Internet Disclosure Accompanying the Notice of the Convocation of the 73rd Ordinary General Meeting of Shareholders

Consolidated Statement of Cash Flows (Reference, Unaudited)

Notes to the Consolidated Financial Statements

Notes to the Nonconsolidated Financial Statements

(From April 1, 2010 to March 31, 2011)

(Reference) **Consolidated Statement of Cash Flows (Unaudited)**

(From April 1, 2010 to March 31, 2011)

(Millions of yen)

	Amount
Cash flows from operating activities	
Income before tax	63,758
Income before tax from discontinued operations	10,162
Depreciation and amortization	31,294
Impairment losses	1,944
Finance income	(923)
Finance costs	2,585
Share of profits of associates	(1,605)
(Gain) on sales of property, plant and equipment	(177)
Loss on disposal of property, plant and equipment	539
(Gain) on business transfer	(10,343)
Others	4,083
Cash generated from operations (before movements in working capital)	101,317
Movements in working capital	
(Increase) in inventories	(10,126)
Decrease in trade and other receivables	2,671
Increase in trade and other payables	7,007
(Decrease) in retirement benefits obligation and other provisions	(306)
Sub-total	100,563
Interest received	791
Dividends received	56
Interests paid	(1,894)
Income taxes paid	(8,370)
Income taxes refunded	1,368
Net cash generated from operating activities	**92,514**
Cash flows from investing activities	
Withdrawals of time deposit	1,548
Deposits for time deposit	(2,959)
Deposits for negotiable certificates of deposit	(20,000)
Proceeds from sales of property, plant and equipment	1,140
Payments for acquisition of property, plant and equipment	(36,041)
Payments for purchase of investment securities	(569)
Payments to minority shareholders on merger	(21)
Proceeds from business transfer	20,654
Other proceeds	596
Other payments	(2,839)
Net cash used in investing activities	**(38,491)**
Cash flows from financing activities	
Dividends paid to owners of the Company	(27,971)
Dividends paid to non-controlling interests	(69)
Increase in short-term debt	112
Repayments of long-term borrowings	(3,337)
Proceeds from disposal of treasury shares	0
Payments for purchase of treasury shares	(6)
Proceeds from exercise of stock options	27
Net cash used in financing activities	**(31,244)**
Net increase in cash and cash equivalents	**22,778**
Cash and cash equivalents at the beginning of the year	**167,938**
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies	**(5,465)**
Cash and cash equivalents at the end of the year	**185,252**

(Notes)

1. Numbers in parentheses ( ) in the statement of cash flows are outflows of cash and cash equivalents.
2. Figures above are rounded up or down to the nearest unit.

Notes to the Consolidated Financial Statements

Important Items for the Preparation of the Consolidated Financial Statements

1. Preparation of Consolidated Financial Statements

Beginning from the current fiscal year, the consolidated financial statements are prepared in accordance with designated International Financial Reporting Standards with some omissions of disclosure items pursuant to the latter part of the first paragraph, Article 120 of the Ordinance for Companies Accounting.

2. Scope of consolidate

Number of consolidated subsidiaries	102 companies
Names of main consolidated subsidiaries	HOYA HOLDINGS, INC.
	HOYA HOLDINGS N.V.
	HOYA HOLDINGS (ASIA) B.V.
	HOYA HOLDINGS ASIA PACIFIC PTE LTD.
	During the fiscal year, three companies were added to the scope of consolidation owing to their establishment, and seven companies were removed owing to their liquidation. As a consequence, there was a net decrease of four in the number of companies within the scope of consolidation.

3. The Application of the Equity Method

Number of Associates Accounted by the Equity Method	4 companies
Name of Main Associate Accounted for by the Equity Method	AvanStrate Inc.
	During the fiscal year, one company was added to the scope of equity method accounting owing to its establishment.

4. Items Related to Accounting Standards

(1) Basis and Method of Evaluation of Financial Assets

Financial assets are classified into “financial assets at fair value through profit or loss (FVTPL),” “held-to-maturity investments,” “loans and receivables,” or “available-for-sale financial assets.” However, the Group does not hold financial assets classified as “held-to-maturity investments.”

1) Derivative Financial Instruments

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period.

The Group uses forward exchange contracts to manage the foreign exchange exposure of recognized financial assets or liabilities, or future firm transactions. The Group also uses interest rate swaps to manage the exposure to interest rate risk arising from variable rate of interest-bearing debt. Hedge accounting does not apply to these derivative transactions. Accordingly, Derivative Financial Instruments are classified as FVTPL.

