirement benefit trust. They cover substantially

all employees who are entitled to lump-sum payments determined by reference to either points obtained with interest credits or their basic rates of pay and length of service.

Certain domestic consolidated subsidiaries adopted a simplified method in the calculation of net defined benefit liability and retirement benefit expense. Certain domestic consolidated subsidiaries have multiemployer pension plans accounted for by the same methods used for defined contribution pension plans because they cannot reasonably calculate their portion of pension assets corresponding to their contributions.

2. Information on defined benefit pension plans

(1) The changes in the retirement benefit obligation except for plans accounted for by a simplified method during the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Retirement benefit obligation at the beginning of the year	¥204,926	¥187,555	\$1,829,704
Cumulative effect of changes in accounting policies	—	24,427	—
Restated retirement benefit obligation at the beginning of the year	204,926	211,982	1,829,704
Service cost	3,271	3,211	29,210
Interest cost	2,816	2,903	25,145
Actuarial loss	3,057	769	27,301
Retirement benefits paid	(15,615)	(13,958)	(139,421)
Others	9	19	67
Retirement benefit obligation at the end of the year	¥198,464	¥204,926	\$1,772,006

(2) The changes in plan assets at fair value except for plans accounted for by a simplified method during the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Plan assets at fair value at the beginning of the year	¥218,789	¥186,844	\$1,953,481
Expected return on plan assets	3,652	3,469	32,611
Actuarial gain	(52,064)	30,716	(464,861)
Contributions by the Companies	7,429	7,277	66,333
Retirement benefits paid	(9,985)	(9,521)	(89,160)
Others	1	4	10
Plan assets at fair value at the end of the year	¥167,822	¥218,789	\$1,498,414

(3) The changes in net defined benefit liability calculated by a simplified method during the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Net defined benefit liability at the beginning of the year	¥2,278	¥2,262	\$20,340
Cumulative effect of changes in accounting policies	—	224	—
Restated net defined benefit liability at the beginning of the year	2,278	2,486	20,340
Retirement benefit expenses	431	151	3,854
Retirement benefits paid	(61)	(66)	(549)
Contributions	(245)	(295)	(2,188)
Others	60	2	543
Net defined benefit liability at the end of the year	¥2,463	¥2,278	\$22,000

(4) The reconciliation of retirement benefit obligation and plan assets at fair value with net defined benefit liability and net defined benefit asset recognized in the consolidated balance sheet were outlined as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Funded retirement benefit obligation	¥ 198,581	¥ 205,188	\$ 1,773,050
Plan assets at fair value	(171,553)	(222,422)	(1,531,724)
	27,028	(17,234)	241,326
Unfunded retirement benefit obligation	6,078	5,649	54,266
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 33,106	¥ (11,585)	\$ 295,592
Net defined benefit liability	50,729	32,518	452,942
Net defined benefit asset	(17,623)	(44,103)	(157,350)
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 33,106	¥ (11,585)	\$ 295,592

Note : Pension plans accounted for by a simplified method are included.

(5) The components of retirement benefit expenses for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Service cost	¥ 3,271	¥ 3,211	\$ 29,210
Interest cost	2,816	2,903	25,145
Expected return on plan assets	(3,652)	(3,469)	(32,611)
Amortization of actuarial loss	4,846	7,096	43,273
Amortization of prior service cost	(569)	(607)	(5,082)
Retirement benefit expenses calculated by simplified method	431	151	3,854
Others	141	241	1,254
Retirement benefit expenses	¥ 7,284	¥ 9,526	\$ 65,043

(6) The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect) for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Prior service cost	¥ 569	¥ 607	\$ 5,082
Actuarial gain and loss	50,272	(37,032)	448,859
Total	¥50,841	¥(36,425)	\$453,941

(7) The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect) as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Unrecognized prior service cost	¥ (6,752)	¥ (7,321)	\$ (60,286)
Unrecognized actuarial gain and loss	36,363	(13,909)	324,671
Total	¥29,611	¥(21,230)	\$264,385

(8) The breakdown of plan assets by major category as of March 31, 2016 and 2015 were as follows:

	2016	2015
Equity securities	46%	60%
Debt securities	39	29
General accounts at life insurance companies	14	10
Others	1	1
Total	100%	100%

Note: Retirement benefit trust established for the corporate pension plans is included and equivalent to 17% of total amount of plan assets as of March 31, 2016 and 27% as of March 31, 2015.

