

2015 Anritsu Integrated Reporting
[Financial Statements]



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Financial Results Summary

1. Basis of Presenting Consolidated Financial Statements

(1) The consolidated financial statements of Anritsu Corporation (“the Company”) have been prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to the provision of Article 93 of “Regulations Concerning Terminology, Forms, and Method for Preparing Consolidated Financial Statements” (“Regulations on Consolidated Financial Statements”).

(2) The financial statements of the Company have been prepared in accordance with “Regulations Concerning Terminology, Forms, and Method for Preparing Financial Statements” (“Regulations on Financial Statements”).

As a company submitting financial statements prepared in accordance with special provisions, the Company prepares its financial statements pursuant to the provision of Article 127 of the Regulations on Financial Statements.

(3) The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2015, which was ¥120.15 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Audit Certificate

Pursuant to the regulations of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Law, the consolidated financial statements (from April 1, 2014, to March 31, 2015) and the financial statements (from April 1, 2014, to March 31, 2015) of the Company were audited by KPMG AZSA LLC.

3. Special Acts for Ensuring Appropriateness of Consolidated Financial Statements and System Improvement for Preparing Appropriate Consolidated Financial Statements Based on IFRS

The acts undertaken by the Company specially for ensuring the appropriateness of its consolidated financial statements include the following:

(1) Joining the Financial Accounting Standards Foundation (FASF) and gathering information on revised accounting standards or attending seminars, in order to understand the contents of accounting standards exactly and improving the Company’s accounting system to reflect revisions to accounting standards properly in the consolidated financial statements of the Company.

(2) To prepare appropriate consolidated financial statements based on IFRS, the Company evaluates the latest standards obtained from press releases and standards documentation of the International Accounting Standards Board and determines Group accounting policies in accordance with IFRS.

Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars*
	End of FY2014 as of March 31, 2015	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Assets			
Current assets:			
Cash and cash equivalents (Notes 8 and 29)	¥ 34,916	¥ 43,215	\$ 290,603
Trade and other receivables (Notes 9 and 29)	24,812	25,688	206,509
Other financial assets (Notes 16 and 29)	1,276	1,099	10,620
Inventories (Note 10)	19,191	17,053	159,725
Income tax receivables (Note 24)	206	183	1,715
Other assets	3,726	2,773	31,012
Total current assets	84,127	90,011	700,184
Non-current assets:			
Property, plant and equipment (Notes 11 and 14)	26,877	19,748	223,695
Goodwill and intangible assets (Notes 12 and 14)	2,558	2,023	21,290
Investment property (Note 13)	1,998	2,164	16,629
Trade and other receivables (Notes 9 and 29)	394	307	3,279
Other financial assets (Notes 16 and 29)	2,184	2,209	18,177
Investments accounted for using equity method (Note 15)	87	250	724
Deferred tax assets (Note 24)	8,651	10,265	72,002
Other assets	17	173	142
Total non-current assets	42,766	37,139	355,938
Total	¥126,893	¥127,150	\$1,056,122
Liabilities and Equity			
Liabilities			
Current liabilities:			
Trade and other payables (Notes 17 and 29)	¥ 11,537	¥ 8,451	\$ 96,022
Bonds and borrowings (Notes 18 and 29)	6,586	6,899	54,815
Other financial liabilities (Notes 19, 20, and 29)	82	249	682
Income tax payables (Note 24)	1,785	3,836	14,856
Employee benefits (Note 21)	6,458	7,112	53,749
Provisions (Note 22)	320	291	2,663
Other liabilities (Note 23)	7,749	6,958	64,496
Total current liabilities	34,517	33,796	287,283
Non-current liabilities:			
Trade and other payables (Notes 17 and 29)	378	393	3,146
Bonds and borrowings (Notes 18 and 29)	9,479	11,960	78,893
Other financial liabilities (Notes 19, 20, and 29)	108	104	899
Employee benefits (Note 21)	1,416	3,323	11,785
Provisions (Note 22)	127	131	1,057
Deferred tax liabilities (Note 24)	362	324	3,013
Other liabilities (Note 23)	1,840	2,222	15,314
Total non-current liabilities	13,710	18,457	114,107
Total liabilities	48,227	52,253	401,390
Equity:			
Common stock (Note 25)	19,052	19,052	158,568
Additional paid-in capital (Note 25)	28,217	28,192	234,848
Retained earnings (Note 25)	24,566	23,522	204,461
Treasury stock (Note 25)	(869)	(869)	(7,233)
Other components of equity (Note 25)	7,673	4,989	63,863
Total equity attributable to owners of parent	78,639	74,886	654,507
Non-controlling interests	27	11	225
Total equity	78,666	74,897	654,732
Total	¥126,893	¥127,150	\$1,056,122

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥120.15 to U.S. \$1.00, the approximate exchange rate on March 31, 2015.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

As of March 31

	Millions of yen		Thousands of U.S. dollars*
	FY2014 From April 1, 2014 to March 31, 2015	FY2013 From April 1, 2013 to March 31, 2014	FY2014 From April 1, 2014 to March 31, 2015
Continuing operations			
Revenue (Notes 7 and 30)	¥98,840	¥101,853	\$822,638
Cost of sales (Note 35)	46,148	46,898	384,086
Gross profit	52,692	54,955	438,552
Other revenue and expenses			
Selling, general and administrative expenses (Notes 31 and 35)	29,606	28,621	246,409
Research and development expense (Notes 32 and 35)	12,940	12,227	107,699
Other income (Notes 14 and 33)	1,017	522	8,464
Other expenses (Notes 14 and 34)	280	506	2,330
Operating profit (loss) (Note 7)	10,883	14,123	90,578
Finance income (Note 36)	1,260	687	10,487
Finance costs (Note 36)	635	580	5,285
Share of profit (loss) of associates and joint ventures accounted for using equity method	84	10	699
Profit (loss) before tax	11,592	14,240	96,479
Income tax expense (Note 24)	3,717	4,921	30,936
Profit (loss) from continuing operations	7,875	9,319	65,543
Profit (loss)	7,875	9,319	65,543
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Change of financial assets measured at fair value (Note 37)	(8)	273	(67)
Remeasurements of defined benefit plans (Note 37)	1,339	1,489	11,145
Total	1,331	1,762	11,078
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation (Note 37)	2,692	2,421	22,405
Total	2,692	2,421	22,405
Total of other comprehensive income	4,023	4,183	33,483
Comprehensive income	¥11,898	¥ 13,502	\$ 99,026
Profit (loss), attributable to:			
Owners of parent	¥ 7,858	¥ 9,305	\$ 65,402
Non-controlling interests	17	14	141
Total	¥ 7,875	¥ 9,319	\$ 65,543
Comprehensive income attributable to:			
Owners of parent	¥11,881	¥ 13,488	\$ 98,885
Non-controlling interests	17	14	141
Total	¥11,898	¥ 13,502	\$ 99,026
Earnings per share		Yen	U.S. dollars*
Basic earnings per share (Note 38)	¥55.72	¥64.93	\$0.46
Diluted earnings per share (Note 38)	55.72	64.89	0.46

Consolidated Statement of Changes in Equity

Years Ended March 31

	Millions of yen							
	FY2013 (From April 1, 2013 to March 31, 2014)							
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at April 1, 2013	¥19,052	¥28,110	¥15,953	¥(867)	¥2,295	¥64,543	¥ (3)	¥64,540
Profit (loss)	—	—	9,305	—	—	9,305	14	9,319
Other comprehensive income (Note 37)	—	—	1,489	—	2,694	4,183	—	4,183
Total comprehensive income	—	—	10,794	—	2,694	13,488	14	13,502
Stock options granted (Note 28)	—	82	—	—	—	82	—	82
Dividends paid (Note 27)	—	—	(3,225)	—	—	(3,225)	—	(3,225)
Purchase of treasury stock (Note 25)	—	—	—	(2)	—	(2)	—	(2)
Dividends to non-controlling interests	—	—	—	—	—	—	(0)	(0)
Total transactions with owners and other transactions	—	82	(3,225)	(2)	—	(3,145)	(0)	(3,145)
Balance at March 31, 2014	¥19,052	¥28,192	¥23,522	¥(869)	¥4,989	¥74,886	¥11	¥74,897

	FY2014 (From April 1, 2014 to March 31, 2015)							
Balance at April 1, 2014	¥19,052	¥28,192	¥23,522	¥ (869)	¥4,989	¥74,886	¥11	¥74,897
Profit (loss)	—	—	7,858	—	—	7,858	17	7,875
Other comprehensive income (Note 37)	—	—	1,339	—	2,684	4,023	—	4,023
Total comprehensive income	—	—	9,197	—	2,684	11,881	17	11,898
Stock options granted (Note 28)	—	25	—	—	—	25	—	25
Dividends paid (Note 27)	—	—	(3,153)	—	—	(3,153)	—	(3,153)
Purchase of treasury stock (Note 25)	—	—	—	(5,000)	—	(5,000)	—	(5,000)
Retirement of treasury stock (Note 25)	—	—	(5,000)	5,000	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—	—	(1)	(1)
Total transactions with owners and other transactions	—	25	(8,153)	(0)	—	(8,128)	(1)	(8,129)
Balance at March 31, 2015	¥19,052	¥28,217	¥24,566	¥ (869)	¥7,673	¥78,639	¥27	¥78,666

	Thousands of U.S. dollars*							
	FY2014 (From April 1, 2014 to March 31, 2015)							
Balance at April 1, 2014	\$158,568	\$234,640	\$195,772	\$ (7,233)	\$41,524	\$623,271	\$ 92	\$623,363
Profit (loss)	—	—	65,402	—	—	65,402	141	65,543
Other comprehensive income (Note 37)	—	—	11,144	—	22,339	33,483	—	33,483
Total comprehensive income	—	—	76,546	—	22,339	98,885	141	99,026
Stock options granted (Note 28)	—	208	—	—	—	208	—	208
Dividends paid (Note 27)	—	—	(26,242)	—	—	(26,242)	—	(26,242)
Purchase of treasury stock (Note 25)	—	—	—	(41,615)	—	(41,615)	—	(41,615)
Retirement of treasury stock (Note 25)	—	—	(41,615)	41,615	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—	—	(8)	(8)
Total transactions with owners and other transactions	—	208	(67,857)	(0)	—	(67,649)	(8)	(67,657)
Balance at March 31, 2015	\$158,568	\$234,848	\$204,461	\$ (7,233)	\$63,863	\$654,507	\$225	\$654,732

Note: Details of Common stock, Additional paid-in capital, Retained earnings, Treasury stock and Other components of equity are described in Note 25 "Total Equity and Other Capital Items."

Consolidated Statement of Cash Flows

Years Ended March 31

	Millions of yen		Thousands of U.S. dollars*
	FY2014 (12 months) From April 1, 2014 to March 31, 2015	FY2013 (12 months) From April 1, 2013 to March 31, 2014	FY2014 (12 months) From April 1, 2014 to March 31, 2015
Cash flows from (used in) operating activities			
Profit (Loss) before tax	¥11,592	¥14,240	\$ 96,479
Depreciation and amortization expense	3,372	3,053	28,065
Impairment loss	86	87	716
Reversal of impairment loss	(573)	—	(4,769)
Interest and dividends income	(207)	(159)	(1,723)
Interest expenses	194	271	1,615
Loss (Gain) on disposal of property, plant and equipment	78	10	649
Decrease (Increase) in trade and other receivables	1,454	(737)	12,102
Decrease (Increase) in inventories	(869)	(197)	(7,233)
Increase (Decrease) in trade and other payables	(1,118)	(349)	(9,305)
Increase (Decrease) in employee benefits	(284)	854	(2,364)
Other, net	(1,875)	(792)	(15,605)
Sub Total	11,850	16,281	98,627
Interest received	130	127	1,082
Dividends received	84	50	699
Interest paid	(182)	(254)	(1,515)
Income taxes paid	(4,460)	(2,942)	(37,120)
Income taxes refund	161	531	1,340
Net cash flows from (used in) operating activities	7,583	13,793	63,113
Cash flows from (used in) investing activities (Note 39)			
Payments into time deposits	(1,278)	(1,182)	(10,637)
Proceeds from withdrawal of time deposits	1,312	125	10,920
Purchase of property, plant and equipment	(5,013)	(4,771)	(41,723)
Proceeds from sale of property, plant and equipment	24	10	200
Purchase of other financial assets	(5)	(5)	(42)
Proceeds from sale of other financial assets	—	5	—
Proceeds from sale of investments accounted for using equity method	222	—	1,848
Proceeds from government grants	117	1,434	974
Other, net	(1,428)	(928)	(11,885)
Net cash flows from (used in) investing activities	(6,049)	(5,312)	(50,345)
Cash flows from (used in) financing activities (Note 39)			
Net increase (decrease) in short-term borrowings	(355)	—	(2,955)
Proceeds from long-term borrowings	2,500	—	20,807
Repayments of long-term borrowings	(5,000)	(600)	(41,615)
Purchase of treasury stock	(5,000)	(1)	(41,615)
Dividends paid	(3,153)	(3,225)	(26,242)
Other, net	(227)	(534)	(1,889)
Net cash flows from (used in) financing activities	(11,235)	(4,360)	(93,509)
Effect of exchange rate change on cash and cash equivalents	1,402	1,404	11,669
Net increase (decrease) in cash and cash equivalents	(8,299)	5,525	(69,072)
Cash and cash equivalents at beginning of period	43,215	37,690	359,675
Cash and cash equivalents at end of period (Note 8)	¥34,916	¥43,215	\$290,603

Notes to the Consolidated Financial Statements

1. Reporting Entity

Anritsu Corporation is a company incorporated under laws in Japan. The Company's reporting date is March 31, 2015. The consolidated financial statements of the Company comprise the Company, its subsidiaries, and its associates ("the Anritsu Group"). The Anritsu Group is primarily engaged in the development, manufacture, sale and servicing of measuring instruments and industrial machinery.

2. Basis of Preparation

(1) Accounting Standards Adopted

The consolidated financial statements of the Anritsu Group have been prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to the provision of Article 93 of the "Regulations Concerning Terminology, Forms, and Method for Preparing Financial Statements" ("Regulations on Consolidated Financial Statements").

The Company meets the requirements of Article 1-2 of the "Regulations on Consolidated Financial Statements." The Company is a qualified company for filing its financial statements in IFRS in accordance with this article.

The consolidated financial statements of the Anritsu Group have been approved by Hirokazu Hashimoto, Representative Director and President, and Akifumi Kubota, Director and Senior Manager of the Accounting and Control Department of the Company.

(2) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following significant items:

- Derivatives are measured at fair value;
- Non-derivative financial assets at fair value through other comprehensive income are measured at fair value; and
- Defined benefit assets (liabilities) are recognized at the present value of the defined benefit obligation less the fair value of the plan assets.

(3) Functional and Presentation Currency

The consolidated financial statements are presented in Japanese yen which is the Company's functional currency. All financial information presented in Japanese yen has been rounded to the nearest million.

(4) Estimates and Judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in

which the estimates are revised and in future periods in which the revision has an effect.

Items requiring judgment in the application of accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements are as follows:

- Note 24: Recoverability of Deferred Tax Assets

Items concerning with uncertainties in assumptions and estimates which have a significant risk of causing material adjustments in the next consolidated fiscal year are as follows:

- Note 14: Impairment of Non-financial Assets
- Note 21: Measurement of Defined Benefit Obligation
- Note 22: Provisions
- Note 24: Recoverability of Deferred Tax Assets
- Note 43: Contingencies

3. Significant Accounting Policies

The significant accounting policies applied in the preparation of the consolidated financial statements are summarized below:

Note: The Anritsu Group has early adopted IFRS 9 (Financial Instruments, revised in October 2010).

