Consolidated Financial Statements

for the Year Ended March 31, 2015, and Independent Auditor's Report

EIZO Corporation and Subsidiaries

EIZO Corporation

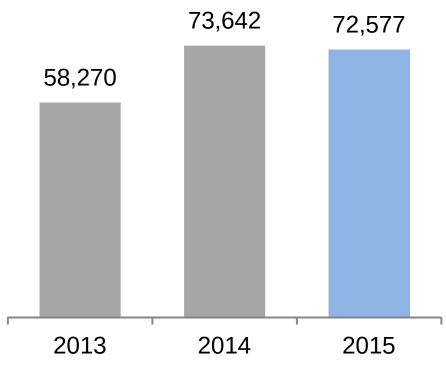
Financial Highlights

	Millions of Yen			Thousands of U.S. Dollars
	2013	2014	2015	2015
Years ended March 31:				
Net sales	58,270	73,642	72,577	604,808
Operating income	2,057	6,834	4,473	37,275
Net income	1,598	5,438	3,322	27,683
As of March 31:				
Total assets	79,368	92,932	106,520	887,667
Total equity	61,432	69,202	79,294	660,784
Per share information	Yen			U.S. Dollars
Basic net income	74.96	255.05	155.80	1.30
Cash dividends applicable to the year	50.00	55.00	60.00	0.50

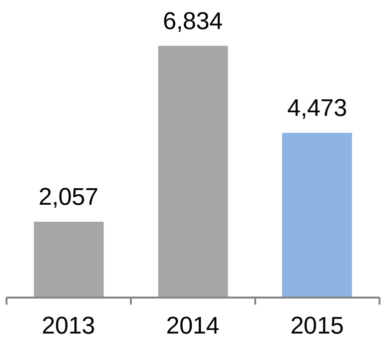
Note: U.S. dollar amounts are provided solely for convenience at the rate of ¥120 to US$1, the approximate exchange rate at March 31, 2015

(Millions of Yen)

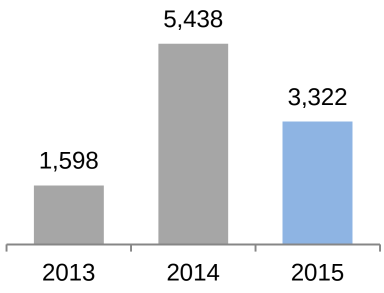
Net Sales



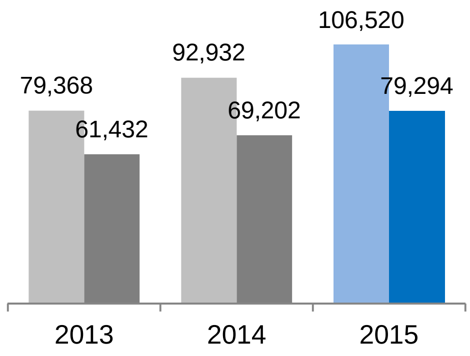
Operating Income



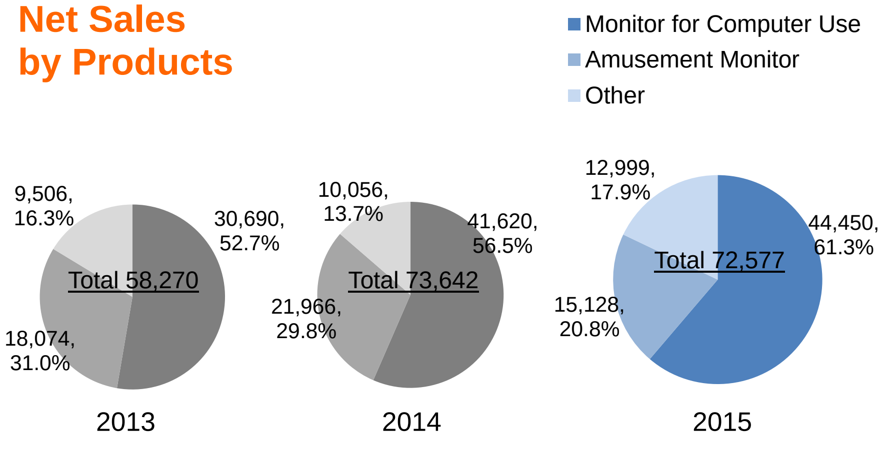
Net Income



Total Assets/ Total Equity



Net Sales by Products



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of EIZO Corporation:

We have audited the accompanying consolidated balance sheet of EIZO Corporation and its subsidiaries as of March 31, 2015, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

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 accounting principles generally accepted in Japan, 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 plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of EIZO Corporation and its subsidiaries as of March 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 19, 2015