2) Financial Assets Other than Derivative Financial Instruments

A. Loans and Receivables

Trade receivables, loans, and other receivables that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Principally interest income is recognized by applying the effective interest rate.

B. Available-for-Sale Financial Assets

Financial assets except derivatives, either designated as available-for-sale financial assets or not classified as FVTPL, held-to-maturity investments or loans and receivables, are classified as available-for-sale financial assets. Listed shares and held by the Group that are traded in an active market are classified as available-for-sale financial assets and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value using valuation techniques. Gains and losses arising from changes in fair value are recognized in other comprehensive income with the exception of impairment losses and foreign exchange gains and losses on monetary assets being recognized in profit or loss.

3) Impairment of Financial Assets

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, including redeemable notes classified as available-for-sale financial assets and finance lease receivables, objective evidence of impairment could include:

(a) significant financial difficulties of the debtor; or

(b) default or delinquency in interest or principal payments; or

(c) a high probability that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days to 120 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable, including past-due receivable, is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. With the exception of available-for-sale financial assets (equity instruments), if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed the amount the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale financial assets (equity instruments), impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

(2) Basis and Method of Evaluation of Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for the inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. Costs, including purchase costs, process costs, storage costs and all other costs incurred in bringing the inventories to present location and condition, are assigned to inventories mainly by the weighted-average method. The production costs include an appropriate portion of fixed and variable overhead expenses.

(3) Basis and Method of Evaluation of Property, Plant and Equipment and Intangible Assets (Excluding Goodwill) and Method of Depreciation and Amortization

1) Property, Plant and Equipment

The Group applies the cost model for measuring property, plant and equipment.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses. Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment losses. Cost includes the expenses directly attributable to the assets, the initial estimated costs relating to scrap, removal and retirement, and, for qualifying assets, the borrowing cost for long-term project. Depreciation of these assets commences when the assets are available for their intended use.

When significant components of property, plant and equipment are required to be replaced periodically, the Group recognizes such parts as individual assets to be depreciated with specific useful lives. All other repair and maintenance costs are recognized as incurred.

Property, plant and equipment other than land and construction in progress are depreciated mainly on a straight-line basis over the following estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate being accounted for on a prospective basis.

Buildings and structures	3-50	years
Machinery and carriers	3-10	years
Tools, equipment and fixtures	2-20	years

Leased assets are depreciated over their estimated useful lives where the transfer of the title of the assets by the end of the lease term is certain. Leased assets where the transfer of the title of the assets by the end of the lease term is not certain are depreciated over their estimated useful lives or lease terms whichever is shorter.

2) Intangible Assets Excluding Goodwill

The Group uses the cost model for measuring intangible assets. Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses.

A. Intangible Assets Acquired Separately and Intangible Assets Acquired in a Business Combination

Intangible assets acquired separately are carried at cost at the time of initial recognition. Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost), when their fair value is reasonably measured.

B. Internally-Generated Intangible Assets - Research and Development Expenses

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated;

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) the intention to complete the intangible asset and use or sell it;
(c) the ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits;
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenses incurred from the date when the intangible assets first meet the recognition criteria listed above. The assets are amortized over the estimated period in which the development costs are expected to be recovered. If no future economic benefit is expected before the end of the life of assets, the residual book value is expensed. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. Where no internally-generated intangible asset can be recognized, development costs are recognized as an expense in the period in which it is incurred.

C. Amortization of intangible assets

Amortization is recognized on a straight-line basis over their estimated useful lives as follows. The Group does not have any intangible assets with indefinite useful lives.

Patents	7-12	years
Technology	10-15	years
Customer List	5-8	years
Software	5	years

3) Impairment of Property, Plant and Equipment and Intangible Assets Excluding Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered impairment losses. If any such indication exists, the recoverable amount of the cash-generating unit to which the asset belongs is estimated in order to determine the extent of the impairment losses (if any).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

(4) Goodwill

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is not amortized but is reviewed for impairment at least annually. Goodwill is recorded at cost less accumulated impairment losses on the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognized for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(5) Method of Accounting for Significant Reserves and Allowances

1) Retirement Benefit Costs

For defined benefit plans, the cost of providing retirement benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Actuarial gains and losses as at the end of the prior year are amortized over the expected average remaining working lives (mainly 10 years) of the participating employees.