(1) Basis of Consolidation

1. Subsidiaries

Subsidiaries are corporate entities that are controlled by the Anritsu Group. Control exists when an investor is exposed to, or has rights to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee.

The financial statements of all subsidiaries are included in the consolidated financial statements from the date when control is obtained by the Anritsu Group until the date when it is lost. All inter-company balances, and any unrealized gains and losses and claims and obligations arising from inter-company transactions, are eliminated in the preparation of the consolidated financial statements.

Among all of the subsidiaries, Anritsu Eletronica Ltda., Anritsu Company S.A. de C.V., Anritsu (China) Co., Ltd., Anritsu Electronics (Shanghai) Co., Ltd., Anritsu Industrial Solutions (Shanghai) Co., Ltd. and Anritsu Industrial Systems (Shanghai) Co., Ltd. set the reporting period end date on December 31. Thus, for these subsidiaries, additional financial statements as of the end of the parent's reporting period are prepared for consolidation purposes. The reporting period end date for other consolidated subsidiaries is the same as that of the parent.

The Anritsu Group applies the acquisition method as its method of accounting for business combinations. Goodwill is measured at the fair value of the considerations transferred, including the recognized amount of any non-controlling interests in the acquiree at the date of acquisition, less the net recognized amount of the identifiable assets acquired and the liabilities assumed at the acquisition date (ordinarily measured at fair value). The Anritsu Group measures non-controlling interests

that are present ownership interests and which entitle the Anritsu Group to a pro rata share of the entity's net assets in the event of liquidation at either fair value or at the present ownership instruments' proportionate share in the recognized amounts of the identifiable net assets of the acquired company. The Anritsu Group chooses the method of measurement for each business combination on the acquisition date. Transaction expenses arising in relation to business combinations are expensed as incurred.

Additional acquisitions of non-controlling interests are accounted for as equity transactions, and no goodwill is recognized.

Changes in equity interests in subsidiaries, if the Anritsu Group retains control over the subsidiaries, are accounted for as equity transactions. The carrying amounts of the Anritsu Group's interests and the non-controlling interests are adjusted to reflect the change of interests in the subsidiary, and any difference between the adjustment to the non-controlling interests and the fair value of the consideration received is recognized directly in equity as "Equity attributable to owners of the parent." If the Anritsu Group loses control over the subsidiaries, profits and losses that arise from the loss of control are recognized as profit or loss.

Business combinations of entities under common control, or business combinations in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combinations, when that control is not transitory, are accounted for based on carrying amounts.

2. Associates

Associates are entities over which the Anritsu Group has significant influence but do not have control to govern the financial and operating policies. Investments in associates are recognized at acquisition cost and subsequently accounted for using the equity method.

The Anritsu Group's share in the profit or loss and other comprehensive income of companies accounted for using the equity method is reflected in the consolidated financial statements.

3. Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Anritsu Group accounts for its share in a jointly controlled entity under a joint venture in the same way as it accounts for associates using the equity method.

(2) Foreign Currency Translation

1. Foreign Currency Transactions

Foreign currency transactions are translated into functional currencies of individual companies of the Anritsu Group using the spot exchange rate at the date of the transactions. At the

end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into functional currencies using the spot exchange rate at the reporting date. Non-monetary assets and liabilities measured at fair value and denominated in foreign currencies are retranslated into functional currencies using the spot exchange rate at the date that the fair value was determined. Non-monetary items that are measured at cost are translated using the spot exchange rate on the date of the transaction. Exchange differences arising from retranslation or settlement of accounts are recognized in profit or loss for the relevant period.

2. Financial Statements of Foreign Subsidiaries

Assets and liabilities of foreign subsidiaries are translated into Japanese yen using the spot exchange rate at the reporting date. Income and expenses of foreign subsidiaries are translated into Japanese yen at the average exchange rates for the period. Exchange differences arising from translation of financial statements of foreign subsidiaries are recognized in "Other Comprehensive Income" in the consolidated statement of profit or loss and other comprehensive income, and cumulative exchange differences are presented in "Other Components of Equity" in the consolidated statement of financial position. On disposal of the entire interest in foreign operations, and on the partial disposal of an interest involving loss of control, significant influence or joint control, the cumulative amount of the exchange differences is reclassified to profit or loss as a part of gains or losses on disposal.

(3) Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories are stated at cost determined primarily by the moving average method for raw materials and primarily by the specific identification method for finished goods and work in progress.

Net realizable value represents the estimated selling price for the inventories in the ordinary course of business, less all estimated costs of completion and estimated selling expenses.

(4) Property, Plant and Equipment

The cost model is applied to property, plant and equipment. Property, plant and equipment are measured at historical cost, net of accumulated depreciation and accumulated impairment losses. Cost includes the expenses directly attributable to the acquisition of the assets, the costs related to dismantling and removal of the assets and restoration of the site on which the assets are located to its original condition as well as borrowing costs attributable to the assets.

Depreciation of these assets commences when the assets are available for use, and the straight-line method is applied over the following estimated useful lives:

- Buildings and Structures: 3–50 years
- Machinery, Equipment and Vehicles: 2–15 years

- Tools, Furniture and Fixtures: 2–20 years

Land and construction in progress are not depreciated.

Depreciation for assets held under finance leases, other than those that can reasonably be expected to transfer the ownership of the leased property at the end of the lease period, is computed over the lease period or the economic useful life of the assets, whichever is shorter.

The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, and revised when necessary.

(5) Goodwill and Intangible Assets

The cost model is applied to intangible assets and these assets are measured at acquisition cost, net of accumulated amortization and accumulated impairment losses.

1. Goodwill

Goodwill arising on the acquisition of a subsidiary is recognized as an intangible asset. Measurement of goodwill on initial recognition is described in Note 3. (1) 1.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized, but tested annually for impairment and presented in impairment losses when necessary. Impairment losses recognized for goodwill are not reversed in subsequent periods.

2. Development Assets

Expenses arising from development activities are recognized as assets only if the Anritsu Group has demonstrated all of the following conditions:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Amortization of these development assets commences when the relevant project has ended using the straight-line method over the estimated useful life ranging from 3 to 5 years during which the relevant development asset is expected to generate net cash inflows. The development expenditure that does not meet the above requirements for capitalization as well as the expenditure on research activities are expensed as incurred.

The amortization method and the amortization period are reviewed at the end of each reporting period, and revised when necessary.

3. Other Intangible Assets

Other intangible assets primarily consist of computer software.

Amortization for other intangible assets commences when the related assets are available for use based on the straight-line method over the estimated useful life ranging from 3 to 5 years.

Amortization for assets held under finance leases, other than those that can reasonably be expected to transfer the ownership of the leased property at the end of the lease period, is computed over the lease period or the economic useful life of the assets, whichever is shorter.

The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, and revised when necessary.

(6) Investment Property

Investment property is primarily commercial facilities, held for the purpose of earning rental income. The cost model is applied to investment property, in which related assets are measured at acquisition cost less accumulated depreciation and accumulated impairment losses. Cost includes the expenditure that is directly attributable to the acquisition of the assets, the costs related to dismantling and removal of the assets and restoration of the site on which the assets are located to its original condition as well as borrowing costs attributable to the assets.

Depreciation of these assets commences when the assets are available for use based on the straight-line method over the estimated useful life ranging from 3 to 50 years.

Land is not depreciated.

The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, and revised when necessary.

(7) Leases

Leases are classified as finance leases when all risks and rewards associated with the leases are substantially transferred to the Anritsu Group. All other leases are classified as operating leases.

Finance leases are recognized as assets based on fair value of the leased property at the commencement of the lease or the present value of the minimum lease payments, whichever is lower. Lease obligations are presented as current liabilities and noncurrent liabilities in the consolidated statements of financial position. Finance costs are allocated to each period during the term of the lease so as to produce a constant rate of interest on the unamortized balance of liabilities.

Operating lease payments are treated as an expense using the straight-line method over the lease period. Variable lease payments are expensed as incurred.

(8) Derivatives

The Anritsu Group utilizes derivatives, including interest rate swaps and foreign exchange forward contracts, as a hedge to manage interest rate risk and foreign currency risk. However, hedge accounting is not applied for these derivatives as the requirements to qualify for hedge accounting are not met. These derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured at fair value, with gains or losses arising from changes in fair value recognized in profit or loss.

(9) Non-derivative Financial Assets

The Anritsu Group recognizes trade and other receivables when they arise. Other financial assets are recognized at contract dates when the Anritsu Group becomes a party to the contractual provisions of the instrument.

1. Financial Assets Measured at Amortized Cost

Financial assets that meet the two conditions below are measured at amortized cost (less impairment losses) using the effective interest method.

- Under the Anritsu Group's business model, the relevant financial asset is held with the objective of collecting contractual cash flows.
- The contracted terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding.

2. Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets, other than those measured at amortized cost, are measured at fair value and all changes in fair value are recognized as profit or loss. However, on initial recognition, IFRS 9 permits an election to record all changes in fair value for an investment in an equity instrument that is not for trading purposes in other comprehensive income ("Financial Assets Measured at FVTOCI").

The Anritsu Group has elected to classify equity investments that are held for the purpose of maintaining and strengthening business relationships with investees as Financial Assets Measured at FVTOCI.

Amounts recognized in other comprehensive income relating to Financial Assets Measured at FVTOCI are not transferred to profit or loss, and impairment losses are not recognized. However, dividends on such investments are recognized in profit or loss as finance income, except in cases when it is evident that the dividends are considered return of investment principal.

Changes in the fair value of Financial Assets Measured at FVTOCI recorded in other comprehensive income on the consolidated statement of profit or loss and other comprehensive income are recognized in "Other Components of Equity" in the consolidated statement of financial position. The balance of

"Other Components of Equity" is reclassified directly to "Retained Earnings" when the equity investment is derecognized.

3. Derecognition of Financial Assets

The Anritsu Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when the Anritsu Group transfers the contractual right to receive cash flows from financial assets in transactions in which substantially all the risks and rewards of ownership of the asset are transferred to another entity.

4. Cash and Cash Equivalents

Cash and cash equivalents are cash and highly liquid investments that are readily convertible to certain amounts of cash with only a slight risk of fluctuation in value, including short-term time deposits with original maturities of three months or less.

(10) Non-derivative Financial Liabilities

Debt securities issued by the Anritsu Group are initially recognized on the issue date. Other non-derivative financial assets are recognized at contract dates when the Anritsu Group becomes a party to the contractual provisions of the instrument.

The Anritsu Group derecognizes financial liabilities when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.

The Anritsu Group has trade payables and other payables, borrowings and bonds, and other financial liabilities as non-derivative financial liabilities, and initially measures them at fair value (net after directly attributable transaction costs). After initial recognition, they are measured at amortized cost using the effective interest method.

(11) Equity

1. Common Stock

Proceeds from issuance of equity instruments by the Company are included in "Common Stock" and "Additional Paid-in Capital". The direct issue costs are deducted from "Additional Paid-in Capital."

2. Treasury Stock

When the Anritsu Group reacquires treasury stock, the consideration paid, net of direct transaction costs, is recognized as a deduction from equity. When the treasury stock is sold, the consideration received is recognized as an increase in equity. When a loss is incurred, it is reclassified to "Retained Earnings." When the treasury stock is retired, the amount of retired treasury stock is deducted from "Other additional paid-in capital" included in "Additional paid-in capital." If the amount of retired treasury stock is more than the balance of "Other additional paid-in capital", the excess amount is deducted from "Retained earnings."

(12) Compound Instruments

The compound instruments issued by the Company include corporate bonds with subscription rights to new shares that can be converted to equity at the option of the holder and for which the number of new shares to be issued is not affected by changes in fair value. The liability element of a compound instrument is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity element of a compound instrument is initially recognized at the difference between the fair value of the compound instrument as a whole and the fair value of the liability element. Any directly attributable transaction costs are allocated to each element in proportion to the initial carrying amounts. After initial recognition, the liability element of a compound instrument is measured at amortized cost using the effective interest method. The equity element of a compound instrument is not remeasured after initial recognition.

(13) Impairment

1. Non-derivative Financial Assets

Financial assets measured at amortized cost are assessed at each reporting date as to whether there is objective evidence that the asset may be impaired. A financial asset is considered to be impaired when there is objective evidence which indicates that one or more loss events have occurred after the initial recognition of the asset, and when it is reasonably anticipated that the loss events have an impact on the estimated future cash flows of the asset.

Objective evidence of impairment for financial assets measured at amortized cost includes default or delinquency of the borrower, extension of the due date for the claim, and indications of bankruptcy of the borrower.

The Anritsu Group assesses whether evidence of impairment exists individually and collectively for financial assets measured at amortized cost. All individually significant financial assets are individually assessed for impairment. Individually significant financial assets found not to be impaired individually are then collectively assessed for any impairment that has been incurred but not yet recognized. Financial assets that are not individually significant are collectively assessed for impairment in a group of financial assets with similar risk characteristics. In assessing collective impairment, the Anritsu Group evaluates historical trends for the probability of default, timing of recoveries and the amount of loss incurred. Adjustments are added to reflect judgments on whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

Impairment loss for financial assets measured at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The impairment loss is recognized through profit or loss for the period, and included in the allowance for doubtful accounts. If there are events which decrease the amount of impairment after the

recognition of the impairment, the reversal of the impairment loss is recognized in profit or loss.

2. Non-Financial Assets

The carrying amounts of non-financial assets, excluding inventories and deferred tax assets, are assessed whether there is any indication of impairment at the end of each reporting period. If any such indication exists, the recoverable amount of the non-financial asset is estimated. Goodwill is tested for impairment annually.

The recoverable amount of an asset or a cash-generating unit is the higher of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. A cash-generating unit is the smallest group of assets which generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

A cash-generating unit of goodwill is determined based on the unit by which the goodwill is monitored for internal management purposes, and does not exceed an operating segment before aggregation.

If there is an indication that corporate assets may be impaired, the recoverable amount is determined for the cash-generating unit to which the corporate assets belong, because the corporate assets do not generate independent cash inflows. If the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of it, an impairment loss is recognized in profit or loss.

The impairment loss recognized related to a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill is not reversed in subsequent periods. Assets other than goodwill are reviewed to determine whether there is any indication that an impairment loss recognized in prior years may no longer exist or may have decreased. An impairment loss recognized in prior years for an asset is reversed to profit or loss if an event occurs to change the estimates used to determine the asset's recoverable amount. A reversal of impairment loss does not exceed the carrying amount, net of depreciation and amortization, that would have been determined if no impairment loss had been recognized for the asset for prior years.

(14) Assets Held for Sale

Non-current assets (or disposal groups) not in continuing use for which the value is anticipated to be recovered through sale are classified as "Assets Held for Sale." Classification as "Assets Held for Sale" is made when the asset meets the following two conditions: (1) it can be sold immediately in its current state; and (2) the probability of sale is extremely high.

“Assets Held for Sale” are measured at their carrying amount or fair value less costs to sell, whichever is lower.

Depreciation or amortization is not applied to property, plant and equipment and intangible assets that have been classified as “Assets Held for Sale.”