Member of
Deloitte Touche Tohmatsu Limited

EIZO Corporation and Subsidiaries

Consolidated Balance Sheet
March 31, 2015

ASSETS	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars (Note 1) 2015
CURRENT ASSETS:			
Cash and cash equivalents (Note 12)	¥ 18,023	¥19,081	$150,192
Short-term investments (Notes 3 and 12)	797	200	6,642
Notes and accounts receivables (Note 12):			
Trade notes	143	268	1,192
Trade accounts	17,360	14,615	144,667
Other	224	124	1,867
Allowance for doubtful receivables	(118)	(118)	(984)
Inventories (Note 4)	25,006	25,375	208,383
Deferred tax assets (Note 8)	1,717	1,866	14,308
Prepaid expenses and other current assets	276	451	2,300
Total current assets	63,428	61,862	528,567
PROPERTY, PLANT, AND EQUIPMENT:			
Land	2,824	2,824	23,533
Buildings and structures	11,541	11,475	96,175
Machinery and equipment	3,943	3,851	32,859
Furniture and fixtures	5,488	4,852	45,733
Construction in progress	12	19	100
Total	23,808	23,021	198,400
Accumulated depreciation	(15,824)	(14,830)	(131,867)
Net property, plant, and equipment	7,984	8,191	66,533
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 12)	32,282	19,453	269,017
Goodwill	522	786	4,350
Deferred tax assets (Note 8)	266	300	2,217
Other assets	2,038	2,340	16,983
Total investments and other assets	35,108	22,879	292,567
TOTAL	¥106,520	¥92,932	$887,667

LIABILITIES AND EQUITY	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars (Note 1) 2015
CURRENT LIABILITIES:			
Short-term bank loans (Notes 5 and 12)	¥ 1,954		$ 16,283
Accounts payable (Note 12):			
Trade accounts	5,855	¥ 7,198	48,792
Other	1,610	1,707	13,417
Income taxes payable	620	1,906	5,167
Accrued expenses	3,914	3,543	32,617
Other current liabilities	1,902	1,456	15,849
Total current liabilities	15,855	15,810	132,125
LONG-TERM LIABILITIES:			
Liability for retirement benefits (Note 6)	3,086	2,713	25,717
Deferred tax liabilities (Note 8)	6,922	3,796	57,683
Other long-term liabilities	1,363	1,411	11,358
Total long-term liabilities	11,371	7,920	94,758
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 11 and 13)			
EQUITY (Notes 7 and 15):			
Common stock—authorized, 65,000,000 shares; issued, 22,731,160 shares in 2015 and 2014	4,426	4,426	36,883
Capital surplus	4,314	4,314	35,950
Retained earnings	56,075	54,044	467,292
Treasury stock—at cost, 1,410,318 shares in 2015 and 1,410,245 shares in 2014	(2,661)	(2,661)	(22,175)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	17,358	9,162	144,650
Foreign currency translation adjustments	248	153	2,067
Defined retirement benefit plans	(466)	(236)	(3,883)
Total equity	79,294	69,202	660,784
TOTAL	¥106,520	¥92,932	$887,667

See notes to consolidated financial statements.

EIZO Corporation and Subsidiaries

Consolidated Statement of Income
Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
NET SALES	¥72,577	¥73,642	$604,808
COST OF SALES	50,795	50,426	423,291
Gross profit	21,782	23,216	181,517
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 9 and 10)	17,309	16,382	144,242
Operating income	4,473	6,834	37,275
OTHER INCOME (EXPENSES):			
Interest and dividend income	319	260	2,658
Interest expense	(1)		(8)
Foreign exchange (loss) gain—net	(69)	948	(575)
Gain on sales of investment securities (Note 3)		17	
Loss on impairment of long-lived assets		(28)	
Other—net	(17)	(44)	(142)
Other income—net	232	1,153	1,933
INCOME BEFORE INCOME TAXES	4,705	7,987	39,208
INCOME TAXES (Note 8):			
Current	1,121	2,475	9,342
Deferred	262	74	2,183
Total income taxes	1,383	2,549	11,525
NET INCOME	¥ 3,322	¥ 5,438	$ 27,683

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.p):			
Basic net income	¥155.80	¥255.05	$1.30
Cash dividends applicable to the year	60.00	55.00	0.50

See notes to consolidated financial statements.

EIZO Corporation and Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
NET INCOME	¥ 3,322	¥5,438	$27,683
OTHER COMPREHENSIVE INCOME (Note 14):			
Unrealized gain on available-for-sale securities	8,196	2,798	68,300
Deferred loss on derivatives under hedge accounting		(8)	
Foreign currency translation adjustments	95	844	792
Defined retirement benefit plans	(230)		(1,917)
Total other comprehensive income	8,061	3,634	67,175
COMPREHENSIVE INCOME	¥11,383	¥9,072	$94,858
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO—			
Owners of the parent company	¥11,383	¥9,072	$94,858

See notes to consolidated financial statements.