The long-term expected rates of return on plan assets has been determined as a result of consideration of both the portfolio allocation at present and in the future, and long-term rates of return from multiple plan assets at present and in the future.

(9) The assumptions used in accounting for the defined benefit plans as of March 31, 2016 and 2015 were as follows:

	2016	2015
Discount rates	0.27% – 1.40%	0.99% – 1.50%
Long-term expected rates of return on plan assets	Mainly 2.5%	Mainly 2.5%
Expected rates of salary increase	2.2% – 8.6%	2.1% – 8.5%

3. Information on defined contribution pension plans

Contributions to defined contribution pension plans for the years ended March 31, 2016 and 2015 were ¥4,635 million (\$41,386 thousand) and ¥4,406 million, respectively.

4. Information on multiemployer pension plans

Contributions to multiemployer pension plans accounted for by the same methods used for defined contributions plans for the years ended March 31, 2016 and 2015 were ¥50 million (\$453 thousand) and ¥76 million, respectively.

Note 12. Shareholders' Equity

1. Shares issued and outstanding / Treasury stock

The Companies Act of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

Movements in shares outstanding and treasury stock during the years ended March 31, 2016 and 2015 were as follows:

	Thousands of shares			
	March 31, 2015	Increase in the year	Decrease in the year	March 31, 2016
Shares outstanding:				
Common stock	746,484	—	—	746,484
Total	746,484	—	—	746,484
Treasury stock:				
Common stock	32,057	55	3	32,109
Total	32,057	55	3	32,109

	Thousands of shares			
	March 31, 2014	Increase in the year	Decrease in the year	March 31, 2015
Shares outstanding:				
Common stock	746,484	—	—	746,484
Total	746,484	—	—	746,484
Treasury stock:				
Common stock	31,985	74	2	32,057
Total	31,985	74	2	32,057

The increases of treasury stock were due to purchases of shares of less than one voting unit and the decreases of treasury stock were due to sales of shares at the request of shareholders who own less than one voting unit for the years ended March 31, 2016 and 2015.

2. Dividends

(1) Dividends paid

For the year ended March 31, 2016

Resolution	Type of shares	Total dividends (millions of yen)	Total dividends (thousands of U.S. dollars (Note 3))	Dividends per share (yen)	Dividends per share (U.S. dollars (Note 3))	Cut-off date	Effective date
Meeting of the Board of Directors on May 26, 2015	Common stock	¥3,572	\$31,894	¥5.0	\$0.04	March 31, 2015	June 8, 2015
Meeting of the Board of Directors on October 29, 2015	Common stock	3,572	31,894	5.0	0.04	September 30, 2015	December 3, 2015

For the year ended March 31, 2015

Resolution	Type of shares	Total dividends (millions of yen)	Dividends per share (yen)	Cut-off date	Effective date
Meeting of the Board of Directors on May 27, 2014	Common stock	¥2,857	¥4.0	March 31, 2014	June 9, 2014
Meeting of the Board of Directors on October 30, 2014	Common stock	2,857	4.0	September 30, 2014	December 3, 2014

(2) Dividends with the cut-off date in the year ended March 31, 2016 and effective date in the year ending March 31, 2017

Resolution	Type of shares	Total dividends (millions of yen)	Total dividends (thousands of U.S. dollars (Note 3))	Source of dividends	Dividends per share (yen)	Dividends per share (U.S. dollars (Note 3))	Cut-off date	Effective date
Meeting of the Board of Directors on May 26, 2016	Common stock	¥3,571	\$31,892	Retained earnings	¥5.0	\$0.04	March 31, 2016	June 8, 2016

Dividends with the cut-off date in the year ended March 31, 2015 and effective date in the year ended March 31, 2016