Non-current assets (or disposal groups) that cease to be classified as held for sale are measured at the lower of (a) their carrying amounts, adjusted for any depreciation or amortization that would have been recognized if the impairment loss had not been recognized for the assets, or (b) the recoverable amounts at the date that the assets are decided not to be classified as held for sale. Adjustments of the carrying amounts arising from ceases of reclassification to the non-current assets held for sale are recognized in profit or loss.

(15) Employee Benefits

1. Defined Benefit Plans

A retirement lump-sum payment plan and a cash-balance pension plan (market interest reflecting type) have been adopted as defined benefit plans to cover the employees of the Company and some of its subsidiaries. Net defined benefit obligations are calculated separately for each plan by estimating the amount of future benefits that employees have earned in exchange for their service for the prior and current years. The estimated benefits are discounted to determine the present value, and the fair value of plan assets is deducted.

The discount rates are the yields of high quality corporate bonds that have maturity terms approximating those of the Company’s obligations. Retirement benefit obligations are calculated using the projected unit credit method with adjustments made using the straight-line method when a very high benefit level is incurred in the latter half of the number of years of service.

The Anritsu Group recognizes remeasurements of the net defined benefit plans in “Other Comprehensive Income” in the consolidated statement of profit or loss and other comprehensive income as incurred, and records cumulative remeasurements of the net defined benefit plans in “Retained Earnings” in the consolidated statement of financial position.

2. Defined Contribution Plans

The employees of the Company and certain subsidiaries are provided with defined contribution plans. Defined contribution plans are postemployment benefit plans in which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions.

The contribution payable to defined contribution plans is recognized as an expense during the period when the service is rendered.

3. Short-term Employee Benefits

Short-term employee benefits are measured on an undiscounted basis and are recognized as an expense during the period when the service is rendered.

Bonuses and paid leave accruals are recognized as liabilities for the amount estimated to be paid based on the bonus and paid leave systems, when the Anritsu Group has present legal or constructive obligations to pay, and when reliable estimates of the obligation can be made.

4. Other Long-term Employee Benefits

In addition to its pension plans, the Anritsu Group has special leave and bonus systems awarded in accordance with a defined number of years of service. Obligations for other long-term employee benefits are recorded at an amount calculated by estimating the future amount of benefits that employees have earned in exchange for their service for the previous and current years discounted to determine the present value.

The discount rates are the yields of high quality corporate bonds that have maturity terms approximating those of the Company’s obligations.

5. Share-based Payment

The Anritsu Group has stock option plans as incentive plans for directors and some employees. Rights to share-based payments are vested at the grant date of share-based payment. Consequently, the fair value of stock options at the grant date is recognized as a lump-sum expense at the grant date, and the same amount is recognized as a corresponding increase in equity. The fair value of the stock options is measured using the Black-Scholes model, taking into account the terms of the options granted.

(16) Provisions

Provisions are recognized when, as a result of past events the Anritsu Group has legal or constructive obligations that can be estimated reliably, and it is probable that outflows of economic resources will be required to settle the obligations.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount with the passage of time is recorded as “Finance Costs.”

1. Provision for Decommissioning, Restoration and Rehabilitation Costs

Estimated amounts for the costs of removing hazardous substances related to property, plant and equipment and restoring rented offices to the original condition are recorded in the provision for decommissioning, restoration and rehabilitation costs.

2. Provision for Product Warranties

The provision for product warranties is calculated to provide for anticipated service expenses arising within the warranty period of products sold and includes future warranty forecasts based on the actual results of past years.

(17) Government Grants

Government grants are recognized at fair value, once the collateral conditions for the grants are met and the receipt of such grants is reasonably assured.

Government grants in respect of expenses are recognized in profit or loss in the period in which expenses intended to be covered by such grants are incurred. Government grants in respect of assets are recognized by the method in which such grants are recorded as deferred income and recognized in profit or loss on a systematic basis over the useful lives of the assets concerned.

(18) Revenue

The Anritsu Group measures revenue at the fair value of the consideration received, less discounts, rebates and taxes, including consumption tax.

1. Sale of Goods

Revenue from the sale of goods is recognized when: (1) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (2) there is no continuing managerial involvement with the goods; (3) it is probable that the economic benefits associated with the transaction will flow to the Anritsu Group; and (4) the costs and amount of revenue associated with the transaction can be measured reliably.

The timing of the transfer of the risks and rewards of ownership of the goods varies according to the terms of individual sales agreements, and revenue is normally recognized at the time of delivery to the customer or on the shipment date.

2. Rendering of Services

Rendering of services at the Anritsu Group mainly consists of repair and support services that arise in connection with the sale of goods. Revenue from these transactions is recognized at the time when the service is rendered.

3. Multi-element Transactions

A multi-element transaction, under which a number of deliverables are furnished, including goods, software and support services, is separated into its individual elements if it meets both of the requirements below:

- The elements have standalone value to the customer; and
- The fair value of the elements can be reliably measured.

When it is necessary to allocate the agreed consideration for a multi-element transaction between the delivered and undelivered elements, the allocation is based on the fair value of the undelivered elements. In other words, under the residual method, the amount of consideration allocated to the delivered elements is equal to the total agreed consideration less the aggregate fair value of the undelivered elements.

(19) Finance Income and Costs

Finance income mainly comprises interest income and dividend income. Finance costs mainly comprise interest payments on borrowings and corporate bonds calculated using the effective interest method. Foreign exchange gains and losses are recorded in "Finance Income" or "Finance Costs" on a net basis.

Interest income is recognized when incurred using the effective interest method. Dividend income is recognized on the date when the right to receive payment is assured. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized as an expense using the effective interest method.

(20) Income Tax Expenses

Income tax expenses comprise current tax expenses and deferred tax expenses. These are recognized in profit or loss, except for taxes which arise from business combinations or that are recognized either in other comprehensive income or directly in equity.

Current tax expenses are the expected tax payables or receivables on the taxable profit for the year, using the tax rates enacted or substantially enacted by the end of the reporting period, adjusted by tax payables or receivables in prior fiscal years.

Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the tax bases of them. Deferred tax assets and liabilities are not recognized for the temporary differences below:

- Future temporary differences arising from initial recognition of goodwill;
- Temporary differences relating to initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of transaction, affects neither accounting profit nor taxable profit;
- Future temporary differences associated with investments in subsidiaries when the Company is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future; and
- Future temporary differences associated with investments in subsidiaries when it is probable that such differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the temporary differences will reverse, based on tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset when:

- (1) there is a legally enforceable right to offset current tax assets against current tax liabilities; and
- (2) income taxes are levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of each reporting period and recognized to the extent that it is probable that the related tax benefits will be realized.

(21) Earnings Per Share (attributable to owners of parent)

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of shares in issue during the fiscal year excluding shares purchased by the Company and held as treasury stock. Diluted earnings per share are calculated by adjusting for the effect of all dilutive potential common stock.

4. Changes in Accounting Policies

The Anritsu Group adopted the following IFRSs from the year ended March 31, 2015.

IFRSs	Title	Summaries of new IFRSs/amendments and transitional provisions
IFRS 2	Share-based Payment	Clarification of the definitions concerning the vesting conditions
IFRS 3	Business Combinations	Clarification of accounting for contingent consideration in a business combination
IFRS 10	Consolidated Financial Statements	Clarification of requirements for and characteristics of, investment entities, and measurement method for investments in investees
IFRS 12	Disclosure of Interests in Other Entities	Disclosure requirements regarding investment entities
IAS 32	Financial Instruments: Presentation	Presentation of offsetting financial assets and financial liabilities
IAS 36	Impairments of Assets	Removal of disclosure on recoverable amount for cash-generating unit including significant goodwill or intangible asset with an indefinite useful life, and addition of disclosure requirement on recoverable value and basic information of its calculation for an individual asset or cash-generating unit which have recognized impairment loss or its reversal
IAS 39	Financial Instruments: Recognition and Measurement	Addition of new provision to enable continuance of existing hedging relationship without expiration or termination of hedging, in the event of a change in the hedging relationship as well as changes in terms and conditions necessitated thereby, insofar as the change refers to change of the counterparty over to a central counterparty in compliance with the requirement by laws and regulations, and that both parties involved in such derivative transaction have agreed to such change
IFRIC 21	Levies	Clarification of timing of recognition of levies imposed by a government

These standards have been applied in accordance with respective transitional provisions. There are no standards that are early adopted by the Group for the fiscal year ended March 31, 2015.

With the adoption of these IFRSs, there is no material impact to the consolidated financial statements.

5. Changes in Accounting Estimates

During the fiscal year ended March 31, 2015, impairment losses on buildings and structures which had been decided to be closed in the prior year were reversed as a result of a change in decision where these assets will continuously be used as a part of the revised utilization plan at the head office site. Consequently, a reversal of impairment losses of 573 million yen has been recognized.

6. New Standards and Interpretations not yet Applied

Except for IFRS 9 "Financial Instruments (revised in October 2010)," the Anritsu Group has not early applied new standards nor revised standards and interpretations for its consolidated financial statements before the fiscal year ended in March 31, 2015.

At the date of approval of the consolidated financial statements, the main standards and interpretations that were released but not early applied by the Anritsu Group are set out below. The impact of the adoption of IFRS 9 (revised in July 2014) and IFRS 15 is currently being assessed but has not been determined yet. Except for these standards, the following standards and interpretations will have no material impact on its consolidated financial statements.

IFRSs	Title	Mandatory effective date (from the fiscal period that begins on or after)	To be adopted by the Anritsu Group (from the fiscal period ending)	Subject of new standards/amendment
IFRS 3	Business Combinations	July 1, 2014	March 31, 2016	Clarification of the scope of exemption in respect of jointly controlled entities
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2016	March 31, 2017	Clarification of the accounting treatment in cases where the criteria to classify a non-current asset as held for distribution to owners are no longer met or cases where a non-current asset is reclassified from held for sale to held for distribution to owners
IFRS 7	Financial Instruments: Disclosures	January 1, 2016	March 31, 2017	Clarification of the criteria on whether a servicing contract is continuing involvement in a transferred financial asset
		January 1, 2018	March 31, 2019	Amendment to include financial assets and liabilities designated as those to be measured at fair value through profit or loss after the initial recognition, in the existing disclosure of the carrying amounts, profits and losses of the financial assets and liabilities measured at fair value through profit or loss, as well as deletion of existing disclosure rules and addition of new disclosure rules in association with the introduction of new hedge accounting
IFRS 8	Operating Segments	July 1, 2014	March 31, 2016	Additional disclosure for explaining the nature and the aggregation criteria of operating segments with similar economic characteristics as well as the clarification of the requirement for providing reconciliation of total reporting segment assets to the entity's entire assets only if the disclosure of the segment asset is regularly provided to the chief operating decision maker
IFRS 9	Financial Instruments	January 1, 2018	March 31, 2019	Addition of rules regarding the new hedge accounting as well as rules that permit earlier application of IFRS 9 specifically related to the presentation of financial liabilities for which the fair value option is applied in the consolidated statement of profit or loss and other comprehensive income, and the deletion of the mandatory effective date of IFRS 9 Limited changes of classification of financial assets, and introduction of an expected credit loss impairment model
IFRS 10	Consolidated Financial Statements	January 1, 2016	March 31, 2017	Clarification of the accounting treatment for sale or contribution of assets between an investor and its associate or joint venture
				Clarification of the exceptional applications for consolidation for investment entities
IFRS 11	Joint Arrangements	January 1, 2016	March 31, 2017	Clarification of accounting treatment for the acquisition of equity interest in a joint operation
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2016	March 31, 2017	Clarification of the treatment for investment entities
IFRS 13	Fair Value Measurement	July 1, 2014	March 31, 2016	Clarification of the scope of exception regarding the measurement of fair value of portfolio
IFRS 14	Regulatory Deferral Accounts	January 1, 2016	March 31, 2017	Rules for accounting and disclosure requirements regarding regulatory deferral account balances generated at an entity that is engaged in rate-regulated activities
IFRS 15	Revenue from Contracts with Customers	January 1, 2017	March 31, 2018	Provision of principles and guidance along with the expansion of disclosure items, in respect of revenues from contracts with customers as well as associated issues (*)
IAS 1	Presentation of Financial Statements	January 1, 2016	March 31, 2017	Clarification of the disclosure requirements in accordance with materiality
IAS 16	Property, Plant, and Equipment	July 1, 2014	March 31, 2016	Clarification of the accounting treatment for the revaluation of property, plant and equipment measured by the revaluation model
		January 1, 2016	March 31, 2017	Clarification of the position that negates the appropriateness of depreciation methods based on revenues generated from activities including the use of assets
IAS 19	Employee Benefits	July 1, 2014	March 31, 2016	Simplification of the accounting treatment for the contributions to defined benefit plans by employees or third parties, which are made to be independent of the number of years of service of the employees
		January 1, 2016	March 31, 2017	Clarification of the determination method of the discount rate for post-employment benefit obligations
IAS 24	Related Party Disclosures	July 1, 2014	March 31, 2016	Amendment to the definition of the related party to include the key management personnel of the reporting entity or its parent as well as additional disclosure of the amount of key management personnel compensation

IFRSs	Title	Mandatory effective date (from the fiscal period that begins on or after)	To be adopted by the Anritsu Group (from the fiscal period ending)	Subject of new standards/amendment
IAS 28	Investments in Associates and Joint Ventures	January 1, 2016	March 31, 2017	Clarification of the accounting treatment for sale or contribution of assets between an investor and its associate or joint venture Clarification of the exceptional applications for consolidation and the equity method for investment entities
IAS 34	Interim Financial Reporting	January 1, 2016	March 31, 2017	Clarification of the required information on IAS 34 "elsewhere in the interim financial report"
IAS 38	Intangible Assets	July 1, 2014	March 31, 2016	Clarification of the accounting treatment for the revaluation of intangible assets measured by the revaluation model
		January 1, 2016	March 31, 2017	Clarification of the position that negates the appropriateness of amortization methods based on revenues generated from activities including the use of assets
IAS 40	Investment Property	July 1, 2014	March 31, 2016	Clarification of the mutual relationship between IFRS 3 and IAS 40, involving the classification of property into investment property and owner-occupied property

Note: Upon adoption of IFRS 15, the following standards are superseded:
 IAS 11 *Construction Contracts*;
 IAS 18 *Revenue*;
 IFRIC 13 *Customer Loyalty Programmes*;
 IFRIC 15 *Agreements for the Construction of Real Estate*;
 IFRIC 18 *Transfers of Assets from Customers*; and
 SIC 31 *Revenue-Barter Transactions Involving Advertising Services*.

7. Segment Information

(1) Outline of Reportable Segment

The reportable segments of the Anritsu Group are business segments which are classified based on products and services. Each business segment operates its business activities with a comprehensive strategic business plans for domestic and overseas. The Board of Directors meeting periodically makes decisions on allocation of operating resources and evaluates business performance based on segment financial information. The Anritsu Group's reportable segments are composed of "Test and Measurement" and "Industrial Automation."

Main products and services by segment are as follows:

1. Test and Measurement: Measuring instruments for Digital communications and IP network, Optical communications equipment, Mobile communications equipment, RF / microwave and millimeter wave communications equipment / systems, Service assurance
2. Industrial Automation: Checkweighers, Automatic combination weighers, Inspection equipment, Precision measuring instruments

(2) Information regarding Revenue, Profit or Loss, Assets and Others by Reportable Segment

Reportable segment information of the Anritsu Group is included below.

Accounting policies for each reportable segment are the same as the accounting policies for the Anritsu Group described in Note 3.