EIZO Corporation and Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended March 31, 2015

	Thousands	Millions of Yen								
						Accumulated Other Comprehensive Income				
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total Equity
BALANCE, APRIL 1, 2013	21,321	¥4,426	¥4,314	¥49,672	¥(2,661)	¥ 6,364	¥8	¥(691)		¥61,432
Net income				5,438						5,438
Cash dividends, ¥50 per share				(1,066)						(1,066)
Net increase in unrealized gain on available-for-sale securities						2,798				2,798
Net change in deferred gain on derivatives under hedge accounting							(8)			(8)
Net change in foreign currency translation adjustments								844		844
Effect of accounting change (Note 2.i)									¥(236)	(236)
BALANCE, MARCH 31, 2014 (APRIL 1, 2014, as previously reported)	21,321	4,426	4,314	54,044	(2,661)	9,162		153	(236)	69,202
Cumulative effect of accounting change (Note 2.i)				(12)						(12)
BALANCE, APRIL 1, 2014 (as restated)	21,321	4,426	4,314	54,032	(2,661)	9,162		153	(236)	69,190
Net income				3,322						3,322
Cash dividends, ¥60 per share				(1,279)						(1,279)
Net increase in unrealized gain on available-for-sale securities						8,196				8,196
Net change in foreign currency translation adjustments								95		95
Net change in defined retirement benefit plans									(230)	(230)
BALANCE, MARCH 31, 2015	21,321	¥4,426	¥4,314	¥56,075	¥(2,661)	¥17,358		¥ 248	¥(466)	¥79,294

(Continued)

EIZO Corporation and Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended March 31, 2015

	Thousands of U.S. Dollars (Note 1)								
					Accumulated Other Comprehensive Income				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total Equity
BALANCE, MARCH 31, 2014 (APRIL 1, 2014, as previously reported)	$36,883	$35,950	$450,367	$(22,175)	$ 76,350		$1,275	$(1,966)	$576,684
Cumulative effect of accounting change (Note 2.i)			(100)						(100)
BALANCE, APRIL 1, 2014 (as restated)	36,883	35,950	450,267	(22,175)	76,350		1,275	(1,966)	576,584
Net income			27,683						27,683
Cash dividends, $0.50 per share			(10,658)						(10,658)
Net increase in unrealized gain on available-for-sale securities					68,300				68,300
Net change in foreign currency translation adjustments							792		792
Net change in defined retirement benefit plans								(1,917)	(1,917)
BALANCE, MARCH 31, 2015	$36,883	$35,950	$467,292	$(22,175)	$144,650		$2,067	$(3,883)	$660,784

See notes to consolidated financial statements.

(Concluded)

EIZO Corporation and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
OPERATING ACTIVITIES:			
Income before income taxes	¥ 4,705	¥7,987	$39,208
Adjustments for:			
Income taxes—paid	(2,325)	(1,096)	(19,375)
Depreciation and amortization	1,803	1,480	15,025
Amortization of goodwill	215	208	1,792
Provision of allowance for doubtful receivables	3	21	25
Foreign exchange gain—net	(41)	(637)	(342)
Loss on impairment of long-lived assets		28	
Changes in assets and liabilities:			
Increase in notes and accounts receivable	(2,791)	(1,681)	(23,258)
Decrease (increase) in inventories	128	(3,430)	1,067
(Decrease) increase in accounts payable	(1,371)	558	(11,425)
Increase in accrued expenses	427	173	3,558
Increase in liability for retirement benefits	176	123	1,467
Other—net	517	952	4,308
Total adjustments	(3,259)	(3,301)	(27,158)
Net cash provided by operating activities	1,446	4,686	12,050
INVESTING ACTIVITIES:			
Purchases of property, plant, and equipment	(1,130)	(1,076)	(9,417)
Purchases of software and other long-lived assets	(255)	(366)	(2,125)
Proceeds from sales of short-term investments and investment securities	11	50	92
Purchases of short-term investments and investment securities	(2,371)	(200)	(19,758)
Decrease in other assets	318	384	2,650
Net cash used in investing activities	(3,427)	(1,208)	(28,558)
FINANCING ACTIVITIES:			
Increase in short-term bank loans—net	2,204		18,367
Dividends paid	(1,281)	(1,066)	(10,675)
Net cash provided by (used in) financing activities	923	(1,066)	7,692
FOREIGN CURRENCY TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		531	
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS—(Forward)	¥(1,058)	¥2,943	$ (8,816)

(Continued)

EIZO Corporation and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS—(Forward)	¥ (1,058)	¥ 2,943	$ (8,816)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	19,081	16,138	159,008
CASH AND CASH EQUIVALENTS, END OF YEAR	¥18,023	¥19,081	$150,192

See notes to consolidated financial statements.

