2013
Annual Report
[Financial Statements]

ANRITSU CORPORATION
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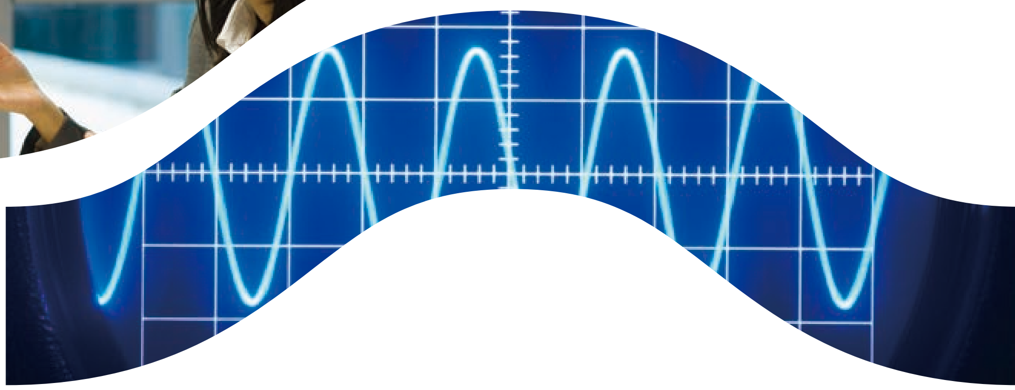

Anritsu

Contents

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").

(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, 2013, which was ¥94.01 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, 2012, to March 31, 2013) and the financial statements (from April 1, 2012, to March 31, 2013) 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

	End of FY2012 as of March 31, 2013 (Millions of yen)	End of FY2011 as of March 31, 2012 (Millions of yen)	Beginning of FY2011 as of April 1, 2011 (The date of transition to IFRS) (Millions of yen)	End of FY2012 as of March 31, 2013 (Thousands of U.S. dollars*)
Assets				
Current assets:				
Cash and cash equivalents (Notes 8 and 27)	**¥ 37,690**	¥ 39,596	¥ 27,994	**$ 400,915**
Trade and other receivables (Notes 9 and 27)	**23,884**	23,472	19,191	**254,058**
Other financial assets (Notes 16 and 27)	**23**	11	2	**245**
Inventories (Note 10)	**16,159**	14,771	15,659	**171,886**
Income tax receivables (Note 23)	**492**	161	141	**5,233**
Other assets	**1,698**	934	1,067	**18,062**
Total current assets	**79,946**	78,945	64,054	**850,399**
Non-current assets:				
Property, plant and equipment (Notes 11 and 14)	**17,274**	15,441	15,772	**183,746**
Goodwill and intangible assets (Notes 12 and 14)	**1,341**	1,467	2,939	**14,264**
Investment property (Notes 13 and 14)	**2,330**	2,498	2,865	**24,785**
Trade and other receivables (Notes 9 and 27)	**279**	324	329	**2,968**
Other financial assets (Notes 16 and 27)	**1,786**	1,386	1,414	**18,998**
Investments accounted for using equity method (Note 15)	**238**	173	170	**2,532**
Deferred tax assets (Note 23)	**11,754**	10,973	13,669	**125,029**
Other assets	**141**	80	119	**1,500**
Total non-current assets	**35,143**	32,342	37,277	**373,822**
Total	**¥115,089**	¥111,287	¥101,331	**$1,224,221**
Liabilities and Equity				
Liabilities				
Current liabilities:				
Trade and other payables (Notes 17 and 27)	**¥ 8,190**	¥ 9,280	¥ 9,440	**$ 87,118**
Bonds and borrowings (Notes 18 and 27)	**2,472**	20,820	2,757	**26,295**
Other financial liabilities (Notes 19, 20, and 27)	**552**	715	636	**5,872**
Income tax payables (Note 23)	**1,997**	1,794	775	**21,242**
Employee benefits (Note 21)	**6,735**	6,418	4,480	**71,641**
Provisions (Note 22)	**326**	359	0	**3,468**
Other liabilities	**5,688**	4,724	3,094	**60,505**
Total current liabilities	**25,960**	44,110	21,182	**276,141**
Non-current liabilities:				
Trade and other payables (Notes 17 and 27)	**380**	363	372	**4,042**
Bonds and borrowings (Notes 18 and 27)	**16,946**	9,293	33,881	**180,257**
Other financial liabilities (Notes 19, 20, and 27)	**313**	827	1,298	**3,329**
Employee benefits (Note 21)	**5,586**	8,998	8,953	**59,419**
Provisions (Note 22)	**123**	101	145	**1,308**
Deferred tax liabilities (Note 23)	**687**	120	97	**7,308**
Other liabilities	**560**	657	374	**5,958**
Total non-current liabilities	**24,595**	20,359	45,120	**261,621**
Total liabilities	**50,555**	64,469	66,302	**537,762**
Equity:				
Common stock (Note 24)	**19,052**	17,106	14,051	**202,659**
Additional paid-in capital (Note 24)	**28,110**	26,332	23,423	**299,011**
Retained earnings (Note 24)	**23,155**	12,090	6,071	**246,304**
Retained earnings (Cumulative translation differences at the IFRS transition date) (Note 24)	**(7,208)**	(7,208)	(7,208)	**(76,673)**
Total retained earnings (Note 24)	**15,947**	4,882	(1,137)	**169,631**
Treasury stock (Note 24)	**(867)**	(853)	(843)	**(9,222)**
Other components of equity (Note 24)	**2,295**	(649)	(465)	**24,412**
Total equity attributable to owners of parent	**64,537**	46,818	35,029	**686,491**
Non-controlling interests	**(3)**	—	—	**(32)**
Total equity	**64,534**	46,818	35,029	**686,459**
Total	**¥115,089**	¥111,287	¥101,331	**$1,224,221**