Year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)	Reportable segment				Total	Adjustment (Notes 3, 4)	Consolidated
	Test and Measurement	Industrial Automation	Subtotal	Others (Note 1)			
Outside customers	¥75,962	¥16,920	¥92,882	¥ 8,971	¥101,853	¥ —	¥101,853
Inter-segment (Note 2)	91	43	134	3,849	3,983	(3,983)	—
Total	76,053	16,963	93,016	12,820	105,836	(3,983)	101,853
Cost of sales, Other revenue and expenses	(63,042)	(15,754)	(78,796)	(11,878)	(90,674)	2,944	(87,730)
Operating profit (loss)	13,011	1,209	14,220	942	15,162	(1,039)	14,123
Finance income	—	—	—	—	—	—	687
Finance costs	—	—	—	—	—	—	580
Share of profit (loss) of associates and joint ventures accounted for using equity method	—	—	—	—	—	—	10
Profit (loss) before tax	—	—	—	—	—	—	14,240
Income tax expense	—	—	—	—	—	—	4,921
Profit (loss) for the year	—	—	—	—	—	—	9,319
Assets	78,783	14,535	93,318	12,737	106,055	21,095	127,150
Capital expenditures	5,244	193	5,437	203	5,640	(24)	5,616
Depreciation and amortization	2,456	164	2,620	440	3,060	(7)	3,053
Impairment loss	5	—	5	82	87	—	87

Notes: 1. Others: Information and Communications, Devices, Logistics, Welfare-related service, Leases on real estate, Corporate administration, Parts manufacturing and others

2. Inter-segment revenue is measured based on market price.

3. Adjustment of operating profit (-1,039 million yen) includes elimination of inter-segment transactions (-12 million yen) and company-wide expenses not allocated to business segments (-1,027 million yen). Company-wide expenses are mainly composed of basic research expense as well as selling, general and administrative expenses not attributable to business segments.

4. Adjustment of segment assets (21,095 million yen) includes excess investment capital not attributable to business segments (cash and cash equivalents), long-term investment capital (other financial assets (non-current assets)), and assets related to basic research.

Year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Reportable segment				Total	Adjustment (Notes 3, 4)	Consolidated
	Test and Measurement	Industrial Automation	Subtotal	Others (Note 1)			
Outside customers	¥73,443	¥16,198	¥ 89,641	¥ 9,199	¥ 98,840	¥ —	¥ 98,840
Inter-segment (Note 2)	148	5	153	4,168	4,321	(4,321)	—
Total	73,591	16,203	89,794	13,367	103,161	(4,321)	98,840
Cost of sales, Other revenue and expenses	(64,647)	(15,379)	(80,026)	(11,404)	(91,430)	3,473	(87,957)
Operating profit (loss)	8,944	824	9,768	1,963	11,731	(848)	10,883
Finance income	—	—	—	—	—	—	1,260
Finance costs	—	—	—	—	—	—	635
Share of profit (loss) of associates and joint ventures accounted for using equity method	—	—	—	—	—	—	84
Profit (loss) before tax	—	—	—	—	—	—	11,592
Income tax expense	—	—	—	—	—	—	3,717
Profit (loss) for the year	—	—	—	—	—	—	7,875
Assets	88,051	15,018	103,069	13,005	116,074	10,819	126,893
Capital expenditures	9,469	295	9,764	282	10,046	(7)	10,039
Depreciation and amortization	2,735	193	2,928	453	3,381	(9)	3,372
Impairment loss	18	—	18	68	86	—	86
Reversal of impairment loss	—	—	—	573	573	—	573

Notes: 1. Others: Information and Communications, Devices, Logistics, Welfare-related service, Leases on real estate, Corporate administration, Parts manufacturing and others

2. Inter-segment revenue is measured based on market price.

3. Adjustment of operating profit (-848 million yen) includes elimination of inter-segment transactions (10 million yen) and company-wide expenses not allocated to business segments (-858 million yen). Company-wide expenses are mainly composed of basic research expense as well as selling, general and administrative expenses not attributable to business segments.

4. Adjustment of segment assets (10,819 million yen) includes excess investment capital not attributable to business segments (cash and cash equivalents), long-term investment capital (other financial assets (non-current assets)), and assets related to basic research.

(3) Information regarding Products and Service

Revenue of products and service from external customers in the previous and current fiscal years are as described in (2). The Anritsu Group does not manage business segmentation by products and services of each reporting segment.

(4) Information regarding Geographical Areas

Revenue and non-current assets (excluding financial instruments and deferred tax assets) by geographic area are indicated below. Revenue is based on geographical location of customers. Non-current assets (excluding financial instruments and deferred tax assets) are based on geographical location of the assets.

FY2013 (From April 1, 2013 to March 31, 2014)	Millions of yen	
	Revenue	Non-current assets
Japan	¥ 30,133	¥19,467
Americas	28,859	2,985
<i>(United States)</i>	(15,810)	—
EMEA	14,601	1,528
Asia and others	28,260	652
<i>(China)</i>	(12,581)	—
Eliminations and corporate	—	(273)
Total	¥101,853	¥24,359

Notes: 1. The principal countries in geographical area are as follows:

(1) Americas: United States, Canada, Mexico and Brazil

(2) EMEA: United Kingdom, France, Germany, Italy, Sweden, Spain, Denmark, Romania, Middle East and Africa

(3) Asia and others: China, Korea, Taiwan, Singapore, Australia, Thailand, and India

2. The Anritsu Group has not disclosed non-current assets (excluding financial instruments and deferred tax assets) for the United States and China, as the amounts are immaterial.

FY2014 (From April 1, 2014 to March 31, 2015)	Millions of yen	
	Revenue	Non-current assets
Japan	¥27,116	¥26,573
Americas	24,368	3,342
<i>(United States)</i>	(21,293)	—
EMEA	15,886	1,333
Asia and others	31,470	604
<i>(China)</i>	(15,942)	—
Eliminations and corporate	—	(315)
Total	¥98,840	¥31,537

Notes: 1. The principal countries in geographical area are as follows:

(1) Americas: United States, Canada, Mexico and Brazil

(2) EMEA: United Kingdom, France, Germany, Italy, Sweden, Spain, Denmark, Romania, Middle East and Africa

(3) Asia and others: China, Korea, Taiwan, Singapore, Australia, Thailand and India

2. The Company has not disclosed non-current assets (excluding financial instruments and deferred tax assets) for the United States and China, as the amounts are immaterial.

(5) Information regarding Key Customers

The Anritsu Group has no revenue from transactions with a single external customer that amounts to 10% or more of revenue of the Anritsu Group.

8. Cash and Cash Equivalents

The balances of cash and cash equivalents in the consolidated statement of financial position as of the previous fiscal year end and the current fiscal year-end agree to the respective balances in the consolidated statement of cash flows.

9. Trade and Other Receivables

Details of trade and other receivables are as follows:

	Millions of yen	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Accounts receivable–trade	¥24,104	¥23,118
Notes receivable–trade	1,391	1,700
Accounts receivable–other	248	152
Others	511	585
Less: Allowance for doubtful accounts	(259)	(349)
Total	¥25,995	¥25,206

Details in the consolidated statement of financial position are as follows:

	Millions of yen	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Current assets	¥25,688	¥24,812
Non-current assets	307	394
Total	¥25,995	¥25,206

10. Inventories

Details of inventories are as follows:

	Millions of yen	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Raw materials	¥ 5,797	¥ 6,627
Work in process	4,163	4,145
Finished goods	7,093	8,419
Total	¥17,053	¥19,191

Notes: 1. The losses on valuation of inventories is included in "Cost of Sales." Amounts of valuation loss included in the "Cost of Sales" are 1,138 million yen in FY2013 and 993 million yen in FY2014.

2. Inventories recorded in "Cost of Sales" as expenses were 42,811 million yen in FY2013 and 41,862 million yen in FY2014 (including the above losses on valuation).

3. The Company has not pledged any inventories as collateral.

11. Property, Plant and Equipment

(1) Acquisition Cost, Accumulated Depreciation, and Accumulated Impairment Losses on Property, Plant and Equipment

	Millions of yen					
	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Land	Construction in progress	Total
Acquisition cost						
Balance at April 1, 2013	¥35,285	¥10,342	¥13,389	¥3,649	¥ 805	¥63,470
Acquisition	1,353	771	1,027	—	1,482	4,633
Disposal	(1,088)	(756)	(788)	—	—	(2,632)
Effect of foreign currency exchange differences	343	570	208	98	(10)	1,209
Others	782	1	—	—	(795)	(12)
Balance at March 31, 2014	36,675	10,928	13,836	3,747	1,482	66,668
Acquisition	6,788	418	1,410	—	86	8,702
Disposal	(613)	(545)	(1,161)	—	—	(2,319)
Effect of foreign currency exchange differences	580	1,043	182	142	—	1,947
Others	1,475	70	(84)	—	(1,481)	(20)
Balance at March 31, 2015	¥44,905	¥11,914	¥14,183	¥3,889	¥ 87	¥74,978

Notes to the Consolidated Financial Statements

Millions of yen						
Accumulated depreciation and impairment losses	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at April 1, 2013	¥(26,401)	¥ (8,801)	¥(10,994)	¥—	¥—	¥(46,196)
Depreciation expense	(961)	(554)	(910)	—	—	(2,425)
Impairment losses	—	(64)	(18)	—	—	(82)
Disposal	1,079	729	750	—	—	2,558
Effect of foreign currency exchange differences	(206)	(444)	(168)	—	—	(818)
Others	43	—	—	—	—	43
Balance at March 31, 2014	(26,446)	(9,134)	(11,340)	—	—	(46,920)
Depreciation expense	(994)	(541)	(975)	—	—	(2,510)
Impairment losses	(68)	—	—	—	—	(68)
Reversal of impairment losses	573	—	—	—	—	573
Disposal	598	501	1,100	—	—	2,199
Effect of foreign currency exchange differences	(396)	(831)	(145)	—	—	(1,372)
Others	7	(58)	48	—	—	(3)
Balance at March 31, 2015	¥(26,726)	¥(10,063)	¥(11,312)	¥—	¥—	¥(48,101)

Millions of yen						
Carrying amount	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at April 1, 2013	¥ 8,884	¥1,541	¥2,395	¥3,649	¥ 805	¥17,274
Balance at March 31, 2014	10,229	1,794	2,496	3,747	1,482	19,748
Balance at March 31, 2015	18,179	1,851	2,871	3,889	87	26,877

- Notes: 1. Depreciation expense is recorded in "Cost of Sales," "Selling, General and Administrative Expenses," and "Research and Development Expense."
 2. Amounts for Property, plant and equipment under construction are presented in the construction in progress account.
 3. Reversal of impairment losses is included in "Other Income."
 4. Impairment losses are included in "Other Expenses."

(2) Leased Assets

The carrying amounts of leased assets included in property, plant and equipment are as follows.

Millions of yen		
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Buildings and structures	¥681	¥ 0
Machinery and vehicles	52	60
Tools, equipment and fixtures	112	137
Total	¥845	¥197

(3) Mortgages and Collateral

End of FY2013 as of March 31, 2014: None

End of FY2014 as of March 31, 2015: None

12. Goodwill and Intangible Assets

(1) Acquisition Cost, Accumulated Amortization, and Accumulated Impairment Losses on Goodwill and Intangible Assets

Acquisition cost	Millions of yen				
	Goodwill	Development Assets	Software	Others	Total
Balance at April 1, 2013	¥1,256	¥1,420	¥2,310	¥164	¥5,150
Acquisition	—	—	618	—	618
Increases from internal development	—	260	105	—	365
Disposal	—	—	(514)	(14)	(528)
Effect of foreign currency exchange differences	—	273	107	2	382
Others	—	—	11	46	57
Balance at March 31, 2014	1,256	1,953	2,637	198	6,044
Acquisition	—	—	765	—	765
Increases from internal development	—	426	146	—	572
Disposal	—	(43)	(88)	—	(131)
Effect of foreign currency exchange differences	—	(182)	115	9	(58)
Others	—	—	(0)	0	(0)
Balance at March 31, 2015	¥1,256	¥2,154	¥3,575	¥207	¥7,192

Accumulated amortization and accumulated impairment losses	Millions of yen				
	Goodwill	Development Assets	Software	Others	Total
Balance at April 1, 2013	¥(1,256)	¥ (848)	¥(1,585)	¥(120)	¥(3,809)
Amortization expense	—	(189)	(274)	(0)	(463)
Impairment losses	—	—	—	(5)	(5)
Disposal	—	—	514	—	514
Effect of foreign currency exchange differences	—	(160)	(98)	0	(258)
Others	—	—	0	—	0
Balance at March 31, 2014	(1,256)	(1,197)	(1,443)	(125)	(4,021)
Amortization expense	—	(253)	(443)	(0)	(696)
Impairment losses	—	—	—	(18)	(18)
Disposal	—	13	82	—	95
Effect of foreign currency exchange differences	—	112	(106)	(3)	3
Others	—	—	3	—	3
Balance at March 31, 2015	¥(1,256)	¥(1,325)	¥(1,907)	¥(146)	¥(4,634)

Carrying amount	Millions of yen				
	Goodwill	Development Assets	Software	Others	Total
Balance at April 1, 2013	¥—	¥572	¥ 725	¥44	¥1,341
Balance at March 31, 2014	—	756	1,194	73	2,023
Balance at March 31, 2015	—	829	1,668	61	2,558

Notes: 1. Development asset amortization is included in "Cost of Sales," while amortization of other intangible assets is included in "Cost of Sales," "Selling, General and Administrative Expenses," and "Research and Development Expense."
2. Impairment losses are included in "Other expenses."

(2) Leases

The carrying amounts of leased assets included in intangible assets are as follows:

Software	Millions of yen	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
	¥18	¥11

13. Investment Property

(1) Acquisition Cost, Accumulated Depreciation, and Accumulated Impairment Losses on Investment Property

Acquisition cost	Millions of yen		
	Buildings and structures	Land	Total
Balance at April 1, 2013	¥9,970	¥827	¥10,797
Acquisition	—	—	—
Disposal	—	—	—
Others	—	—	—
Balance at March 31, 2014	9,970	827	10,797
Acquisition	—	—	—
Disposal	—	—	—
Others	—	—	—
Balance at March 31, 2015	¥9,970	¥827	¥10,797

Accumulated amortization and impairment losses	Millions of yen		
	Buildings and structures	Land	Total
Balance at April 1, 2013	¥(8,450)	¥(17)	¥(8,467)
Depreciation expense	(166)	—	(166)
Impairment losses	—	—	—
Disposal	—	—	—
Others	—	—	—
Balance at March 31, 2014	(8,616)	(17)	(8,633)
Depreciation expense	(166)	—	(166)
Impairment losses	—	—	—
Disposal	—	—	—
Others	—	—	—
Balance at March 31, 2015	¥(8,782)	¥(17)	¥(8,799)

Carrying amount	Millions of yen		
	Buildings and structures	Land	Total
Balance at April 1, 2013	¥1,520	¥810	¥2,330
Balance at March 31, 2014	1,354	810	2,164
Balance at March 31, 2015	1,188	810	1,998

Note: Depreciation expense is recorded in "Cost of Sales."

(2) Fair Value

Fair value	Millions of yen	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
	¥17,545	¥18,031

Note: The fair value of investment property is calculated by making necessary time adjustments based on valuations by real estate appraisers, which is categorized as level 3 of the fair value hierarchy.

(3) Amounts Recognized as Profit or Loss

Rental income	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
	¥2,021	¥2,045
Operating expenses related to investment property	1,128	1,108

14. Impairment Losses and Reversal of Impairment Losses

(1) Assets with Recognized Impairment Losses

The detailed information on impairment losses recognized is included below. Impairment losses have been included in "Other expenses".