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2014 consolidated financial statements to conform to the classifications used in 2015.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which EIZO Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120 to $1, the approximate rate of exchange at March 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Consolidation***—The consolidated financial statements as of March 31, 2015 and 2014, include the accounts of the Company and its 15 subsidiaries (together, the "Group").

Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. ***Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements***—In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material:
(a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions

that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of research and development ("R&D"); (d) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; and (e) exclusion of minority interests from net income, if included.

c. ***Cash Equivalents***—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificates of deposit, and commercial paper, all of which mature or become due within three months of the date of acquisition.

d. ***Inventories***—Inventories are stated at the lower of cost, determined by the average method for finished products and work in progress and by the moving-average method for raw materials, or net selling value.

e. ***Short-Term Investments and Investment Securities***—Short-term investments and investment securities are classified and accounted for, depending on management's intent, as follows: (1) trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value, and the related unrealized gains and losses are included in earnings; and (2) available-for-sale securities, which are not classified as either of trading securities or held to maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

f. ***Property, Plant, and Equipment***—Property, plant, and equipment are stated at cost. Depreciation of property, plant, and equipment of the Company and its domestic subsidiaries is computed substantially by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings of the Company and its domestic subsidiaries acquired after April 1, 1998, and all property, plant, and equipment of foreign subsidiaries. The range of useful lives is principally from 15 to 50 years for buildings and structures, from 7 to 10 years for machinery and equipment, and from 2 to 6 years for furniture and fixtures.

g. ***Goodwill***—Goodwill is amortized over 10 years by the straight-line method. Immaterial goodwill may be charged entirely to income at acquisition. Amortization of goodwill is ¥215 million ($1,792 thousand) and ¥208 million for the years ended March 31, 2015 and 2014, respectively.

h. ***Long-Lived Assets***—The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i. ***Retirement and Pension Plans***—The Company and certain of its domestic subsidiaries have a defined contribution pension plan and unfunded retirement benefit plans. Other domestic subsidiaries have a defined benefit pension plan and unfunded retirement benefit plans. Certain foreign subsidiaries have either a defined contribution plan or defined benefit plan. Additionally, the Company or its subsidiaries may add premium severance pay.

The Group accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the consolidated balance sheet date.

The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over 5 years within the average remaining service period.

In May 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which superseded the previous accounting standard for retirement benefit originally issued in 1998 and subsequent relevant amendments. The following are the major changes from the previous standard.

(a) Under the revised accounting standard, actuarial gains and losses that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) The revised accounting standard does not change how to recognize actuarial gains and losses in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income, and actuarial gains and losses that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period, are treated as reclassification adjustments (see Note 14).

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods, the discount rate, and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, all with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014, and for (c) above, effective April 1, 2014.

With respect to (c) above, the Company changed the method of determining the discount rate from using the period which approximates the expected average remaining service period to using average discount rate reflecting the estimated timing of benefit payment. The impact of the change in this accounting policy is insignificant.

Retirement benefits to directors and Audit & Supervisory Board members are recorded at the amount that would be required if the directors and Audit & Supervisory Board members retired at the consolidated balance sheet date. In June 2004, the retirement benefit system was abolished and the amount required to be paid at the time of the abolishment will be paid to directors and Audit & Supervisory Board members upon their retirement.

j. ***R&D Costs—***R&D costs are charged to income as incurred.

k. ***Software Development Contracts—***Revenue from sales of customized software and costs of development of the customized software should be recognized by the percentage-of-completion method if the outcome of a development contract can be estimated reliably. When total revenue, total costs, and the stage of completion of the contract at the consolidated balance sheet date can be reliably measured, the outcome of a development contract can be estimated reliably. If the outcome of a development contract cannot be reliably estimated, the completed contract method should be applied. When it is probable that the total costs will exceed total revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on development contracts.

l. ***Income Taxes—***The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. 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.

The Group files a tax return under the consolidated corporate tax system in Japan, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

m. ***Foreign Currency Transactions—***All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

n. ***Foreign Currency Financial Statements—***The balance sheet accounts of the foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date, except for equity, which is translated at the historical rate.

Differences arising from such translation were shown as "Foreign currency translation adjustments" under accumulated other comprehensive income as a separate component of equity.

Revenue and expense accounts of foreign subsidiaries are translated into Japanese yen at the average exchange rate.

o. ***Derivatives and Hedging Activities—***The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign exchange forward contracts are utilized by the Group to reduce foreign currency exchange risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value with gains or losses on derivative transactions recognized in the consolidated statement of income, and (2) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, the gains or losses on derivative are deferred until maturity of the hedged transactions.