Resolution	Type of shares	Total dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Cut-off date	Effective date
Meeting of the Board of Directors on May 26, 2015	Common stock	¥3,572	Retained earnings	¥5.0	March 31, 2015	June 8, 2015

Note 13. Research and Development Costs

Research and development costs charged to income were ¥35,949 million (\$320,973 thousand) and ¥35,023 million for the years ended March 31, 2016 and 2015, respectively.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Research and development costs	¥35,949	¥35,023	\$320,973

Note 14. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Salaries and wages	¥73,621	¥71,558	\$657,334
Retirement benefit expenses	4,729	5,367	42,229
Research and development costs	30,766	29,421	274,702

Note 15. Extraordinary Income, Net

Extraordinary income, net, for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Extraordinary income			
Gain on sales of noncurrent assets	¥ 989	¥ 81	\$ 8,834
Gain on sales of investment securities	2,351	2,778	20,993
Gain on change in equity	—	4,843	—
Extraordinary loss			
Loss on disposal of noncurrent assets	(775)	(880)	(6,924)
Loss on devaluation of investment securities	(167)	(447)	(1,491)
Impairment loss	(282)	(2,830)	(2,522)
Settlement package	(640)	(810)	(5,721)
Loss on liquidation of subsidiaries	(470)	—	(4,203)
Others	(54)	(155)	(459)
Extraordinary income, net	¥ 952	¥ 2,580	\$ 8,507

Note 16. Income Taxes

1. The components of income taxes for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Current	¥ 9,600	¥ 9,612	\$ 85,722
Deferred	3,098	5,307	27,651
Income taxes	¥12,698	¥14,919	\$113,373

The Company and its domestic consolidated subsidiaries are subject to corporate income tax, prefectural and municipal inhabitants' taxes and enterprise tax, based on income.

2. The significant components of deferred tax assets and liabilities as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Deferred tax assets			
Net defined benefit liability	¥ 33,414	¥ 20,934	\$ 298,340
The investment deduction of the foreign consolidated subsidiaries	16,481	19,741	147,156
Investment securities	6,880	7,727	61,432
Inventories	6,528	5,596	58,287
Accrued employees' bonuses	6,306	6,496	56,308
Tangible fixed assets	2,059	2,641	18,384
Tax loss carryforwards	1,950	3,747	17,420
Other	6,275	5,788	56,022
Gross deferred tax assets	79,893	72,670	713,349
Less: Valuation allowance	(25,132)	(28,894)	(224,398)
Total deferred tax assets	54,761	43,776	488,951
Deferred tax liabilities			
Gain on securities contribution to employee retirement benefit trust	(16,096)	(17,030)	(143,717)
Unrealized gain on other securities	(13,545)	(33,007)	(120,942)
Investment securities	(4,912)	(5,188)	(43,858)
Other	(1,297)	(1,363)	(11,580)
Gross deferred tax liabilities	(35,850)	(56,588)	(320,097)
Net deferred tax assets (liabilities)	¥ 18,911	¥(12,812)	\$ 168,854

3. The reconciliation between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2016 and 2015 were as follows:

	2016	2015
Statutory income tax rate	33.1%	35.6%
Tax rate difference of overseas consolidated subsidiaries	(3.9)	(1.7)
Permanent difference resulting from non-taxable income, including dividends received	(3.2)	(1.3)
Tax credits	(2.6)	(5.9)
Valuation allowance	(1.9)	(4.1)
Decrease in deferred tax assets due to the revision of statutory income tax rate	3.0	5.0
Permanent difference resulting from expenses not deductible for income tax purposes	1.7	2.9
Other	1.1	2.1
Effective income tax rate	27.3%	32.6%

4. Revision of the amount of deferred tax assets / liabilities by change in Corporate Tax Rate

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 15 of 2016) and the "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 13 of 2016) were promulgated on March 29, 2016. The corporate tax rates are to be lowered from the fiscal year beginning April 1, 2016. Accordingly, the effective statutory tax rate for the calculation of deferred tax assets and liabilities will be lowered from 32.3% to 30.9% for temporary differences expected to be utilized in the fiscal years beginning April 1, 2016 and 2017, and to 30.6% for fiscal years beginning April 1, 2018 and onwards.