Past service cost is recognized immediately to the extent that the benefits are already vested. The Group's defined benefit plans are mostly closed pension funds and benefits are already vested. Accordingly past service costs for those funds are immediately recognized in profit or loss.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligations as adjusted for unrecognized actuarial gains and losses, and as reduced by the fair value of plan assets. Contributions to defined contribution plans are recognized as an expense when these are paid.

2) Other Provisions, and Contingent Liabilities Assumed in a Business Combination

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation by outflow of resources embodying economic benefits, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period (future cash outflow), taking into account the risks and uncertainties surrounding the obligation.

Where time value of money is important, a provision is measured by its present value to which estimated future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the provision. Interest cost associated with the passage of time is recognized as finance cost.

The types of provisions are as follows;

A. Asset Retirement Obligation Reserve

The Group recognizes provisions for an asset retirement obligation reserve for estimated costs arising from a contractual obligation to a landlord to dismantle and remove leasehold improvements from a leased office at the end of the lease contract, and estimated costs to decontaminate certain fixed assets. Provision is provided based on past experience of actual cost and considers each property individually. The discount rate is mainly 2.25% and depends on the useful life and the country. Future expected timing of outflow of economic benefits is mainly more than one year from each reporting period.

B. Warranties provision

The provision is estimated and recognized based on past experience of the occurrence of defective goods such as camera and glasses and the expected after service costs in the warranty period. Expected outflow of economic benefits in the future is within one year from each reporting period.

C. Contingent Liabilities Assumed in a Business Combinations

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

(6) Basis for Yen Translation of Important Assets and Liabilities Denominated in Foreign Currencies

1) Foreign Currency Transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the financial results, financial position and cash-flows of each group entity are presented in Japanese Yen which is the functional currency of the Company and the presentation currency for the consolidated financial statements. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognized in profit or loss in the period. The exchange gain or loss is included in "other expenses" in the consolidated statement of comprehensive income.

2) Financial Statements of Foreign Operations

The assets and liabilities of foreign operations are translated into Japanese Yen at the foreign exchange rates prevailing at the end of reporting period. The revenues and expenses of foreign operations are translated into Japanese Yen at the average rates of exchange for the year. Where there are material fluctuations in exchange rates, the exchange rate at the transaction date is used. Foreign exchange differences arising from translation are initially recognized as exchange differences on translation of foreign operation in other comprehensive income and accumulated in accumulated other comprehensive income, which are reclassified from equity to profit or loss on disposal of the net investment and included in "other expenses" in the consolidated statement of comprehensive income.

(7) Method of Accounting for National and Regional Consumption Tax

The tax-excluded method is employed.

Notes to the Consolidated Statement of Financial Position

1. Assets Provided as Collateral and Collateral-Related Liabilities

Assets Provided as Collateral	
Buildings	¥32 million
Collateral-Related Liabilities	
Interest-bearing short-term debt	¥3 million
Interest-bearing long-term debt	¥19 million

2. Allowance for Doubtful Accounts Directly Deducted from Assets

Trade and other receivables	¥1,995 million
Other financial assets	¥493 million

3. Accumulated Depreciation of Property, Plant and Equipment

Property, plant and equipment	¥268,435 million

Accumulated depreciation and amortization of assets include impairment losses of property, plant and equipment.

4. Contingent Liabilities

The Group provides guarantees on borrowings of business partners and the Group's employees from financial institutions.

Guaranteed liabilities	¥1,405 million

Notes to the Consolidated Statement of Comprehensive Income

Reclassification Adjustments and Tax Effects Related to Other Comprehensive Income

(1) Exchange differences on translating foreign operations

Losses arising during the year	¥(14,081) million
Reclassification adjustments	¥(108) million
Before tax-effect adjustment	¥ (14,188) million
Tax-effect adjustment	¥704 million
Total	¥(13,484) million

(2) Net gain on revaluation of available-for-sale financial assets

Losses arising during the year	¥(208) million
Reclassification adjustment	¥613 million
Before tax-effect adjustment	¥406 million
Tax-effect adjustment	¥ (193) million
Total	¥213 million

(3) Share of other comprehensive income of associates

Gains arising during the year	¥241 million
Total other comprehensive income	¥(13,030) million

Notes to the Consolidated Statement of Changes in Equity

1. Type and Number of Shares Outstanding at the End of the Consolidated Fiscal Year

Ordinary shares 435,017,020 shares

2. Dividend-Related Items

(1) Dividends paid,

1) Items concerning dividends by resolution of the Board of Directors on May 31, 2010

・Total dividends ¥15,099 million
・Dividends per share ¥35
・Record date March 31, 2010
・Effective date June 2, 2010