Foreign currency forward contracts applied for forecasted transactions are measured at the fair value, but the unrealized gains or losses are deferred until the underlying transactions are completed.

p. Per Share Information—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Cash dividends per share shown in the consolidated statement of income are presented on an accrual basis, and include interim dividends paid and year-end dividends to be approved after consolidated balance sheet date.

Diluted net income per share of common stock is not disclosed herein because the Company has not issued any securities that are potentially dilutive for the years ended March 31, 2015 and 2014.

q. New Accounting Pronouncements

Accounting Standards for Business Combinations and Consolidated Financial Statements—In September 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements." Major accounting changes are as follows:

(*a*) *Transactions with noncontrolling interest*—A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

(*b*) *Presentation of the consolidated balance sheet*—In the consolidated balance sheet, "minority interest" under the current accounting standard will be changed to "noncontrolling interest" under the revised accounting standard.

(*c*) *Presentation of the consolidated statement of income*—In the consolidated statement of income, "income before minority interest" under the current accounting standard will be changed to "net income" under the revised accounting standard, and "net income" under the current accounting standard will be changed to "net income attributable to owners of the parent" under the revised accounting standard.

(*d*) *Provisional accounting treatments for a business combination*—If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(*e*) *Acquisition-related costs*—Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income. In the case of earlier application, all accounting standards and guidance above, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transactions with noncontrolling interest and (e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (d) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company expects to apply the revised accounting standards and guidance for (a), (b), (c) and (e) above from April 1, 2015, and for (d) above for a business combination which will occur on or after April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

3. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Short-term investments:			
Time deposits		¥ 200	
Trust fund investments	¥ 497		$ 4,142
Debt securities	300		2,500
Total	¥ 797	¥ 200	$ 6,642
Investment securities:			
Marketable equity securities	¥32,249	¥19,109	$268,742
Nonmarketable equity securities	16	16	133
Debt securities		298	
Others	17	30	142
Total	¥32,282	¥19,453	$269,017

The cost and aggregate fair value of short-term investments and investment securities at March 31, 2015 and 2014, were as follows:

	Millions of Yen			
March 31, 2015	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 497
Available for sale:				
Equity securities	¥7,014	¥25,238	¥ 3	¥32,249
Debt securities	300			300
Others	16	1		17
Total	¥7,330	¥25,239	¥ 3	¥32,566
March 31, 2014				
Securities classified as:				
Available for sale:				
Equity securities	¥5,143	¥14,177	¥211	¥19,109
Debt securities	300		2	298
Others	24	6		30
Total	¥5,467	¥14,183	¥213	¥19,437

March 31, 2015	Thousands of U.S. Dollars Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				$ 4,142
Available for sale:				
Equity securities	$58,450	$210,317	$25	$268,742
Debt securities	2,500			2,500
Others	134	8		142
Total	$61,084	$210,325	$25	$271,384

The proceeds from sales of available-for-sale securities for the year ended March 31, 2014, were ¥28 million. The gross realized gains on these sales, computed on the moving-average cost basis, for the year ended March 31, 2014, were ¥17 million.

4. INVENTORIES

Inventories at March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Finished products	¥ 8,572	¥ 7,862	$ 71,433
Work in process	5,187	6,667	43,225
Raw materials and supplies	11,247	10,846	93,725
Total	¥25,006	¥25,375	$208,383

5. SHORT-TERM BANK LOANS

Short-term bank loans at March 31, 2015, consisted of notes to banks. The weighted-average annual interest rate applicable to the short-term bank loans is 0.1% at March 31, 2015.

6. RETIREMENT AND PENSION PLANS

The Company and its certain subsidiaries have severance payment plans for employees, directors, and Audit & Supervisory Board members.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are given in the form of a lump-sum severance payment from the Company or from certain subsidiaries and annuity payments from the Company, certain subsidiaries, or a trustee. Employees of the Company or certain subsidiaries are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

(1) The changes in defined benefit obligation for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year (as previously reported)	¥3,578	¥3,310	$29,817
Cumulative effect of accounting change	17		141
Balance at beginning of year (as restated)	3,595	3,310	29,958
Current service cost	204	237	1,700
Interest cost	35	35	292
Actuarial losses	335	50	2,792
Benefits paid	(128)	(204)	(1,067)
Others	(96)	150	(800)
Balance at end of year	¥3,945	¥3,578	$32,875

(2) The changes in plan assets for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥967	¥886	$8,058
Expected return on plan assets	13	10	108
Actuarial gains	18	24	150
Contributions from the employer	50	44	417
Benefits paid	(63)	(65)	(525)
Others	(24)	68	(200)
Balance at end of year	¥961	¥967	$8,008

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2015 and 2014, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Funded defined benefit obligation	¥1,759	¥1,578	$14,658
Plan assets	(961)	(967)	(8,008)
	798	611	6,650
Unfunded defined benefit obligation	2,186	2,000	18,217
Net liability for defined benefit obligation	¥2,984	¥2,611	$24,867