As a result of these changes, deferred tax assets (after deducting deferred tax liabilities) as of March 31, 2016 decreased by ¥1,241 million (\$11,087 thousand).

Deferred income taxes and valuation difference on available-for-sale securities increased by ¥1,419 million (\$12,675 thousand) and ¥706 million (\$6,304 thousand), respectively. Remeasurements of defined benefit plans included in accumulated other comprehensive income decreased by ¥505 million (\$4,511 thousand).

Note 17. Consolidated Statements of Comprehensive Income

Amounts reclassified to profit (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥(56,295)	¥ 35,727	\$(502,640)
Reclassification adjustments	(2,283)	(2,537)	(20,383)
Before tax effect	(58,578)	33,190	(523,023)
Tax effect	19,283	(8,459)	172,173
Valuation difference on available-for-sale securities	(39,295)	24,731	(350,850)
Deferred gains or losses on hedges:			
Amount arising during the year	(896)	(796)	(8,004)
Asset acquisition cost adjustments	21	1	190
Before tax effect	(875)	(795)	(7,814)
Tax effect	253	264	2,258
Deferred gains or losses on hedges	(622)	(531)	(5,556)
Foreign currency translation adjustments:			
Amount arising during the year	(8,300)	8,785	(74,111)
Reclassification adjustments	—	—	—
Before tax effect	(8,300)	8,785	(74,111)
Tax effect	—	—	—
Foreign currency translation adjustments	(8,300)	8,785	(74,111)
Remeasurements of defined benefit plans:			
Amount arising during the year	(55,118)	29,937	(492,133)
Reclassification adjustments	4,278	6,488	38,192
Before tax effect	(50,840)	36,425	(453,941)
Tax effect	15,926	(12,284)	142,205
Remeasurements of defined benefit plans	(34,914)	24,141	(311,736)
Share of other comprehensive income of associates accounted for using equity method:			
Amount arising during the year	(622)	392	(5,554)
Reclassification adjustments	102	127	905
Share of other comprehensive income of associates accounted for using equity method	(520)	519	(4,649)
Total other comprehensive income	¥(83,651)	¥ 57,645	\$(746,902)

Note 18. Contingent Liabilities

Contingent liabilities as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Guarantees	¥8,781	¥13,718	\$78,406

Note 19. Leases

1. Finance lease transactions

(1) Leased assets

Leased assets primarily consist of machinery and equipment and software.

(2) Depreciation method for leased assets

Finance leases other than those that were deemed to transfer the ownership of the leased assets to the lessees and contracted before April 1, 2008, are accounted for by the method that is applicable to ordinary operating leases.

Pro forma information of those leased property such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, lease expense, depreciation expense, interest expense and impairment loss on an "as if capitalized" basis for the years ended March 31, 2016 and 2015 were as follows:

(a) Acquisition cost and accumulated depreciation under finance leases:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Acquisition cost	¥1,904	¥2,324	\$17,005
Accumulated depreciation	1,463	1,693	13,063
Net leased property	¥ 441	¥ 631	\$ 3,942

(b) Obligations under finance leases:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Due within one year	¥166	¥214	\$1,491
Due after one year	363	529	3,233
Total	¥529	¥743	\$4,724

(c) Lease expense, depreciation expense and interest expense under finance leases:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Lease expense	¥228	¥599	\$2,040
Depreciation expense	184	408	1,646
Interest expense	20	31	183

(d) Method of calculating estimated depreciation expense

Depreciation is computed by the straight-line method over the lease period assuming no residual value.

(e) Method of calculating estimated interest expense

Interest expense is computed and allocated to each period using the interest method assuming interest expense to be the excess of total lease payments over the acquisition cost.