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Buildings and structures	¥—	¥68
Machinery and vehicles	64	—
Tools, equipment and fixtures	18	—
Property, plant and equipment	82	68
Other intangible assets	5	18
Goodwill and intangible assets	5	18
Total of impairment losses	¥87	¥86

Note: For impairment losses by segment, please refer to Note 7. Segment Information.

(2) Main Impairment Losses

- FY2013 (From April 1, 2013 to March 31, 2014)
There are no significant impairment losses to be disclosed.
- FY2014 (From April 1, 2014 to March 31, 2015)
There are no significant impairment losses to be disclosed.

(3) Assets Recognized from the Reversal of Impairment Losses

The detailed information on reversal of impairment losses recognized is included below. Reversal of impairment losses is included in "Other income".

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Buildings and structures	¥—	¥573
Property, plant and equipment	—	573
Total of reversal of impairment loss	¥—	¥573

Note: For reversal of impairment loss by segment, please refer to Note 7. Segment Information.

(4) Main Reversal of Impairment Losses

FY2014 (From April 1, 2014 to March 31, 2015)

During the fiscal year ended March 31, 2015, impairment losses on buildings and structures which had been decided to be closed in the prior year were reversed as a result of a change of decision where these assets will be continuously used as a part of the revised utilization plan at the head office site.

Consequently, a reversal of the impairment losses of 573 million yen has been recognized. The recoverable amounts are measured based on the value in use. The value in use is estimated by using a discount rate of 12.9% that is determined based on a weighted average cost of capital of other companies in the same industry.

15. Associates and Joint Ventures

The Anritsu Group uses the equity method to account for investments in associates and joint ventures.

Name	Business	Percentage ownership (%)	
		End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
(Associate) SweepMasters, LLC	Test and Measurement	20.0%	20.0%
(Joint venture) CN Group Holding ApS	Test and Measurement	50.0	—

Notes: 1. Condensed financial information on these companies is omitted due to immateriality.

2. There are no market values as they are not listed companies.

3. The reporting period end date for the above two companies is December 31. As it is impractical to change the reporting period end date of both companies to March 31, any impacts from significant transactions or events occurred during the period between their reporting period end date and that for the Company are adjusted on their financial statements before these investments are accounted for under the equity method.

16. Other Financial Assets

Details of other financial assets classified as current or non-current assets are shown below.

In this section, financial assets measured at fair value through profit or loss are presented as "Financial Assets Measured at FVTPL," while financial assets measured at fair value through other comprehensive income are presented as "Financial Assets Measured at FVTOCI."

Current assets

	End of FY2013 as of March 31, 2014	Millions of yen End of FY2014 as of March 31, 2015
Time deposits with a maturity of more than 3 months (Financial assets measured at amortized cost)	¥1,096	¥1,264
Derivatives (Financial Assets Measured at FVTPL)	3	12
Total	¥1,099	¥1,276

Non-current assets

	End of FY2013 as of March 31, 2014	Millions of yen End of FY2014 as of March 31, 2015
Marketable securities (Financial Assets Measured at FVTOCI)	¥2,209	¥2,184
Total	¥2,209	¥2,184

17. Trade and Other Payables

Details of trade and other payables are as follows:

	End of FY2013 as of March 31, 2014	Millions of yen End of FY2014 as of March 31, 2015
Accounts payable - trade	¥5,164	¥ 4,266
Accounts payable - other	2,075	6,008
Accrued expenses	290	218
Others	1,315	1,423
Total	¥8,844	¥11,915

Details in the consolidated statement of financial position are as follows:

	End of FY2013 as of March 31, 2014	Millions of yen End of FY2014 as of March 31, 2015
Current liabilities	¥8,451	¥11,537
Non-current liabilities	393	378
Total	¥8,844	¥11,915

18. Bonds and Borrowings

(1) Details of bonds and borrowings are as follows:

Current liabilities

	End of FY2013 as of March 31, 2014	Millions of yen End of FY2014 as of March 31, 2015
Short-term borrowings	¥1,899	¥1,590
Long-term borrowings to be repaid within one year	5,000	4,996
Total	¥6,899	¥6,586

Note: All of the above are financial liabilities measured at amortized cost.

Non-current liabilities

	Millions of yen	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Long-term borrowings	¥ 5,989	¥3,500
Bonds	5,971	5,979
Total	¥11,960	¥9,479

Note: All of the above are financial liabilities measured at amortized cost.

(2) The contracted terms and repayment schedule are as follows:

		Millions of yen	
	Repayment deadline (average interest rates)	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Short-term borrowings	—		
	(0.6% annually)	¥ 1,899	¥ 1,590
Long-term borrowings to be repaid within one year	—		
	(0.7% annually)	5,000	4,996
Long-term borrowings	2019		
	(0.5% annually)	5,989	3,500
Fifth unsecured bonds	September 22, 2017		
	(0.81% annually)	5,971	5,979
Total	—	¥18,859	¥16,065

Note: Maturity dates and average interest rates are as of the fiscal year ended March 31, 2015.

19. Other Financial Liabilities

In this section, financial liabilities measured at fair value through profit or loss are presented as “Financial Liabilities Measured at FVTPL.”

Current liabilities

	Millions of yen	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Lease obligations (Financial liabilities measured at amortized cost)	¥230	¥69
Derivatives (Financial Assets Measured at FVTPL)	19	13
Total	¥249	¥82

Non-current liabilities

	Millions of yen	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Lease obligations (Financial liabilities measured at amortized cost)	¥104	¥108
Total	¥104	¥108

20. Lease Obligations

Total future minimum lease payments and the present value of minimum lease payments are shown below. Lease obligations are included in other financial liabilities in the consolidated statement of financial position.

	Millions of yen			
	Total future minimum lease payments		Present value of minimum lease payments	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Within 1 year	¥243	¥ 74	¥230	¥ 69
Between 1 and 5 years	109	111	101	106
Over than 5 years	3	2	3	2
Total	¥355	¥187	¥334	¥177
Less: financial costs	(21)	(10)		
Present value of lease obligations	¥334	¥177	¥334	¥177

21. Employee Benefits

(1) Postemployment Benefits

1. Defined Benefit Plans

A retirement lump-sum payment plan and a cash-balance pension plan (that reflects market interest) have been adopted as defined benefit plans to cover the employees of the Company and certain subsidiaries. The benefits of the defined benefit plan are determined based on the number of years of service, compensation at the time of retirement, and other factors.

Defined benefit plans are managed by a single pension fund legally separated from the Anritsu Group. The board of trustees of the pension fund comprises six representatives on behalf of the employer.

The Anritsu Group is exposed to actuarial risks through these defined benefit plans.

The Anritsu Group plans to contribute 209 million yen in the following fiscal year (ending March 31, 2016). The amount contributed from the pension fund to pension assets is not included.

Amounts recognized in the consolidated statement of financial position are as follows:

	Defined benefit pension plan obligations	Plan assets	Millions of yen Net of defined benefit plan liabilities (Total)
Balance at April 1, 2013	¥31,317	¥(27,191)	¥4,126
Amounts recognized as profit or loss			
Service cost	912		912
Interest expense (income)	344	(299)	45
Total	1,256	(299)	957
Amounts recognized in other comprehensive income			
Remeasurements of the defined benefit liability			
Actuarial gains and losses arising from changes in demographic assumptions			
Actuarial gains and losses arising from changes in financial assumptions	145		145
Experience adjustment	(259)		(259)
Return on plan assets		(2,183)	(2,183)
Total	(114)	(2,183)	(2,297)
Other			
Contributions by employer		(538)	(538)
Benefit paid	(1,411)	1,252	(159)
Total	(1,411)	714	(697)
Balance at March 31, 2014	31,048	(28,959)	2,089
Amounts recognized as profit or loss			
Service cost	940		940
Interest expense (income)	341	(318)	23
Total	1,281	(318)	963
Amounts recognized in other comprehensive income			
Remeasurements of the defined benefit liability			
Actuarial gains and losses arising from changes in demographic assumptions			
Actuarial gains and losses arising from changes in financial assumptions	836		836
Experience adjustment	(101)		(101)
Return on plan assets		(2,713)	(2,713)
Total	735	(2,713)	(1,978)
Other			
Contributions by employer		(432)	(432)
Benefit paid	(1,493)	1,271	(222)
Total	(1,493)	839	(654)
Balance at March 31, 2015	¥31,571	¥(31,151)	¥ 420

The fair value of plan assets by asset class is as follows:

	End of FY2013 as of March 31, 2014	Millions of yen End of FY2014 as of March 31, 2015
Japanese bonds	¥13,190	¥13,408
Japanese equity securities	6,320	7,391
Foreign bonds	1,643	1,855
Foreign equity securities	4,191	4,228
Others	3,615	4,269
Total	¥28,959	¥31,151

Note: Every asset has a quoted price in the active market and is categorized as level 1 of the fair value hierarchy.

The principal actuarial assumptions are as follows:

	End of FY2013 as of March 31, 2014	% End of FY2014 as of March 31, 2015
Financial assumptions		
Discount rate	1.1%	0.9%

The weighted-average durations of the defined benefit pension plan obligations are 13.5 years and 13.6 years at the previous fiscal year-end and the current fiscal year-end, respectively. The sensitivity analysis against the Anritsu Group's material actuarial assumptions is shown below. This analysis, based on an assumption that all other variables as of the reporting period end are constant, indicates the impact on the defined benefit pension plan obligations in case of a 0.5% appreciation or depreciation of each assumption.

	Millions of yen	
	0.5% increase	0.5% decrease
Financial assumptions		
Discount rate	¥(2,035)	¥2,265

Note: Although the analysis does not take account of the full distribution of cash flows expected under the pension plans, it does provide an approximation of the sensitivity of the assumption shown.

2. Defined Contribution Plans

The amount of the expense on defined contribution plans recognized as profit or loss are as follows:

	FY2013 (From April 1, 2013 to March 31, 2014)	Millions of yen FY2014 (From April 1, 2014 to March 31, 2015)
Amount of expenses	¥675	¥723

Note: The amount of the expense on defined contribution plans recognized as profit or loss are recorded in "Cost of Sales," "Selling, General and Administrative Expenses," and "Research and Development Expense."

(2) Other Employee Benefits

Short-term employee benefits and long-term employee benefits (other than ones related to defined benefit plans) presented in the consolidated statement of financial position are as follows:

	End of FY2013 as of March 31, 2014	Millions of yen End of FY2014 as of March 31, 2015
Employee benefits (current liabilities)	¥7,112	¥6,458
Employee benefits (non-current liabilities)	1,234	996

22. Provisions

Details of and changes in provisions are as follows:

	Millions of yen		
	Provision for decommissioning, restoration and rehabilitation costs	Provision for product warranties	Total
Balance at April 1, 2014	¥131	¥291	¥422
Increase during the year	1	197	198
Decrease due to intended use	(1)	(128)	(129)
Reversal during the year	(0)	(59)	(59)
Increase due to passage of time	1	—	1
Exchange differences on translation	0	14	14
Balance at March 31, 2015	¥132	¥315	¥447

Details in the consolidated statement of financial position are as follows:

	Millions of yen	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Current liabilities	¥291	¥320
Provision for decommissioning, restoration and rehabilitation costs	0	5
Provision for product warranties	291	315
Noncurrent liabilities	131	127
Provision for decommissioning, restoration and rehabilitation costs	131	127
Total	¥422	¥447

23. Government Grants

Details of government grants are as follows:

	Millions of yen	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Government grants for Koriyama 2nd Business Office (Note 1)		
Other liabilities—Current	¥ 80	¥ 80
Other liabilities—Non-current	1,295	1,215
Total	1,375	1,295
Other government grants		
Other liabilities—Current	1	8
Other liabilities—Non-current	8	117
Total	¥ 9	¥ 125

Notes: 1. The government grants for Koriyama 2nd Business Office are the grants received in the fiscal year ended March 31, 2014, on condition that a plant is to be acquired or established in a specified region. This plant started its operation in the fiscal year ended March 31, 2014, and the recognized grants have been amortized over the useful lives of each subject asset for which the grants are provided (not exceeding 38 years). Under the terms and conditions of the grants, the Anritsu Group is prohibited from disposing of the subject assets for which the grants are provided during the period scheduled in the Appended Table of the "Ministerial Ordinance Concerning the Useful Life of Depreciable Assets."
2. Government grants are recorded in "Other liabilities-Current" and "Other liabilities-Non-current" in the consolidated statement of financial position.

24. Deferred Taxes and Income Tax Expense

(1) Deferred Tax Assets and Deferred Tax Liabilities

The balances of and changes in amounts recognized as deferred tax assets and deferred tax liabilities are as follows:

					Millions of yen
	End of FY2012 as of March 31, 2013	Amounts recognized in profits or loss	Amounts recognized in other comprehensive income	Amounts recognized directly in equity	End of FY2013 as of March 31, 2014
Deferred tax assets:					
Inventories	¥ 2,099	¥(312)	¥ —	¥—	¥ 1,787
Accrued expenses	1,457	(74)	—	—	1,383
Software	2,389	399	—	—	2,788
Property, plant and equipment	735	(6)	—	—	729
Investment securities	454	92	(18)	—	528
Postretirement benefits	3,795	(260)	(808)	—	2,727
Loss carried forward	514	(360)	—	—	154
Research and development expenses	440	65	—	—	505
Government grants	—	492	—	—	492
Others	1,180	455	—	—	1,635
Total deferred tax assets	¥13,063	¥ 491	¥(826)	¥—	¥12,728
Deferred tax liabilities:					
Property, plant and equipment	¥ 980	¥ 483	¥ —	¥—	¥ 1,463
Investment securities	409	—	132	—	541
Others	607	176	—	—	783
Total deferred tax liabilities	¥ 1,996	¥ 659	¥ 132	¥—	¥ 2,787

Note: Foreign-currency translation differences are presented as amounts included in profit or loss.

					Millions of yen
	End of FY2013 as of March 31, 2014	Amounts recognized in profits or loss	Amounts recognized in other comprehensive income	Amounts recognized directly in equity	End of FY2014 as of March 31, 2015
Deferred tax assets:					
Inventories	¥ 1,787	¥ 66	¥ —	¥—	¥ 1,853
Accrued expenses	1,383	(173)	—	—	1,210
Software	2,788	(90)	—	—	2,698
Property, plant and equipment	729	(31)	—	—	698
Investment securities	528	(34)	(59)	—	435
Postretirement benefits	2,727	(311)	(639)	—	1,777
Loss carried forward	154	(9)	—	—	145
Research and development expenses	505	169	—	—	674
Government grants	492	(35)	—	—	457
Others	1,635	(572)	—	—	1,063
Total deferred tax assets	¥12,728	¥(1,020)	¥(698)	¥—	¥11,010
Deferred tax liabilities:					
Property, plant and equipment	¥ 1,463	¥ (84)	¥ —	¥—	¥ 1,379
Investment securities	541	—	(82)	—	459
Others	783	100	—	—	883
Total deferred tax liabilities	¥ 2,787	¥ 16	¥ (82)	¥—	¥ 2,721

Note: Foreign-currency translation differences are presented as amounts included in profit or loss.