2) Items concerning dividends by resolution of the Board of Directors on November 5, 2010

・Total dividends ¥12,942 million
・Dividends per share ¥30
・Record date September 30, 2010
・Effective date November 30, 2010

(2) Portion of Dividends with Record Date within the Fiscal Year but Effective Date is in the Subsequent Fiscal Year

Items concerning dividends by resolution of the Board of Directors on May 31, 2011

・Total dividends ¥15,099 million
・Dividend source Retained earnings
・Dividends per share ¥35
・Record date March 31, 2011
・Effective date June 2, 2011

3. Type and Number of Shares Covered by Stock Subscription Rights Outstanding at the End of the Consolidated Fiscal Year (excluding the rights which the exercise period had not yet begun)

Ordinary shares 3,602,800 shares

Notes Concerning Financial Instruments

1. Items Concerning the Status of Financial Instruments

(1) Market Risks

1) Foreign currency risk

The Group intends to marry major currencies the Group uses (Euro, US dollars and Yen) in settlements of receivables/payables resulting from operating activities. Specifically, the subsidiaries that continuously conduct import or export transactions retain foreign currencies obtained from exports of goods for payables on imported supplies. This enables the Group to mitigate foreign currency risk. On the other hand, the Company having multiple strategic business units (SBU) and conducting finance and dividend, and holding companies receiving dividends from their subsidiaries and distributing it to the Company and/or other group companies, sometimes fall into disparity of foreign currency debt-credit balances in receivables, liabilities and/or bank deposits. This might cause significant gains or losses on foreign exchange differences when the Yen appreciates or depreciates against US dollars or Euro, or when Euro appreciates or depreciates against US dollar.

The Group's policy generally does not permit the use of derivative instruments such as forward foreign exchange contracts. However, in certain circumstances in which the use of such derivatives is determined to be beneficial, the Group can enter into contracts upon obtaining a formal approval from the Chief Financial Officer ("CFO") of the Group in accordance with its global headquarters approval process.

2) Interest rate risk

The Group has long-term floating interest rate borrowings assumed as a result of a business combination. The Group also assumed the related interest rate swap contracts to economically hedge the interest rates on these borrowings. The majority of the interest-bearing debt is bonds with fixed interest rates.

3) Price risk in equity instruments

The Group is exposed to equity price risks arising from equity instruments (listed shares). These investments are held from a viewpoint of business strategy, not for short term trading purpose. The Group does not sell these investments frequently and the Group periodically reviews the fair value of these instruments as well as the financial condition of investees.

(2) Credit and Liquidity Risks

The Group manages its credit risk by setting credit limits which are approved by the authorized personnel of each Strategic Business Unit.

Ultimate responsibility for liquidity risk management rests with the CFO of the Group who is appointed by the Board of Directors. Based on the instructions from the CFO, the financial headquarters of the Group mainly manages the Group's liquidity risk by maintaining an appropriate level of retained earnings and credit facilities, and monitors the actual cash flows and forecasted cash flows. Temporary cash shortages due to dividends or bonus payments are funded through the issuance of commercial paper.

2. Notes Concerning Fair Value of Financial Instruments

As of March 31, 2011 (the end of the fiscal year), the carrying amount of financial instruments on the consolidated statement of financial position, the fair values of those instruments, and the differences were as follows.

(Millions of yen)

	Carrying amount of consolidated statement of financial position*	Fair value*	Difference
(1) Loans and receivables			
Trade and other receivables	86,454	86,454	–
Other financial assets	42,416	42,402	(14)
(2) Available-for-sale financial assets			
Other financial assets	3,591	3,591	–
(3) Cash and cash equivalents	185,252	185,252	–
Total assets	317,713	317,699	(14)
(4) FVTPL financial liabilities (derivative instruments)			
Other financial liabilities	(763)	(763)	–
(5) Financial liabilities measured at amortized cost			
Trade and other payables	(51,433)	(51,433)	–
Interest-bearing debt	(103,184)	(105,827)	(2,642)
Other financial liabilities	(257)	(257)	–
Total liabilities	(155,638)	(158,280)	(2,642)

* The balance of liabilities are presented as the numbers in brackets..

(Note) Items related to the Methods for Calculating the Fair Value of Financial Instruments and Securities and Derivatives Transactions

(1) Loans and receivables

Loans and receivables are qualified by type of instrument and period and then valued by calculating the present value discounted by a risk-free rate, etc.