2. Operating lease transactions

The minimum rental commitments under noncancellable operating leases as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Due within one year	¥1,791	¥1,490	\$15,992
Due after one year	2,055	3,135	18,352
Total	¥3,846	¥4,625	\$34,344

Note 20. Segment Information

1. Segment information

(1) Outline of reporting segments

The Companies' reporting segments are components for which separate financial information is available and whose operating results are reviewed regularly by the Board of Directors of the Company in order to make decisions about resource allocation and to assess performance. The Company has business headquarters by products and services at its head office. The business headquarters prepare comprehensively global strategies related to their products and services and control their business activities.

Accordingly, the Companies have five reporting segments, principally based on the business headquarters, that take into account the similarity of category and nature of products and services: Power and Social Infrastructure, Industrial Infrastructure, Power Electronics, Electronic Devices and Food and Beverage Distribution. These segments consist of 2 or more business segments.

As of April 1, 2015, reflecting change of organization structure, the reporting segments were reclassified in Power and Social Infrastructure, Industrial Infrastructure, and Power Electronics. The reporting segment information for the year ended March 31, 2015 has been reclassified to reflect this change.

Main products and services of each reporting segment consisted of the following:

Reporting segments	Main products and services
Power and Social Infrastructure	Thermal/geothermal/hydraulic power generation, solar power generation systems, fuel cells, energy management systems, smart meter, information systems
Industrial Infrastructure	Substation equipment, industrial power supply facility, industrial drive systems, plant control systems, industrial energy management systems, data centers, measuring instruments and sensors, radiation monitoring systems, electrical equipment and air conditioning construction
Power Electronics	Inverters/servos, motors, railcar systems, uninterruptible power systems (UPSs), power conditioning sub-systems (PCSs), switchboards, power distribution and control equipment
Electronic Devices	Power semiconductors, photoconductors, magnetic disks
Food and Beverage Distribution	Beverage vending machines, vending machines for food and other goods, store equipment, currency handling equipment

(2) Calculation method of net sales, profit or loss, assets, liabilities and other items on each reporting segment

The accounting policies applied by each reporting segment are consistent with those described in "Note 2. Summary of Significant Accounting Policies." Segment profit or loss presented in segment information is calculated based on operating income in the consolidated statements of income. Intersegment sales and transfer are determined by market value.

(3) Information on net sales, profit or loss, assets, liabilities and other items by each reporting segment

Reporting segment information as of March 31, 2016 and 2015 and for the years then ended were as follows:

Year ended March 31, 2016	Millions of yen								
	Power and Social Infrastructure	Industrial Infrastructure	Power Electronics	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reporting segments									
Net sales									
Sales to third parties	¥174,007	¥198,551	¥175,847	¥116,155	¥114,400	¥34,590	¥813,550	¥ —	¥813,550
Inter-segment sales and transfers	1,481	3,408	27,125	3,691	587	27,997	64,289	(64,289)	—
Total sales	175,488	201,959	202,972	119,846	114,987	62,587	877,839	(64,289)	813,550
Segment profits (losses)	¥ 9,736	¥ 12,966	¥ 7,755	¥ 9,863	¥ 7,825	¥ 2,336	¥ 50,481	¥ (5,475)	¥ 45,006
Segment assets	¥125,265	¥189,967	¥183,742	¥147,355	¥ 73,908	¥30,787	¥751,024	¥ 94,354	¥845,378
Other items									
Depreciation and amortization	¥ 2,042	¥ 2,801	¥ 6,228	¥ 13,938	¥ 2,833	¥ 826	¥ 28,668	¥ 1,055	¥ 29,723
Investments for companies applied equity method	¥ —	¥ 13,274	¥ —	¥ —	¥ —	¥ —	¥ 13,274	¥ —	¥ 13,274
Capital expenditures	¥ 2,370	¥ 3,210	¥ 8,362	¥ 11,863	¥ 2,589	¥ 559	¥ 28,953	¥ 5,326	¥ 34,279