Details of deferred tax assets and liabilities in the consolidated statement of financial position are as follows:

	Millions of yen	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Deferred tax assets	¥10,265	¥8,651
Deferred tax liabilities	324	362

Although there are tax loss carry-forwards recognized as deferred tax assets as of the end of the previous fiscal year (March 31, 2014), and the end of the current fiscal year (March 31, 2015), the factors that caused these losses were transient and therefore unlikely to recur. Based on forecasts of the future taxable profit derived from the business plan that was approved by the Board of Directors, it is concluded that the tax benefit is very likely to be realized.

Notes to the Consolidated Financial Statements

The amounts of future deductible temporary differences, tax loss carry-forwards, and tax credit carry-forwards for which no deferred tax assets are recognized are as follows:

	Millions of yen	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Future deductible temporary differences	¥ 7,284	¥ 8,612
Tax loss carry-forwards	10,427	8,677
Total	¥17,711	¥17,289
Tax credit carry-forwards	¥ 104	¥ —

Unrecognized deferred tax assets related to the above are 4,414 million yen, and 4,123 million yen at the end of the previous fiscal year (March 31, 2014), and the end of the current fiscal year (March 31, 2015), respectively.

Future deductible temporary differences and tax loss carry-forwards are measured based on a taxable profit basis, while tax credit carry-forwards are measured based on a tax basis.

The expiration period for tax loss carry-forwards for which no deferred tax assets are recognized is as follows:

	Millions of yen	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
First year	¥ —	¥ —
Second year	—	—
Third-year	—	—
Fourth-year	—	—
Fifth and subsequent years	10,427	8,677
Total	¥10,427	¥8,677

The above tax loss carry-forwards are mainly generated by foreign subsidiaries.

Although the Anritsu Group applies the consolidated taxation system in Japan, it is not applicable to regional taxes (inhabitant tax and business tax); therefore, the above amounts do not include future deductible temporary differences or tax loss carry-forwards related to such regional taxes for which no deferred tax assets are recognized. Future deductible temporary differences for regional taxes (inhabitant tax and business tax) are 8,782 million yen, and 10,421 million yen at the end of the previous fiscal year (March 31, 2014), and the end of the current fiscal year (March 31, 2015), respectively. Tax loss carry-forwards

related to regional taxes are 2,219 million yen for inhabitant tax and 2,186 million yen for business tax as of the end of the previous fiscal year (March 31, 2014), and 2,107 million yen for inhabitant tax and 1,991 million yen for business tax as of the end of the current fiscal year (March 31, 2015). Unrecognized deferred tax assets related to these amounts are 1,335 million yen and 1,065 million yen at the end of the previous fiscal year (March 31, 2014), and the end of the current fiscal year (March 31, 2015), respectively.

The expiration period for the loss carry-forwards related to inhabitant tax and business tax is 9 years.

(2) Income Tax Expense

The detailed information on Income Tax Expense is as follows:

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Current tax expense		
Current fiscal year	¥4,532	¥2,689
Adjustment for prior years	64	(151)
Total current tax expense	4,596	2,538
Deferred tax expense		
Origination and reversal of temporary differences	(63)	493
Change in tax rates	275	630
Recognition of previously unrecognized tax loss carry-forwards and temporary differences	113	56
Total deferred tax expenses	325	1,179
Total	¥4,921	¥3,717

Reconciliations of the actual and applicable tax rates are as follows:

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Applicable tax rate	38.0%	35.6%
Non-deductible expenses	0.9	3.1
Effect of the different tax rates at foreign subsidiaries	(3.0)	(4.9)
Effect of unrecognized tax loss carry-forwards or temporary differences	1.6	0.1
Effect of change in tax rates	1.9	5.4
Tax credit	(6.1)	(8.8)
Other	1.3	1.6
Actual tax rate	34.6%	32.1%

The Company is mainly subject to income tax (at rates of 25.5% in FY2014), inhabitant tax (20.5%), and business tax (7.5%), and the applicable tax rates based on such were 35.6% in FY2014. Foreign subsidiaries, however, are subject to income taxes where they are located.

On March 31, 2015, "Act on Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015) and "Act on Partial Revision of the Local Tax Act, etc." (Act No. 2 of 2015) were promulgated.

As a result, the reduction of the income tax rate which is applicable to the Company and its domestic subsidiaries will be implemented for the fiscal year commencing on or after April 1, 2015. In line with this change, the effective statutory tax rates used to measure deferred tax assets and liabilities related to the temporary difference expected to be realized or settled from April 1, 2015 to March 31, 2016 and on or after April 1, 2016 are changed from 35.6% to 33.0% and 32.2%, respectively.

25. Total Equity and Other Capital Items

(1) Number of Issued Shares and Treasury Stock

	Balance at March 31, 2014	Balance at March 31, 2015
The classification of shares	Ordinary shares with no par-value	Ordinary shares with no par-value
Number of authorized shares	400,000,000	400,000,000
Number of issued shares		
Balance at beginning of fiscal year	143,956,194	143,956,194
Retirement of treasury stock (Note 2)	—	(5,840,900)
Balance at end of fiscal year	143,956,194	138,115,294
Treasury stock		
Balance at beginning of fiscal year	642,176	643,246
Purchase of treasury stock (Note 1)	1,070	5,841,637
Retirement of treasury stock (Note 2)	—	(5,840,900)
Balance at end of fiscal year	643,246	643,983

Notes: 1. Out of the treasury stock purchased, 5,840,900 shares are the purchase in accordance with the provisions of Article 156 of the Companies Act, which was resolved at the Board of Directors meeting held on October 30, 2014. The remaining 737 shares are the increase due to purchase of shares less than one unit.

2. The retirement of treasury stock is in accordance with the provisions of Article 178 of the Companies Act, which was resolved at the Board of Directors meeting held on January 29, 2015. The treasury stock was retired on February 16, 2015.

(2) Additional Paid-in Capital

The main components of additional paid-in capital are as follows:

1. Capital Surplus

Japan's Company Law requires at least a half of contributions for the issuance of shares be classified as common stock, with the remaining portion to be classified common stock as capital surplus.

2. Equity Elements of Compound Financial Instruments

These are amounts classified as capital elements upon issuance and redemption of bonds with subscription rights to shares.

(3) Retained Earnings

Retained earnings comprise the following categories:

1. Legal Earnings Reserve

The Company Law provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or legal reserve until an aggregate amount of additional paid-in capital and legal reserve equals 25% of common stock.

2. Cumulative Translation Differences at Transition Date

The cumulative translation differences of foreign operations at the date of transition to IFRS are deemed zero as a result of the exemption under first-time adoption of IFRS.

3. Remeasurement of Defined Benefit Plans

Remeasurements of the defined benefit plans comprise actuarial gains (losses), the return on plan assets excluding the net

interest on the net defined benefit liabilities, and any changes in the effect of the asset ceiling. Actuarial gains (losses) are adjustments resulting from the effects of changes in actuarial assumptions and experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred). The return on plan assets refers to the income derived from the plan assets, while changes in the effect of the asset ceiling refer to the adjustments from changes in the present value of the future economic benefit available to the entity in the form of a refund from the plan or a reduction in future contributions to the plan, in the event of overfunding where the fair value of the plan assets exceeds the present value of defined benefit liabilities. The return on plan assets and changes in the effect of the asset ceiling are recognized in a remeasurement of

the defined benefit plans after excluding amounts included in net interest on the defined benefit liability, which is determined based on the discount rate used to calculate the present value of the defined benefit obligation and is recognized through profit or loss.

In accordance with IAS 19 "Employee Benefits," the Anritsu Group recognizes all actuarial gains and losses in other comprehensive income in the period they are incurred, and immediately reclassified them to retained earnings.

4. Other Retained Earnings

These include the general reserve and retained earnings brought forward. These accounts represent the Anritsu Group's cumulative earnings.

(4) Other Components of Equity

The details of other components of equity are as follows:

1. Translation Differences for Foreign Operations

These are translation differences arising from translation of the financial statements of foreign operations.

The balances of translation differences for foreign operations at the beginning and end of previous and current periods are as follows:

	End of FY2013 as of March 31, 2014	Millions of yen End of FY2014 as of March 31, 2015
Balance at beginning of fiscal year	¥2,320	¥4,743
Balance at end of the fiscal year	4,743	7,435

2. Changes in Financial Assets Measured at Fair Value through Other Comprehensive Income

These are the differences between the acquisition costs and fair values of financial assets measured at FVTOCI, which are generated until the relevant financial assets are derecognized.

3. Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method

This is the Company's share of translation differences arising from translation of the financial statements of foreign operations, which are accounted for using the equity method.

26. Business Combination

There is no significant business combination to be disclosed.

27. Dividends

Year ended March 31, 2014

(1) Amount of dividend paid

Resolution	Classes of shares	Millions of yen		Record date	Effective date
		Total dividends	Dividends per share		
June 26, 2013					
Ordinary general meeting of shareholders	Ordinary shares	¥1,791	¥12.50	March 31, 2013	June 27, 2013
October 30, 2013					
Board of Directors meeting	Ordinary shares	1,434	10.00	September 30, 2013	December 3, 2013

(2) Amount of dividend in which the record date belongs to the fiscal year ended March 31, 2014, whereas its effective date belongs to the following fiscal year

Resolution	Classes of shares	Millions of yen		Yen		Record date	Effective date
		Total dividends	Sources of dividends	Dividends per share			
June 26, 2014							
Ordinary general meeting of shareholders	Ordinary shares	¥1,434	Retained earnings	¥10.00		March 31, 2014	June 27, 2014

- Year ended March 31, 2015

(1) Amount of dividend paid

Resolution	Classes of shares	Millions of yen	Yen	Record date	Effective date
		Total dividends	Dividends per share		
June 26, 2014 Ordinary general meeting of shareholders	Ordinary shares	¥1,434	¥10.00	March 31, 2014	June 27, 2014
October 30, 2014 Board of Directors meeting	Ordinary shares	1,719	12.00	September 30, 2014	December 3, 2014

(2) Amount of dividend in which the record date belongs to the fiscal year ended March 31, 2015, whereas its effective date belongs to the following fiscal year

Resolution	Classes of shares	Millions of yen	Sources of dividends	Yen	Record date	Effective date
		Total dividends		Dividends per share		
June 25, 2015 Ordinary general meeting of shareholders	Ordinary shares	¥1,650	Retained earnings	¥12.00	March 31, 2015	June 26, 2015

28. Share-based Payments

(1) Details of Equity-settled Share-based Payment Plan

The Anritsu Group has a stock option plan. The objectives of this plan are to motivate the directors and employees of the Company and its subsidiaries for improving business performances, encourage management in keeping with the interests of shareholders and stock prices, and boost the Anritsu Group's corporate value.

Under this plan, blocks of 100 ordinary shares (blocks of 1,000 shares for fiscal year ended March 31, 2013 or before) with subscription warrants are granted at no charge to recipients as of the grant date. The exercise price of these warrants is 1.05 multiplied by the average closing price (with fractions of less than one yen rounded up) in regular trading of the Company's ordinary shares on the Tokyo Stock Exchange on each day (excluding days on which there are no transactions) of the month prior to the allotment date of the subscription warrants. If, however, the amount is less than the closing price (or if there are no trades, the immediately preceding closing price) of regular trading of the Company's ordinary shares on the subscription warrant allotment date, the exercise price shall be the relevant closing price.

The exercise period is determined in the allocation agreement. The relevant options expire if not exercised during that period. Grant recipients must be directors or employees of the Company

or its subsidiaries, including when exercising the options. Recipients losing status by resigning or retiring during the options' exercise period may exercise the options for up to one year after such loss of status.

Recipients of No. 8 and No. 9 stock options granted on September 1, 2011, losing their positions by resigning or retiring by August 31, 2014, may exercise the options for up to one year from September 1, 2014. Recipients of No. 10 and No. 11 stock options granted on August 20, 2012, losing their positions by resigning or retiring by August 20, 2015, may exercise the options for up to one year from August 21, 2015. Recipients of No. 12 and No. 13 stock options granted on August 21, 2013, losing their positions by resigning or retiring by August 21, 2016, may exercise the options for up to one year from August 22, 2016. Recipients of No. 14 and No. 15 stock options granted on September 1, 2014, losing their positions by resigning or retiring by August 31, 2017, may exercise the options for up to one year from September 1, 2017.

The Company accounts for stock options granted to eligible individuals as equity-settled share-based payments. The payment amounts recognized as expenses are 82 million yen in the previous fiscal year (From April 1, 2013 to March 31, 2014), and 25 million yen in the current fiscal year (From April 1, 2014 to March 31, 2015).

The Anritsu Group's stock option plans for the previous and current fiscal years are as follows:

	Number of shares granted	Grant date	Exercise period	Yen
				Exercise price
No. 8	82,000	September 1, 2011	September 1, 2014 through August 31, 2016	¥ 908
No. 9	124,000	September 1, 2011	September 1, 2014 through August 31, 2016	908
No. 10	41,000	August 20, 2012	August 21, 2015 through August 20, 2017	1,002
No. 11	110,000	August 20, 2012	August 21, 2015 through August 20, 2017	1,002
No. 12	42,000	August 21, 2013	August 22, 2016 through August 21, 2022	1,295
No. 13	190,000	August 21, 2013	August 22, 2016 through August 21, 2022	1,295
No. 14	42,000	September 1, 2014	September 1, 2017 through August 31, 2023	956
No. 15	85,500	September 1, 2014	September 1, 2017 through August 31, 2023	956

(2) Total Number of Exercisable Shares and Average Exercise Price

	Yen		Yen	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	FY2013 (From April 1, 2013 to March 31, 2014)		FY2014 (From April 1, 2014 to March 31, 2015)	
Outstanding balance at beginning of fiscal year	357,000	¥ 948	589,000	¥1,085
Granted during year	232,000	1,295	127,500	956
Cancelled during year	—	—	—	—
Exercised during year	—	—	—	—
Matured and expired during year	—	—	—	—
Outstanding balance at end of fiscal year	589,000	1,085	716,500	1,062
Options exercisable at end of year	—	—	206,000	908

The exercise prices of stock options unexercised at the end of the previous fiscal year ranged from 908 yen to 1,295 yen. The weighted average remaining contractual period was 5.0 years. There are no stock options exercised during the previous fiscal year.

The exercise prices of stock options unexercised at the end of the current fiscal year ranged from 908 yen to 1,295 yen. The weighted average remaining contractual period was 4.8 years. There are no stock options exercised during the current fiscal year.

(3) Measurement of Fair Value of Stock Options

The Company adopts the Black-Scholes model to assess the fair value of equity-settled share-based payments. The assumptions used to measure fair value are shown below. The projected

volatility is calculated by collecting daily share price information based on the most recent period corresponding to the expected length of time since the grant date.

	Yen			
	No. 8 and No. 9	No. 10 and No. 11	No. 12 and No. 13	No. 14 and No. 15
Fair value at the grant date	¥ 309	¥ 292	¥ 352	¥ 199
Share price at the grant date	895	968	1,260	885
Exercise price	908	1,002	1,295	956
Projected volatility (%)	48.30	45.80	39.10	36.40
Expected remaining period (years)	3.9	3.9	4.8	4.8
Dividend yield (%)	0.78	1.55	1.59	2.26
Risk-free rate (%)	0.26	0.15	0.26	0.15

29. Financial Instruments

In this section, financial assets measured at fair value through profit or loss are referred to as “Financial Assets measured at FVTPL”, financial assets measured at fair value through other comprehensive income are referred to as “Financial Assets Measured at FVTOCI,” and financial liabilities measured at fair value through profit or loss are referred to as “Financial Liabilities measured at FVTPL.”