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Liability for retirement benefits	¥2,984	¥2,611	$24,867
Net liability for defined benefit obligation	¥2,984	¥2,611	$24,867

(4) The components of net periodic benefit costs for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Service cost	¥204	¥237	$1,700
Interest cost	35	35	292
Expected return on plan assets	(13)	(10)	(108)
Recognized actuarial losses	85	46	708
Others	66	75	550
Net periodic benefit costs	¥377	¥383	$3,142

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Actuarial losses	¥220		$1,833
Total	¥220		$1,833

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrecognized actuarial losses	¥489	¥270	$4,075
Total	¥489	¥270	$4,075

(7) Plan assets

a. *Components of plan assets*

Plan assets as of March 31, 2015 and 2014, consisted of the following:

	2015	2014
Debt investments	54%	56%
Equity investments	16	13
Cash and cash equivalents	2	2
Others	28	29
Total	100%	100%

b. *Method of determining the expected rate of return on plan assets*

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2015 and 2014, are set forth as follows:

	2015	2014
Discount rate	0.2%–1.7%	0.5%–3.3%
Expected rate of return on plan assets	2.5%	2%

The expected raise rate is based on the index of the raise calculated by age as of March 31, 2013.

(9) Defined contribution plan

The required contribution amounts of the Group for the years ended March 31, 2015 and 2014, were ¥215 million ($1,792 thousand) and ¥246 million, respectively.

The liability for retirement benefits at March 31, 2015 and 2014, for directors and Audit & Supervisory Board members was ¥102 million ($850 thousand) and ¥102 million, respectively.

7. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, such as (1) having a board of directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the board of directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the board of directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of the legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the board of directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

8. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes that, in the aggregate, resulted in normal effective statutory tax rates of approximately 35.4% and 37.8% for the years ended March 31, 2015 and 2014, respectively.

The tax effects of significant temporary differences and tax loss carryforwards that resulted in deferred tax assets and liabilities at March 31, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred tax assets:			
Inventories	¥ 793	¥ 879	$ 6,608
Liability for retirement benefits	736	770	6,133
Tax loss carryforwards	1,608	1,866	13,400
Accrued expenses	777	731	6,475
Other	1,605	1,882	13,376
Less valuation allowance	(2,567)	(2,939)	(21,392)
Total	2,952	3,189	24,600
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(7,880)	(4,807)	(65,667)
Other	(48)	(47)	(400)
Total	(7,928)	(4,854)	(66,067)
Net deferred tax liabilities	¥(4,976)	¥(1,665)	$(41,467)

Deferred tax assets and liabilities were included in the consolidated balance sheet as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Current assets—deferred tax assets	¥ 1,717	¥ 1,866	$ 14,308
Investments and other assets—deferred tax assets	266	300	2,217
Current liabilities—other current liabilities	(37)	(35)	(309)
Long-term liabilities—deferred tax liabilities	(6,922)	(3,796)	(57,683)
Net deferred tax liabilities	¥(4,976)	¥(1,665)	$(41,467)

Reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2015, with the corresponding figures for 2014 is as follows:

	2015	2014
Normal effective statutory tax rate	35.4%	37.8%
Tax credit for research expenses	(4.5)	(3.9)
(Decrease) increase in valuation allowance	(5.9)	1.0
Effect of reduction of income tax rates on deferred tax assets	4.5	1.3
Other—net	(0.1)	(4.3)
Actual effective tax rate	29.4%	31.9%

At March 31, 2015, certain subsidiaries have tax loss carryforwards aggregating approximately ¥6,439 million ($53,656 thousand) that are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2016		
2017	¥ 76	$ 631
2018	123	1,024
2019	64	534
2020 and thereafter	6,176	51,467
Total	¥6,439	$53,656

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2015, to approximately 32.8% and for the fiscal year beginning on or after April 1, 2016, to approximately 32.1%. The effect of these changes was to decrease deferred tax liabilities, net of deferred tax assets, by ¥594 million ($4,950 thousand) and increase accumulated other comprehensive income for unrealized gain on available-for-sale securities by ¥808 million ($6,733 thousand) and defined retirement benefit plan by ¥2 million ($17 thousand) in the consolidated balance sheet as of March 31, 2015, and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥211 million ($1,758 thousand).

9. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended March 31, 2015 and 2014, principally consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Salaries for employees	¥4,999	¥4,792	$41,658
Provision for bonuses	301	297	2,508
Retirement benefit expenses	241	265	2,008
Provision for product warranty liabilities	632	420	5,267
R&D expenses	5,542	5,381	46,183
Provision for loss on recycling of monitors	(70)	(84)	(583)
Provision of allowance for doubtful accounts	4	60	33

10. R&D COSTS

R&D costs charged to income were ¥6,049 million ($50,408 thousand) and ¥5,797 million for the years ended March 31, 2015 and 2014, respectively.