Year ended March 31, 2015	Millions of yen								
	Power and Social Infrastructure	Industrial Infrastructure	Power Electronics	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reporting segments									
Net sales									
Sales to third parties	¥167,477	¥187,264	¥174,123	¥130,772	¥118,824	¥32,218	¥810,678	¥ —	¥810,678
Inter-segment sales and transfers	1,711	4,093	26,789	6,417	289	28,990	68,289	(68,289)	—
Total sales	169,188	191,357	200,912	137,189	119,113	61,208	878,967	(68,289)	810,678
Segment profits (losses)	¥ 7,786	¥ 11,142	¥ 7,581	¥ 8,071	¥ 8,527	¥ 1,884	¥ 44,991	¥ (5,675)	¥ 39,316
Segment assets	¥127,613	¥167,776	¥179,899	¥166,063	¥ 70,480	¥34,413	¥746,244	¥158,278	¥904,522
Other items									
Depreciation and amortization	¥ 1,971	¥ 2,371	¥ 5,787	¥ 18,944	¥ 2,877	¥ 768	¥ 32,718	¥ 897	¥ 33,615
Investments for companies applied equity method	¥ —	¥ 13,008	¥ —	¥ —	¥ —	¥ —	¥ 13,008	¥ —	¥ 13,008
Capital expenditures	¥ 2,829	¥ 3,071	¥ 10,504	¥ 10,849	¥ 3,069	¥ 685	¥ 31,007	¥ 2,666	¥ 33,673

Year ended March 31, 2016	Thousands of U.S. dollars (Note 3)								
	Power and Social Infrastructure	Industrial Infrastructure	Power Electronics	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Sales, profits or losses and assets by reporting segments									
Net sales									
Sales to third parties	\$1,553,639	\$1,772,782	\$1,570,068	\$1,037,106	\$1,021,432	\$308,816	\$7,263,843	\$ —	\$7,263,843
Inter-segment sales and transfers	13,218	30,423	242,188	32,951	5,240	249,996	574,016	(574,016)	—
Total sales	1,566,857	1,803,205	1,812,256	1,070,057	1,026,672	558,812	7,837,859	(574,016)	7,263,843
Segment profits (losses)	\$ 86,934	\$ 115,770	\$ 69,243	\$ 88,065	\$ 69,869	\$ 20,851	\$ 450,732	\$ (48,890)	\$ 401,842
Segment assets	\$1,118,446	\$1,696,140	\$1,640,557	\$1,315,673	\$ 659,897	\$274,853	\$6,705,566	\$ 842,455	\$7,548,021
Other items									
Depreciation and amortization	\$ 18,240	\$ 25,015	\$ 55,611	\$ 124,450	\$ 25,303	\$ 7,349	\$ 255,968	\$ 9,422	\$ 265,390
Investments for companies applied equity method	\$ —	\$ 118,524	\$ —	\$ —	\$ —	\$ —	\$ 118,524	\$ —	\$ 118,524
Capital expenditures	\$ 21,163	\$ 28,666	\$ 74,669	\$ 105,921	\$ 23,121	\$ 4,964	\$ 258,504	\$ 47,562	\$ 306,066

Notes: 1. Others segment consisted of business segments not attributable to reporting segments and included financial services, real estate operations, insurance agency services, travel agency services, printing and information services, etc.

2. The adjustments for segment information above were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Corporate expense*	¥(5,482)	¥(5,739)	\$(48,955)
Elimination of intersegment sales	7	64	66
Total	¥(5,475)	¥(5,675)	\$(48,890)

* Corporate expense mainly consisted of administration cost of the Company.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Corporate assets*	¥ 264,764	¥ 316,153	\$ 2,363,969
Elimination of intersegment transactions	(170,410)	(157,875)	(1,521,514)
Total	¥ 94,354	¥ 158,278	\$ 842,455

* Corporate assets mainly consisted of invested cash surpluses (cash and cash equivalents), long-term invested assets (investment securities), assets relating to administration department and assets of a financing subsidiary company.

3. Segment profits (losses) were reconciled to operating income (loss) in the consolidated statements of income.

2. Related information

Related information as of March 31, 2016 and 2015 and for the years then ended were as follows:

Geographic information

(a) Sales

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Japan	¥597,757	¥605,763	\$5,337,123
Asia (except for China), Others	103,873	85,181	927,416
China	82,630	87,733	737,773
Europe	16,681	16,519	148,942
America	12,609	15,482	112,589
Consolidated	¥813,550	¥810,678	\$7,263,843

Note: Net sales information above is based on customer location.