(1) Capital Management

The Anritsu Group aims to maximize corporate value, and prioritizes cash flows in management, using the proprietary “ACE (see note)” metric to assess the results of each business by evaluating the added value generated by capital invested.

The Anritsu Group prioritizes the following capital management benchmarks.

- ACE improvements (see note) (Achievement of net operating profit after tax less an adjustment for the cost of capital)
- Asset turnover improvements
- Cash management system to reduce interest-bearing debt
- Debt-to-equity ratio (see note) improvements
- Enhancing shareholders’ equity and the dividends on equity (DOE)

Note: ACE (Anritsu Capital-cost Evaluation): Net operating profit after tax – Cost of capital
Debt-to-equity ratio: Interest-bearing debt / Shareholders’ equity

The Anritsu Group is not subject to significant externally imposed capital regulations.

(2) Market Risks

The Anritsu Group’s activities are exposed to market risks stemming from fluctuations in the economic and financial environments. These risks relate specifically to interest rates, foreign currency exchange and changes in the prices of equity instruments.

1. Interest Rate Risk

Some borrowings are subject to floating interest rates and therefore exposed to interest rate fluctuation risks. The Anritsu Group uses derivatives (interest rate swaps) as hedges to fix the rate of interest expenses and thereby avoid risks.

- Sensitivity Analysis for Borrowings subject to Floating Rate

The Anritsu Group's sensitivity analysis to interest rate exposure is shown below. This analysis assumes that all other

variables are constant, and presents the impact on profit (loss) before tax in the consolidated statement of profit or loss and other comprehensive income in case of a 1% increase or decrease in interest rates. The analysis below shows sensitivity with respect to the outstanding balance of borrowings subject to the floating rate after excluding portions for which interest rates are substantially fixed as a result of interest rate swaps.

End of FY2013 as of March 31, 2014	Millions of yen	
	1% increase	1% decrease
Profit (loss) before tax	¥(69)	¥69

End of FY2014 as of March 31, 2015	Millions of yen	
	1% increase	1% decrease
Profit (loss) before tax	¥(66)	¥66

2. Foreign Currency Exchange Risk

The Anritsu Group operates globally and is therefore exposed to foreign currency exchange risks on transactions that are denominated in a currency other than the respective functional currencies of group companies. The primary currencies in such transactions are the Japanese yen, the U.S. dollar, and the Euro.

Although trade receivables denominated in foreign currencies are exposed to exchange rate fluctuations, the Company and some consolidated subsidiaries generally use forward exchange contracts to hedge the risks of currency fluctuations. The Anritsu Group is also exposed to foreign currency exchange risks for trade payables from transactions that are denominated in foreign currencies for raw materials and other imports.

The Anritsu Group's exposures to foreign currency exchange risks are as follows.

End of FY2013 as of March 31, 2014	Millions of yen		
	Japanese yen	U.S. dollar	Euro
Net exposure (in thousands of units of relevant currency)	¥194 (—)	¥6,582 (US\$63,974 thousand)	¥1,027 (€7,256 thousand)

End of FY2014 as of March 31, 2015	Millions of yen		
	Japanese yen	U.S. dollar	Euro
Net exposure (in thousands of units of relevant currency)	¥31 (—)	¥11,793 (US\$98,149 thousand)	¥895 (€6,867 thousand)

- Sensitivity Analysis for Foreign Currency

The Anritsu Group's sensitivity analysis to foreign currency exchange exposure is shown below. This analysis assumes that all other variables are constant, and presents the foreign currency exposure impact on profit (loss) before tax in the consolidated

statement of profit or loss and other comprehensive income in case of a 1% appreciation of the Japanese yen as of the reporting date. The analysis below shows only the translation impact, and the projected revenue, goods purchases or other impacts are not taken into consideration.

	Millions of yen	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Japanese yen	¥ 2	¥ 0
U.S. dollar	(66)	(118)
Euro	(10)	(9)

Note: The impact of the Japanese yen on profit or loss stems from the yen-denominated financial assets or liabilities held by foreign subsidiaries.

3. Risks of Equity Instrument Price Fluctuations

The Anritsu Group owns listed shares of companies with which it has business relationships, and is exposed to the risks of price fluctuations of equity instruments. The Anritsu Group regularly conducts financial evaluations of market prices and issuers (companies with which it conducts transactions) and conducts ongoing reviews of holdings of these shares.

• Sensitivity Analysis for Equity Instruments

The Anritsu Group's sensitivity analysis to fluctuations in equity instrument prices is shown below. This analysis assumes that all other variables are constant and presents the impact of a 10% decline in the prices of listed shares on other comprehensive income (after tax) in the consolidated statement of profit or loss and other comprehensive income.

	End of FY2013 as of March 31, 2014	Millions of yen End of FY2014 as of March 31, 2015
Other comprehensive income	¥(66)	¥(63)

(3) Credit Risk

Credit risk is the Anritsu Group's risk of financial losses if a customer or financial instrument counterparty cannot fulfill contractual obligations.

The credit risks for transactions in cash and cash equivalents are limited because they are with financial institutions that have high credit standings.

The Anritsu Group is exposed to credit risks from customers for trade and other receivables. In keeping with its credit management regulations, the Company addresses the risks for trade and other receivables by having its sales management department regularly monitor situations with key business partners and manage due dates and balances for each of these partners while swiftly identifying and reducing recovery concerns stemming from deteriorating financial positions. Consolidated subsidiaries perform similar oversight in keeping with the Company's credit management rules.

The Anritsu Group is exposed to the credit risks of financial institutions with which it has contracted for derivatives included in other financial assets and other financial liabilities. The possibility of breaches of contract is considered minimal because agreements for these financial instruments are only with financial institutions with high quality credit standings.

The Anritsu Group is exposed to the credit risks of parties for which it makes loan guarantees, but these risks are limited to the Anritsu Group's employees and subsidiaries.

The carrying value of financial assets, net of impairment losses, in the consolidated statement of financial position and the amounts of guarantee obligations recorded in "Note 43. Contingencies" are the maximum exposure to credit risk, without taking valuations of credit enhancements into consideration.

The aging analyses of trade and other receivables which are past due but not written down are as follows:

	End of FY2013 as of March 31, 2014	Millions of yen End of FY2014 as of March 31, 2015
Within 30 days past due	¥ 966	¥ 908
Within 6 months past due	1,141	1,756
Within 1 year past due	94	197
Total	¥2,201	¥2,861

The above shows the carrying value before allowance for doubtful accounts. For trade and other receivables, there are certain deposits received as credit enhancements (393 million yen in the previous fiscal year, and 378 million yen in the current fiscal year).

Changes in the allowance for doubtful accounts are as follows:

	FY2013 (From April 1, 2013 to March 31, 2014)	Millions of yen FY2014 (From April 1, 2014 to March 31, 2015)
Balance at beginning of fiscal year	¥279	¥259
Provisions	86	145
Amount used	(6)	(2)
Other	(100)	(53)
Balance at end of fiscal year	¥259	¥349

Some trade and other receivables that are individually uncollectible after considering customer financial positions, the statuses of payment delays, and other factors are 178 million yen at the end of the previous fiscal year, and 218 million yen at the end of the current fiscal year. The allowance for doubtful accounts is set up in full for these uncollectible amounts.

(4) Liquidity Risk

Liquidity risk is the risk that the Anritsu Group will encounter difficulty in meeting the obligations relating to its financial liabilities that are settled by delivering cash or other financial assets.

Although trade and other payables, bonds and borrowings, and other financial liabilities are exposed to liquidity risks, the Anritsu Group manages these risks by producing and updating

timely funding plans while maintaining liquidity in hand and facility of borrowings from financial institutions.

The analysis below shows the remaining contractual maturities of financial liabilities at the end of the reporting period. The stated contractual cash flows are on an undiscounted basis, including interest payments.

End of FY2013 as of March 31, 2014	Millions of yen							
	Carrying amounts	Contractual cash flow	1 year or less	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years
Non-derivative financial liabilities:								
Trade and other payables	¥ 8,844	¥ 8,844	¥ 8,451	¥ —	¥ —	¥ —	¥—	¥ 393
Bonds and borrowings	18,859	19,231	7,051	5,077	57	6,033	9	1,004
Other financial liabilities	334	355	243	67	27	10	5	3
Guarantee obligations	—	1,017	807	26	24	23	22	115
Derivative financial liabilities:								
Other financial liabilities	19	19	19	—	—	—	—	—
Total	¥28,056	¥29,466	¥16,571	¥5,170	¥108	¥6,066	¥36	¥1,515

End of FY2014 as of March 31, 2015	Millions of yen							
	Carrying amounts	Contractual cash flow	1 year or less	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years
Non-derivative financial liabilities:								
Trade and other payables	¥11,915	¥11,915	¥11,537	¥ —	¥ —	¥—	¥ —	¥378
Bonds and borrowings	16,065	16,323	6,684	67	6,044	19	3,509	—
Other financial liabilities	177	187	74	49	28	22	12	2
Guarantee obligations	—	797	624	23	22	21	20	87
Derivative financial liabilities:								
Other financial liabilities	13	13	13	—	—	—	—	—
Total	¥28,170	¥29,235	¥18,932	¥139	¥6,094	¥62	¥3,541	¥467

(5) Presentation of Offsetting Financial Assets and Financial Liabilities

Financial assets recognized in the consolidated statement of financial position were 72,518 million yen in the previous fiscal year and 63,582 million yen in the current fiscal year, while financial liabilities recognized likewise were 28,055 million yen in

the previous fiscal year and 28,170 million yen in the current fiscal year. These financial assets and financial liabilities are not offset.

(6) Fair Value

1. Fair Value and Carrying Amounts

The fair values and carrying values in the consolidated statement of financial position of financial assets and liabilities are as follows:

	Millions of yen			
	End of FY2013 as of March 31, 2014		End of FY2014 as of March 31, 2015	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Assets measured at fair value				
Financial assets measured at FVTOCI:				
Other financial assets	¥ 2,209	¥ 2,209	¥ 2,184	¥ 2,184
Financial assets measured at FVTPL:				
Other financial assets	3	3	12	12
Assets measured at amortized cost:				
Cash and cash equivalents	43,215	43,215	34,916	34,916
Trade and other receivables	25,995	25,995	25,206	25,206
Other financial assets	1,096	1,096	1,264	1,264
Liabilities measured at fair value				
Financial liabilities measured at FVTPL:				
Other financial liabilities	19	19	13	13
Liabilities measured at amortized cost:				
Trade and other payables	8,844	8,844	11,915	11,915
Bonds and borrowings	18,859	18,978	16,065	16,105
Other financial liabilities	334	352	177	183

2. Fair Value Calculation Method for Financial Instruments

- Cash and Cash Equivalents, Trade and Other Receivables, and Trade and Other Payables

Current items of cash and cash equivalents, trade and other receivables, and trade and other payables are settled in a short period, and non-current items are subject to a market interest rate. Therefore, carrying amounts of these financial instruments are at approximate reasonable fair values.

- Other Financial Assets and Other Financial Liabilities

For time deposits with original maturities of over three months among other financial assets, their carrying amounts reasonably approximate fair value as they are settled in a short period. Investment securities are treated as financial assets measured at FVTOCI; listed shares are measured at market prices from the stock exchange; and the value of unlisted shares is determined based on comparable company valuation multiples (a method of

determining multiples of various financial figures against the market stock price of similar listed companies, adjusted as necessary).

Derivatives, as financial assets or liabilities measured at FVTPL, are measured based on prices provided by correspondent financial institutions.

Lease obligations are measured by discounting the future cash flows using a discount rate to be applied in the case where a similar type of contract is newly entered into.

- Bonds and Borrowings

Borrowings are measured by discounting the future cash flows using a discount rate to be applied in the case where a similar type of contract is newly entered into.

Straight bonds are measured based on prices provided by correspondent financial institutions.

3. Fair Value Measurements Recognized in the Financial Statements

Below is an analysis for financial instruments recognized at fair value, by the levels of the fair value hierarchy. The different levels have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities, either direct or indirectly.

Level 3: Inputs for assets or liabilities that are not based on observable market data.

- Financial instruments measured at the fair value

End of FY2013 as of March 31, 2014	Millions of yen			Total
	Level 1	Level 2	Level 3	
Financial assets measured at FVTOCI:				
Other financial assets	¥1,019	¥—	¥1,190	¥2,209
Financial assets measured at FVTPL:				
Other financial assets	—	3	—	3
Total assets	¥1,019	¥ 3	¥1,190	¥2,212
Financial assets measured at FVTPL:				
Other financial liabilities	¥ —	¥19	¥ —	¥ 19
Total liabilities	¥ —	¥19	¥ —	¥ 19

Note: During the previous fiscal year, there were no significant transfers between the Level 1 or Level 2 of the fair value hierarchy.

End of FY2014 as of March 31, 2015	Millions of yen			Total
	Level 1	Level 2	Level 3	
Financial assets measured at FVTOCI:				
Other financial assets	¥927	¥—	¥1,257	¥2,184
Financial assets measured at FVTPL:				
Other financial assets	—	12	—	12
Total assets	¥927	¥12	¥1,257	¥2,196
Financial assets measured at FVTPL:				
Other financial liabilities	¥ —	¥13	¥ —	¥ 13
Total liabilities	¥ —	¥13	¥ —	¥ 13

Note: During the current fiscal year, there are no significant transfers between the Level 1 or Level 2 of the fair value hierarchy.

- Reconciliation from the beginning balances to the ending balances of financial instruments classified in Level 3 of the fair value hierarchy.

End of FY2013 as of March 31, 2014	Millions of yen
	Financial assets measured at FVTOCI
Balance at beginning of fiscal year	¥1,138
Other comprehensive income	57
Acquisition	—
Disposal	(5)
Balance at end of fiscal year	¥1,190

End of FY2014 as of March 31, 2015	Millions of yen
	Financial assets measured at FVTOCI
Balance at beginning of fiscal year	¥1,190
Other comprehensive income	67
Acquisition	—
Disposal	—
Balance at end of fiscal year	¥1,257

Although the Anritsu Group uses comparable company valuation multiples to measure the fair values of unlisted shares, the result of such measurements of fair value may differ from the one provided by other techniques such as valuation models based on undiscounted future cash flows or net assets. In a calculation under the comparable company valuation multiples technique, multiple listed companies are constantly selected for comparison. In addition, illiquidity discount is taken into consideration in the calculation.

(7) Details of Financial Assets Measured at FVTOCI

The fair values of major stocks included in “Other Financial Assets measured at FVTOCI” held as of the end of the previous fiscal year and the end of the current fiscal year are as follows:

End of FY2013 as of March 31, 2014		Millions of yen
Listed shares		
KDDI Corporation		¥ 371
NEC Corporation		293
Kyowa Exeo Corporation		160
Others		195
Listed shares subtotal		1,019
Unlisted shares		
Communication equipment industry		449
Leasing industry		288
Others		453
Unlisted shares subtotal		1,190
Total		¥2,209

End of FY2014 as of March 31, 2015		Millions of yen
Listed shares		
NEC Corporation		¥ 327
KDDI Corporation		169
Kyowa Exeo Corporation		155
Others		276
Listed shares subtotal		927
Unlisted shares		
Communication equipment industry		502
Leasing industry		337
Others		418
Unlisted shares subtotal		1,257
Total		¥2,184

Dividends on investments held as of the fiscal year-end are 49 million yen and 84 million yen in the previous fiscal year and current fiscal year, respectively.