11. LEASES

The minimum rental commitments under noncancelable operating leases at March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Due within one year	¥230	¥226	$1,917
Due after one year	410	452	3,417
Total	¥640	¥678	$5,334

12. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) *Group Policy for Financial Instruments*

The Group uses financial instruments based on its capital expenditure plan. Cash surpluses, if any, are invested in low-risk financial assets. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) *Nature and Extent of Risks Arising from Financial Instruments*

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Short-term investment and investment securities, mainly equity instruments of customers and suppliers of the Group, debt securities and funds in trust are exposed to credit risk and the risk of fluctuation in market price and interest rate.

All payment terms of payables, such as trade accounts, are within one year. Although payables in foreign currencies are exposed to the risk of fluctuation in foreign currency exchange rates, those risks are netted against the balance of receivables denominated in the same foreign currency, as noted above.

Short-term bank loans are used to hedge the exchange risk for nontrade receivables denominated in foreign currency. The payment term is within three months after the consolidated balance sheet date. The loans are traded in foreign currency and have variable interest rates. Thus, they are exposed to the market risk of fluctuation in exchange rate and interest rates.

Derivatives mainly include forward foreign currency contracts that are used to manage exposure to risk of changes in foreign currency exchange rates of receivables and payables. Please see Note 13 for more details about derivatives.

(3) ***Risk Management for Financial Instruments***

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage. With respect to debt securities, the Group manages its exposure to credit risk by limiting its funding to high credit rating bonds in accordance with in its internal guidelines. Please see Note 13 for information about derivatives.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2015.

Market risk management (foreign exchange risk and interest rate risk)

Foreign currency trade receivables, payables and short-term bank loans are exposed to fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged occasionally by forward foreign currency contracts.

Marketable and investment securities are managed by monitoring the market values and financial position of issuers on a regular basis.

The basic principles of derivative transactions have been approved by the Chief Financial Officer based on internal guidelines that prescribe the authority and the limit for each transaction by the corporate treasury department. Reconciliation of the transactions and balances with customers is made and the transaction data is reported to the Chief Financial Officer on a monthly basis.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by holding adequate volumes of liquid assets along with adequate financial planning by the corporate treasury department.

(4) ***Concentration of Credit Risk***

As of March 31, 2015, 28.7% of total receivables are from specific major customers of the Group.

(5) ***Fair Values of Financial Instruments***

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead.

(*a*) *Fair value of financial instruments*

	Millions of Yen		
March 31, 2015	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥18,023	¥18,023	
Notes and accounts receivables	17,727		
Allowance for doubtful receivables	(118)		
Notes and accounts receivables (net)	17,609	17,609	
Short-term investments and investment securities	33,063	33,063	
Total	¥68,695	¥68,695	
Accounts payable	¥ 7,465	¥ 7,465	
Short-term bank loans	1,954	1,954	
Total	¥ 9,419	¥ 9,419	
Derivatives	¥ 46	¥ 46	
March 31, 2014			
Cash and cash equivalents	¥19,081	¥19,081	
Notes and accounts receivables	15,007		
Allowance for doubtful receivables	(118)		
Notes and accounts receivables (net)	14,889	14,889	
Short-term investments and investment securities	19,637	19,637	
Total	¥53,607	¥53,607	
Accounts payable	¥ 8,905	¥ 8,905	
Total	¥ 8,905	¥ 8,905	
Derivatives	¥ (8)	¥ (8)	

	Thousands of U.S. Dollars		
March 31, 2015	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$150,192	$150,192	
Notes and accounts receivables	147,726		
Allowance for doubtful receivables	(984)		
Notes and accounts receivables (net)	146,742	146,742	
Short-term investments and investment securities	275,526	275,526	
Total	$572,460	$572,460	
Accounts payable	$ 62,209	$ 62,209	
Short-term bank loans	16,283	16,283	
Total	$ 78,492	$ 78,492	
Derivatives	$ 383	$ 383	

Cash and Cash Equivalents

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Notes and Accounts Receivables

The carrying values of notes and accounts receivables approximate fair value because of their short-term settlement. The allowance for doubtful receivables is deducted from the notes and accounts receivables.

Short-Term Investments and Investment Securities

The fair values of short-term investments and investment securities are measured at the quoted market price of the stock exchange for equity instruments and at the quoted price obtained from financial institution for certain debt instruments. Fair value information for the short-term investments and investment securities by classification is included in Note 3.

Accounts Payable and Short-Term Bank Loans

The carrying values of accounts payable and short-term bank loans approximate fair value because of their short–term settlement.

Derivatives

Fair value information for derivatives is included in Note 13.