(b) Tangible fixed assets

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Japan	¥136,614	¥131,374	\$1,219,772
Asia (except for China), Others	26,375	27,968	235,482
China	12,518	14,815	111,769
Europe	714	624	6,379
America	255	172	2,282
Consolidated	¥176,476	¥174,953	\$1,575,684

3. Information on impairment loss of fixed assets by each reporting segment

Information on impairment loss of fixed assets by each reporting segment for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Power and Social Infrastructure	¥ 26	¥ 7	\$ 237
Industrial Infrastructure	—	373	—
Power Electronics	256	1	2,285
Electronic Devices	—	2,265	—
Others	—	184	—
Total	¥282	¥2,830	\$2,522

4. Information on amortization of goodwill and unamortized balance by each reporting segment

Information on amortization of goodwill and unamortized balance by each reporting segment for the year ended March 31, 2016 was as follows:

Millions of yen							
Year ended March 31, 2016	Power and Social Infrastructure	Industrial Infrastructure	Power Electronics	Electronic Devices	Food and Beverage Distribution	Others	Consolidated
Amortization	¥—	¥ 196	¥ 308	¥ 63	¥—	¥—	¥ 567
Balance as of March 31	¥—	¥1,524	¥1,349	¥165	¥—	¥—	¥3,038

Thousands of U.S. dollars (Note 3)							
Year ended March 31, 2016	Power and Social Infrastructure	Industrial Infrastructure	Power Electronics	Electronic Devices	Food and Beverage Distribution	Others	Consolidated
Amortization	\$—	\$ 1,756	\$ 2,759	\$ 552	\$—	\$—	\$ 5,067
Balance as of March 31	\$—	\$13,610	\$12,047	\$1,468	\$—	\$—	\$27,125

Note: Information for the year ended March 31, 2015 was not disclosed because it did not have significant impact on the consolidated financial statements.

5. Information on gain on negative goodwill by each reporting segment

None

Note 21. Information on Transactions with Related Parties

For the year ended March 31, 2016

None

Note 22. Business Combinations

For the year ended March 31, 2016, business combinations have not been disclosed because they do not have significant impact on the consolidated financial statements.

Note 23. Asset Retirement Obligations

Asset retirement obligations recorded on the consolidated balance sheets

1. Outline of asset retirement obligations

The Companies record asset retirement obligations related to the expenses for removing asbestos from company-owned buildings upon their dismantlement and the obligations to restore head offices, sales offices and other premises to their original condition upon termination of their lease contracts.

Regarding some of the obligations to restore head offices, sales offices and other premises to their original condition, the Companies estimate nonrecoverable amounts of deposits for those premises and record the portion attributable to the current year as expenses, instead of recording asset retirement obligations.

2. Calculation method of asset retirement obligations

In calculating the amounts of asset retirement obligations, the Companies estimate a period of use between 4 and 49 years and use a discount rate equivalent to the interest rate of government bonds corresponding to the use period (0.2% to 2.3%).

3. Changes in the total amounts of asset retirement obligations

Changes in the total amounts of asset retirement obligations for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of
	2016	2015	U.S. dollars (Note 3)
Balance at the beginning of the year	¥2,157	¥2,204	\$19,259
Increase due to acquisition of property, plant and equipment	2	—	22
Adjustment due to passage of time	8	8	75
Decrease due to fulfillment of obligations	(118)	(55)	(1,059)
Balance at the end of the year	¥2,049	¥2,157	\$18,297

Note 24. Amounts Per Share

Information of amounts per share as of March 31, 2016 and 2015 and for the years then ended were as follows:

	Yen		U.S. dollars (Note 3)
	2016	2015	2016
Net assets per share	¥322.52	¥406.39	\$2.880
Net income per share	42.90	39.16	0.383
Diluted net income per share	42.86	39.13	0.383

Note 25. Subsequent Events

For the year ended March 31, 2016

None