Because trade and other receivables have short settlement periods and estimated fair values that are virtually the same as the carrying value, the carrying value has been used.

(2) Available-for-sale financial assets

The fair values of listed shares included in available-for-sale financial assets were determined based on market prices at the end of each reporting period. The fair values of shares of private companies included in available-for-sale financial assets were calculated by using a reasonable method.

(3) Cash and cash equivalents

Because cash and cash equivalents have short settlement periods and estimated fair values that are virtually the same as the carrying value, the carrying value has been used.

(4) FVTPL financial assets and liabilities (derivative instruments)

The fair values of forward foreign exchange contracts at the end of each reporting period were determined based on the forward exchange rate at market and the fair values of currency option are based on the value obtained from financial institutions. The fair values of interest rate swaps were determined by discounting future net cash flows using a quoted market interest rate at the end of the reporting period taking into account the duration to maturity.

(5) Financial liabilities measured at amortized cost

The fair values of long-term bank loans, bonds and finance lease obligations were determined by discounting future cash flows using rates taking into account the estimated timing of payments and credit risk.

Because trade and other payables, and interest-bearing short-term debt have short settlement periods and estimated fair values that are virtually the same as the carrying value, the carrying value has been used.

Notes Concerning Per Share Information

(1) Equity per share attributable to owners of the company ¥873.49

(2) Basic earnings per share ¥138.49

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(Note) Figures in the consolidated financial statements and notes to the consolidated financial statement are rounded off to the nearest unit.
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Notes to the Non-consolidated Financial Statements

Significant Accounting Policies

1. Basis and methods for evaluation of Marketable and Investment Securities

Investment securities in subsidiaries and affiliates:		Cost determined by the moving-average method
Available-for-sale securities:		
	Marketable Securities:	Fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.
	Non-marketable securities:	Cost determined by the moving-average method

2. Basis and methods for evaluation of derivatives: Fair value

3. Basis and methods for evaluation of inventories: Primarily the lower of cost determined by the average method

4. Methods of depreciation of fixed assets:

Tangible fixed assets (excluding leased assets)	Depreciation is computed by the declining-balance method while the straight-line method is applied to buildings acquired on and after April 1, 1998. The range of useful lives is from 5 to 50 years for buildings, from 4 to 12 years for machinery and equipment, and 2 to 20 years for tools, equipment and fixture.
Intangible fixed assets (excluding leased assets)	The straight-line method is applied. The period of depreciation is 8 years for patents, 10 years for technology and 5 years for software.
Leased assets	The straight-line method over the lease terms with no residual value is applied for leases which do not transfer ownership of the leased assets to the lessee. The Company accounted for leases which existed at April 1, 2008 and do not transfer ownership of the leased assets to the lessee as operating lease transactions.

5. Basis for the conversion of assets and liabilities denominated in foreign currencies into Japanese Yen

Assets and liabilities denominated in foreign currencies are translated into Japanese Yen at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement.

6. Methods of providing important allowances

(i) Allowance for doubtful receivables	The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Company's past credit experience and an evaluation of the financial position of the borrowers.
(ii) Accrued bonuses to employees	Accrued bonus is provided based on the amount estimated to be paid.
(iii) Accrued warranty cost	Accrued warranty cost is estimated and recognized based on past experience of the occurrence of defective goods and the expected after service costs in the warranty period.
(iv) Employees` pension and retirement benefits	Allowance for retirement benefits for employees is accounted for based on the projected benefit obligations and plan assets for certain divisions. Past service cost is amortized using straight-line method over 10 years that are within the expected average remaining working lives of the employees. Actuarial gains and losses as at the end of the prior year are amortized using straight-line method over 10 years that are within the expected remaining working lives of the employees.
(v) Reserve for periodic repairs	Reserve for periodic repairs is provided based on the expenses of the latest expensive repairs for continuous melting furnaces.

7. Treatment of national and local consumption taxes

Tax-excluded method is applied.

8. Changes in Significant Accounting Policies

From this fiscal year, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" (March 31, 2008) and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations" (March 31, 2008) have been applied. As a result, operating income and ordinary income decreased by ¥56 million, and income before income taxes decreased by ¥881 million. The fluctuation of the asset retirement obligations by the effects of the adoption of this new standard was ¥1,066 million.

9. Changes in Presentation or Classification of Items in the Financial Statements

(Balance Sheets)

(1) The "Utility rights" classified separately in the previous fiscal year (¥8 million for this fiscal year) is included in the intangible assets "Others" from this fiscal year because the amount has been immaterial.