For fair value measurement in Level 3 of the fair value hierarchy, changing one or more assumptions used to reasonably possible alternative assumptions could have some effects. The effect on other comprehensive income (after tax) resulting from changing the illiquidity discount within the range of plus or minus 10% is as follows:

	Millions of yen			
	End of FY2013 as of March 31, 2014		End of FY2014 as of March 31, 2015	
	Beneficial impact	Adverse impact	Beneficial impact	Adverse impact
Other comprehensive income	¥109	¥(109)	¥121	¥(121)

(8) Derecognition of Financial Assets Measured at FVTOCI

“Other Financial Assets measured at FVTOCI” derecognized during the previous fiscal year and current fiscal year are as follows:

FY2013 (From April 1, 2013 to March 31, 2014)	Millions of yen		
	Fair value at the time of derecognition	Cumulative gains or losses	Dividend income
	¥5	¥—	¥1

Note: During the fiscal year, there are no cumulative gains (after tax) reclassified from other components of equity to retained earnings.

FY2014 (From April 1, 2014 to March 31, 2015)	Millions of yen		
	Fair value at the time of derecognition	Cumulative gains or losses	Dividend income
	¥—	¥—	¥—

Note: During the fiscal year, there are no cumulative gains (after tax) reclassified from other components of equity to retained earnings.

30. Revenue

Details of revenue are as follows:

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Revenue from products	¥ 86,522	¥84,185
Revenue from services	15,331	14,655
Total	¥101,853	¥98,840

31. Selling, General and Administrative Expenses

Details of selling, general and administrative expenses are as follows:

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Personnel expenses	¥18,226	¥18,340
Travel and transportation expenses	1,876	1,985
Advertising expenses	1,801	1,892
Depreciation and amortization expenses	722	1,004
Others	5,996	6,385
Total	¥28,621	¥29,606

32. Research and Development Expense

Details of research and development expense are as follows:

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Material expenses	¥ 3,025	¥ 3,414
Personnel expenses	7,734	7,970
Others	1,468	1,556
Total	¥12,227	¥12,940

33. Other Income

Details of other income are as follows:

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Reversal of impairment loss	¥ —	¥ 573
Others	522	444
Total	¥522	¥1,017

34. Other Expenses

Details of other expenses are as follows:

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Impairment loss	¥ 87	¥ 86
Loss on disposal or sale of property, plant and equipment	10	78
Others	409	116
Total	¥506	¥280

35. Personnel Expenses

Details of personnel expenses are as follows:

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Wage and salary	¥30,765	¥32,007
Welfare expenses	6,393	6,580
Retirement benefit expense	1,632	1,686
Others	2,179	1,924
Total	¥40,969	¥42,197

Note: Personnel expenses are recorded in "Cost of sales," "Selling, general and administrative expenses," and "Research and development expense."

36. Finance Income and Costs

Details of finance income are shown below.

In this section, financial assets measured at fair value through other comprehensive income are referred to as "Financial Assets Measured at FVTOCI."

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Interest income:		
Financial assets measured at amortized cost	¥109	¥ 123
Dividends income:		
Financial assets measured at FVTOCI	50	84
Foreign exchange gains	520	1,002
Other	8	51
Total	¥687	¥1,260

Details of finance costs are as follows:

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Interest expenses:		
Financial liabilities measured at amortized cost	¥271	¥194
Other	309	441
Total	¥580	¥635

37. Other Comprehensive Income

The components of other comprehensive income in the previous fiscal year and the current fiscal year are shown below. In this section, financial assets measured at fair value through other comprehensive income are referred to as "Financial Assets Measured at FVTOCI."

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Items that will not be reclassified to profit or loss		
Changes in financial assets measured at FVTOCI		
Increase during the fiscal year	¥ 273	¥ (8)
Total changes in financial assets measured at FVTOCI	273	(8)
Remeasurements of defined benefit plans		
Increase during the fiscal year	1,489	1,339
Total remeasurements of defined benefit plans	1,489	1,339
Total	1,762	1,331
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation		
Increase during the fiscal year	2,421	2,692
Total exchange differences on translation	2,421	2,692
Total	2,421	2,692
Total other comprehensive income	¥4,183	¥4,023

Corporate income taxes relating to each component of other comprehensive income are as follows:

	Millions of yen					
	FY2013 (From April 1, 2013 to March 31, 2014)			FY2014 (From April 1, 2014 to March 31, 2015)		
	Before taxes	Income tax expense	After taxes	Before taxes	Income tax expense	After taxes
Items that will not be reclassified to profit or loss						
Changes in financial assets measured at FVTOCI	¥ 423	¥(150)	¥ 273	¥ (30)	¥ 22	¥ (8)
Remeasurements of defined benefit plans	2,297	(808)	1,489	1,978	(639)	1,339
Total	2,720	(958)	1,762	1,948	(617)	1,331
Items that may be reclassified subsequently to profit or loss						
Exchange differences on transactions	2,421	—	2,421	2,692	—	2,692
Total	2,421	—	2,421	2,692	—	2,692
Total other comprehensive income	¥5,141	¥(958)	¥4,183	¥4,640	¥(617)	¥4,023

38. Earnings Per Share (attributable to owners of parent)

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Profit attributable to owners of parent	¥9,305	¥7,858
Adjusted profit used for diluted earnings per share		
Interest expenses (net of tax)	—	—
Profit used in calculation of diluted earnings per share	9,305	7,858
	Shares	
Weighted average number of issued and outstanding shares	143,313,484	141,017,097
Increase in number of shares used in the calculation of diluted earnings per share		
Increase by stock options	83,128	6,344
Weighted average number of issued and outstanding shares used in the calculation of diluted earnings per share	143,396,612	141,023,441
	Yen	
Basic earnings per share	¥64.93	¥55.72
Diluted earnings per share	64.89	55.72

39. Non-cash Transactions

Details of non-cash transactions are as follows:

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Acquisition of assets through finance leases	¥27	¥85
Total	¥27	¥85

40. Operating Leases

• Leases as lessee

Lease payments under operating lease agreements recognized as expenses in each reporting period are as follows:

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Minimum lease payments	¥1,303	¥1,419
Total lease payments	¥1,303	¥1,419

Note: Minimum lease payments are recorded in "Cost of sales," "Selling, general and administrative expenses," and "Research and development expense" in the consolidated statement of profit or loss and other comprehensive income.

Future minimum lease payments for non-cancelable operating leases are as follows:

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Less than 1 year	¥ 514	¥ 590
Between 1 and 5 years	653	650
Over 5 years	8	47
Total	¥1,175	¥1,287

Note: Operating lease payment represents rent payment the Anritsu Group is obligated to pay for buildings and structures, tools, furniture and fixtures, and machinery, equipment and vehicles. Although some agreements provide rights for renewal, there are no significant provisory clauses such as purchase options, sublease agreements, or escalation clauses (provisions that require increases in lease payments).

41. Related Parties

(1) Major Subsidiaries

Name	Business	Location	Percentage ownership (%)	
			End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Anritsu Industrial Solutions Co., Ltd.	Industrial Automation	Atsugi-City, Kanagawa	100%	100%
Anritsu Networks Co., Ltd.	Other	Atsugi-City, Kanagawa	100	100
Anritsu Real Estate Co., Ltd.	Other	Atsugi-City, Kanagawa	100	100
Anritsu U.S. Holding, Inc.	Test and Measurement	CA, USA	100	100
Anritsu Company	Test and Measurement	CA, USA	100	100
Anritsu EMEA Ltd.	Test and Measurement	Bedfordshire, UK	100	100
Anritsu Company Ltd.	Test and Measurement	Kowloon, Hong Kong	100	100
Anritsu A/S	Test and Measurement	Copenhagen, Denmark	100	100

(2) Transactions with Related Parties

- Previous fiscal year

There are no significant related party transactions (excluding those eliminated in the consolidated financial statements) to be disclosed.

- Current fiscal year

There are no significant related party transactions (excluding those eliminated in the consolidated financial statements) to be disclosed.

(3) Payments to Key Executives

	Millions of yen	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Compensation and bonuses	¥264	¥263
Share-based payments	15	8
Total	¥279	¥271

42. Commitments

Contracted but not executed significant commitments as of the end of each fiscal year are as follows:

	Millions of yen	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Property, plant and equipment	¥5,784	¥—
Total	¥5,784	¥—

43. Contingencies

- Contingent Liabilities

The Anritsu Group provides guarantees to financial institutions for Group employees' housing loans, operationally contracted performance and as shown below:

	Millions of yen	
	End of FY2013 as of March 31, 2014	End of FY2014 as of March 31, 2015
Guarantees for employees	¥ 236	¥197
Operationally contracted guarantees	781	600
Total	¥1,017	¥797

(Guarantees for Employees)

The longest period of the guarantee is through 2032. If the Anritsu Group employees fail to repay their housing loans which are subject to guarantees, the Anritsu Group is required to cover such debts. These guaranty obligations are secured by each employee's house as collateral.

(Operationally Contracted Guarantees)

The longest period of the guarantee is through 2015. The guarantees cover operationally contracted performance and other obligations of the Company's subsidiaries. If a subsidiary fails to fulfill these obligations, the Company is required to cover the relevant obligations.

- Contingent Assets: None

44. Subsequent Events

The Company has issued unsecured bonds as follows:

<The six-round unsecured bond>

Issue date: June 19, 2015

Maturity date: June 19, 2020

Principal amount: ¥8 billion

Issue price (per ¥100 of face value): ¥100

Yearly coupon rate: 0.447%

Use of fund: Working capital and capital investment

(Reference Information)

Consolidated quarterly information for the current fiscal year

	Millions of yen			
	1st Quarter	2nd Quarter	3rd Quarter	FY2014
Cumulative period				
Revenue	¥22,172	¥48,006	¥71,845	¥98,840
Quarterly (Annual) profit before tax	1,350	5,012	8,004	11,592
Quarterly (Annual) profit attributable to owners of parent	809	3,479	5,553	7,858
Quarterly (Annual) basic earnings per share (yen)	5.64	24.27	39.09	55.72
Accounting period				
Quarterly earnings per share: Basic (yen)	5.64	18.63	14.79	16.76

Non-consolidated Balance Sheet

	Millions of yen		Thousands of U.S. dollars*
	FY2014 as of March 31, 2015	FY2013 as of March 31, 2014	FY2014 as of March 31, 2015
Assets			
Current assets			
Cash and deposits	¥ 15,096	¥ 25,392	\$ 125,643
Notes receivable–trade	486	396	4,045
Accounts receivable–trade	13,972	15,610	116,288
Finished goods	2,790	2,761	23,221
Work in process	2,332	2,729	19,409
Raw materials	2,877	2,608	23,945
Prepaid expenses	119	82	990
Deferred tax assets	1,152	1,525	9,588
Other	3,078	2,020	25,618
Allowance for doubtful accounts	(112)	(71)	(932)
Total current assets	41,790	53,052	347,815
Noncurrent assets			
Property, plant and equipment			
Buildings	13,332	5,812	110,961
Structures	269	177	2,239
Machinery and equipment	170	176	1,415
Vehicles	0	0	0
Tools, furniture and fixtures	1,742	1,256	14,499
Land	2,010	2,010	16,729
Construction in progress	82	1,475	682
Total property, plant and equipment	17,605	10,906	146,525
Intangible assets			
Software	1,222	828	10,171
Other	53	78	441
Total intangible assets	1,275	906	10,612
Investments and other assets			
Investment securities	859	1,002	7,149
Stocks of subsidiaries and affiliates	46,259	46,259	385,010
Long-term loans receivable	5,501	5,504	45,784
Prepaid pension cost	4,075	5,450	33,916
Deferred tax assets	2,870	2,640	23,887
Other	117	119	975
Allowance for doubtful accounts	(1)	(1)	(8)
Total investments and other assets	59,680	60,973	496,713
Total noncurrent assets	78,560	72,785	653,850
Total	¥120,350	¥125,837	\$1,001,665

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥120.15 to U.S. \$1.00, the approximate exchange rate on March 31, 2015.

		Millions of yen	Thousands of U.S. dollars*
	FY2014 as of March 31, 2015	FY2013 as of March 31, 2014	FY2014 as of March 31, 2015
Liabilities			
Current liabilities			
Notes and accounts payable–trade	¥ 4,136	¥ 5,493	\$ 34,424
Short-term loans payable	1,190	1,499	9,904
Current portion of long-term loans payable	5,000	5,000	41,615
Lease obligations	15	170	125
Accounts payable–other	6,857	3,112	57,070
Accrued expenses	1,389	1,878	11,561
Income taxes payable	409	2,179	3,404
Advances received	1,643	1,422	13,675
Deposits received	12,155	11,002	101,165
Provision for product warranties	41	50	341
Provision for directors' bonuses	48	55	400
Other	6	10	49
Total current liabilities	32,889	31,870	273,733
Non-current liabilities			
Bonds payable	6,000	6,000	49,938
Long-term loans payable	3,500	6,000	29,130
Lease obligations	12	16	100
Provision for directors' retirement benefits	6	6	50
Other	269	406	2,239
Total non-current liabilities	9,787	12,428	81,457
Total liabilities	42,676	44,298	355,190
Net assets			
Shareholders' equity			
Capital stock	19,052	19,052	158,568
Capital surplus			
Legal capital surplus	28,003	28,003	233,067
Total capital surplus	28,003	28,003	233,067
Retained earnings			
Legal retained earnings	2,468	2,468	20,541
Other retained earnings	28,410	32,230	236,455
General reserve	21,719	21,719	180,766
Retained earnings brought forward	6,691	10,511	55,689
Treasury stock	(869)	(869)	(7,233)
Total shareholders' equity	77,064	80,884	641,398
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	395	465	3,288
Total valuation and translation adjustments	395	465	3,288
Subscription rights to shares	215	190	1,789
Total net assets	77,674	81,539	646,475
Total	¥120,350	¥125,837	\$1,001,665

Non-consolidated Statement of Income

	Millions of yen		Thousands of U.S. dollars*
	FY2014 From April 1, 2014 to March 31, 2015	FY2013 From April 1, 2013 to March 31, 2014	FY2014 From April 1, 2014 to March 31, 2015
Net sales	¥49,877	¥54,091	\$415,123
Cost of sales	28,126	29,278	234,091
Gross profit	21,751	24,813	181,032
Selling, general and administrative expenses	17,272	17,518	143,754
Operating income (loss)	4,479	7,295	37,278
Interest and dividend income	1,045	510	8,697
Other	789	648	6,568
Non-operating income	1,834	1,158	15,265
Interest expenses	167	232	1,390
Other	200	252	1,665
Non-operating expenses	367	484	3,055
Ordinary income (loss)	5,946	7,969	49,488
Impairment loss	67	—	557
Extraordinary loss	67	—	557
Income (Loss) before income taxes	5,879	7,969	48,931
Income taxes—current	1,329	2,683	11,061
Income taxes—deferred	216	(114)	1,798
Net income (loss)	¥ 4,334	¥ 5,400	\$ 36,072

Independent Auditor's Report

Independent Auditor's Report

To the Board of Directors of Anritsu Corporation:

We have audited the accompanying consolidated financial statements of Anritsu Corporation and its consolidated subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2015 and 2014, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Anritsu Corporation and its consolidated subsidiaries as at March 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Basis of presenting consolidated financial statements (3).

KPMG AZSA LLC

July, 29, 2015
Tokyo, Japan



The entrance to Anritsu's new global headquarters building symbolizes its limitless growth and vitality. The paintings on both sides of the entrance door are the work of Soshi Kimata.

Anritsu

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<http://www.anritsu.com>

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