(*b*) *Carrying amount of financial instruments whose fair value cannot be reliably determined*

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Investments in equity instruments that do not have a quoted market price in an active market	¥16	¥16	$133

(6) ***Maturity Analysis for Financial Assets and Securities with Contractual Maturities***

	Millions of Yen			
March 31, 2015	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥18,019			
Receivables	17,727			
Investment securities—corporate bonds	300			
Total	¥36,046			
March 31, 2014				
Cash and cash equivalents	¥19,078			
Short-term investments	200			
Receivables	14,995			
Investment securities—corporate bonds		¥298		
Total	¥34,273	¥298		

	Thousands of U.S. Dollars			
March 31, 2015	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	$150,158			
Receivables	147,725			
Investment securities—corporate bonds	2,500			
Total	$300,383			

13. DERIVATIVES

The Group enters into derivative contracts, including foreign currency forward contracts, to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

All derivative transactions are entered into to hedge foreign currency exposures incorporated within the Group's business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies that regulate the authorization and credit limit amount.

Derivative Transactions to Which Hedge Accounting Is Not Applied

Derivative transactions to which hedge accounting is not applied at March 31, 2015 and 2014, were as follows:

	Millions of Yen			
March 31, 2015	Contract Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts—Selling Euro	¥1,417		¥46	¥46
March 31, 2014				
Foreign currency forward contracts—Selling Euro	¥1,071		¥(8)	¥(8)

	Thousands of U.S. Dollars			
March 31, 2015	Contract Amount	Contract Amount Due after 1 Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts—Selling Euro	$11,808		$383	$383

The fair value of derivative transactions is measured at the quoted price obtained from financial institutions.

14. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income and loss for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥11,266	¥4,244	$93,883
Reclassification adjustments to profit or loss		(17)	
Amount before income tax effect	11,266	4,227	93,883
Income tax effect	(3,070)	(1,429)	(25,583)
Total	¥ 8,196	¥2,798	$68,300
Deferred loss on derivatives under hedge accounting:			
Reclassification adjustments to profit or loss		¥ (13)	
Amount before income tax effect		(13)	
Income tax effect		5	
Total		¥ (8)	
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ 95	¥ 844	$ 792
Amount before income tax effect	95	844	792
Income tax effect			
Total	¥ 95	¥ 844	$ 792
Defined retirement benefit plans:			
Adjustments arising during the year	¥ (304)		$ (2,533)
Reclassification adjustments to profit or loss	84		700
Amount before income tax effect	(220)		(1,833)
Income tax effect	(10)		(84)
Total	¥ (230)		$ (1,917)
Total other comprehensive income	¥ 8,061	¥3,634	$67,175

15. SUBSEQUENT EVENT

The following appropriation of retained earnings at March 31, 2015, was approved at the board of directors' meeting held on May 19, 2015:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥30 ($0.3) per share	¥640	$5,333

16. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available, and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) *Description of Reportable Segments*

The Group is primarily engaged in the manufacture, development, and sale of visual display systems and related products. The Group consists of this single industry, and therefore, it is not required to disclose separate financial information by segment.

(2) *Information about Products and Services*

	Millions of Yen			
	2015			
	Monitor for Computer Use	Amusement Monitor	Other	Total
Sales to external customers	¥44,450	¥15,128	¥12,999	¥72,577

	Millions of Yen			
	2014			
	Monitor for Computer Use	Amusement Monitor	Other	Total
Sales to external customers	¥41,620	¥21,966	¥10,056	¥73,642

	Thousands of U.S. Dollars			
	2015			
	Monitor for Computer Use	Amusement Monitor	Other	Total
Sales to external customers	$370,417	$126,067	$108,324	$604,808

(3) *Information about Geographical Areas*

(*a*) *Sales*

Millions of Yen				
2015				
Japan	Europe	North America	Other	Total
¥40,479	¥25,261	¥4,112	¥2,725	¥72,577

Millions of Yen				
2014				
Japan	Europe	North America	Other	Total
¥45,245	¥22,362	¥3,852	¥2,183	¥73,642

Thousands of U.S. Dollars				
2015				
Japan	Europe	North America	Other	Total
$337,325	$210,508	$34,267	$22,708	$604,808

Note: Sales are classified by country or region based on the location of customers.

(*b*) *Property, plant, and equipment*

The amount of property, plant, and equipment for Japan exceeds 90% of the amount of property, plant, and equipment in the consolidated balance sheet, and thus, there is no requirement to disclose such information.

(4) *Information about Major Customers*

	Millions of Yen
	2015
Name of Customers	Sales
JT Japan Technicals	¥22,131

	Millions of Yen
	2014
Name of Customers	Sales
JT Japan Technicals	¥26,430

	Thousands of U.S. Dollars
	2015
Name of Customers	Sales
JT Japan Technicals	$184,425

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