(2) The "Advances received" classified separately in the previous fiscal year (¥303 million for this fiscal year) is included in the current liabilities "Others" from this fiscal year because the amount is less than 1% of total liabilities and net assets.

(3) The "Note payable-facilities" classified separately through the previous fiscal year (¥7 million for this fiscal year), is included in the current liabilities "Others" from this fiscal year because the amount has been immaterial.

Notes to the Balance Sheet (non-consolidated)

1. Accumulated depreciation of tangible fixed assets	¥128,824 million
The accumulated depreciation includes the accumulated impairment losses.	
2. Liabilities for guarantee	¥418 million
The Company guarantees lease payments by other companies	
PENTAX U.K. LTD.	¥418 million
The Company guarantees transactions employees of the Company have with financial institutions.	¥1 million
3. Pecuniary claims to and from affiliates (excluding classified items)	
(1) Short-term receivables from (pecuniary claims to) affiliates	¥20,255 million
(2) Long-term receivables from (pecuniary claims to) affiliates	¥1,054 million
(3) Short-term payables to (pecuniary claims from) affiliates	¥15,552 million
4. Discount for notes receivable	¥628 million

Notes to Statement of Income (non-consolidated)

Transactions with affiliates

(1) Sales	¥46,587 million
(2) Purchases (including subcontracting fees and commission fee)	¥118,003 million
(3) Transactions other than operating transactions	¥44,602 million

Notes to the Statements of Changes in Net Assets

Matters relating to the number of treasury stocks

Share class	Number of shares at the end of the previous fiscal year	Number of shares increased during the current fiscal year under review	Number of shares decreased during the current fiscal year under review	Number of shares at the end of the current fiscal year under review
Common stock	3,617,264 shares	2,816 shares	17,232 shares	3,602,848 shares

(Note) Details (causes) of the increase and decrease in the number of treasury stocks are as follows:

Increase due to repurchase of treasury stock less than one unit:	2,816 shares
Decrease due to sale of treasury stock less than one unit:	32 shares
Decrease due to the exercise of stock options:	17,200 shares

Notes Relating to Tax Effect Accounting

Breakdown of deferred tax assets and deferred tax liabilities by major cause of accrual (As of March 31, 2011）

(1) Current deferred tax assets and liabilities

Deferred tax assets	
Losses brought forward	¥3,081million
Accrued bonus	1,809
Loss on valuation of inventories	1,127
Environmental expenses	691
Provision for product warranties	201
Special extra retirement payments	110
Others	1,032
Deferred tax assets – sub total	8,051
Valuation allowance	(488)
Net amount of deferred tax assets – current	¥7,564

(2) Non-current deferred tax assets and liabilities

Deferred tax assets	
Loss carried forward	¥12,074million
Asset adjustment account	4,578
Amount exceeding the limit of tax-deductible depreciation expenses	1,893
Write-down of investment in affiliated companies	1,563
Write-down of affiliated companies' shares	1,463
Loss on impairment	1,011
Stock options	701
Write-down of investment securities	615
Others	3,053
Deferred tax assets – sub total	26,950
Valuation allowance	(5,760)
Total amount of deferred tax assets – non current	21,191
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(245)
Reserve for advanced depreciation of fixed asset	(140)
Reserve for special depreciation	(73)
Others	(102)
Total amount of deferred tax liabilities – non-current	(561)
Net amount of deferred tax assets – non-current	¥20,630

Notes relating to fixed assets used under lease

Asset class	Contents and volumes of assets, etc.
Machinery and equipment	Part of Vision Care products manufacturing facilities Part of PENTAX products manufacturing facilities
Tools, equipment and fixtures	Part of computers and their peripherals Other office equipment, etc.

Notes concerning related parties

(Millions of yen)

Type	Name of the company, etc	Voting rights ownerships (rate of voting rights owned) (%)	Relationship with the party involved	Contents of transactions	Transaction amount	Item	Term-end balance
Subsidiary	PENTAX Europe Imaging System SAS	Ownership Direct 100.0	Customer	Sales of products (Note)	9,400	Accounts receivable - trade	3,896

Terms and conditions of transactions and the policy for determining them, etc.

(Note) The sale of products is outsourced. Sales prices for the Company are determined contractually in consideration of the cost to the Company and market prices.

Notes Concerning Per Share Information

(1) Net assets per share ¥417.84

(2) Net income per share ¥100.23

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(Note) Figures in the non-consolidated financial statements and notes are rounded up or down to the nearest unit.
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