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥94.01 to U.S. $1.00, the approximate exchange rate on March 31, 2013.

Consolidated Statement of Comprehensive Income

As of March 31

	Millions of yen		Thousands of U.S. dollars*
	2013	2012	**2013**
Continuing operations			
Revenue (Notes 7 and 28)	**¥94,685**	¥93,623	**$1,007,180**
Cost of sales	**43,688**	44,398	**464,716**
Gross profit	**50,997**	49,225	**542,464**
Other revenue and expenses			
Selling, general and administrative expenses (Note 29)	**24,295**	23,065	**258,430**
Research and development expense (Note 30)	**10,148**	9,640	**107,946**
Other income (Note 31)	**311**	109	**3,308**
Other expenses (Notes 14 and 32)	**1,064**	2,629	**11,318**
Operating profit (loss) (Note 7)	**15,801**	14,000	**168,078**
Finance income (Note 34)	**1,269**	113	**13,499**
Finance costs (Note 34)	**876**	1,034	**9,318**
Share of profit (loss) of associates and joint ventures accounted for using equity method	**32**	15	**340**
Profit (loss) before tax	**16,226**	13,094	**172,599**
Income tax expense (Note 23)	**2,284**	5,121	**24,296**
Profit (loss) from continuing operations	**13,942**	7,973	**148,303**
Profit (loss)	**13,942**	7,973	**148,303**
Other comprehensive income			
Exchange differences on translation (Note 35)	**2,536**	(211)	**26,976**
Change of financial assets measured at fair value (Note 35)	**410**	(13)	**4,361**
Actuarial gain (loss) on defined benefit plans (Note 35)	**(529)**	(637)	**(5,627)**
Share of other comprehensive income of associates and joint ventures accounted for using equity method (Note 35)	**(2)**	(2)	**(21)**
Total of other comprehensive income	**2,415**	(863)	**25,689**
Comprehensive income	**¥16,357**	¥ 7,110	**$ 173,992**
Profit (loss), attributable to:			
Owners of parent	**¥13,950**	¥ 7,973	**$ 148,388**
Non-controlling interests	**(8)**	—	**(85)**
Total	**¥13,942**	¥ 7,973	**$ 148,303**
Comprehensive income attributable to:			
Owners of parent	**¥16,365**	¥ 7,110	**$ 174,077**
Non-controlling interests	**(8)**	—	**(85)**
Total	**¥16,357**	¥ 7,110	**$ 173,992**

	Yen		U.S. dollars (Note 1)
Earnings per share			
Basic earnings per share (Note 36)	**¥98.79**	¥62.17	**$1.05**
Diluted earnings per share (Note 36)	**97.41**	56.33	**1.04**

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Consolidated Statement of Changes in Equity

Years Ended March 31

	Millions of yen		Thousands of U.S. dollars*
	2013	2012	**2013**
Equity attributable to owners of parent			
Common stock (Note 24)	**¥17,106**	¥14,051	**$181,959**
Balance at the beginning of current period			
Changes of items during the period			
Stock options exercised (Note 26)	**21**	4	**223**
Conversion of debt to equity (Note 37)	**1,925**	3,051	**20,477**
Total changes of items during the period	**1,946**	3,055	**20,700**
Balance at the end of current period	**19,052**	17,106	**202,659**
Additional paid-in capital (Note 24)			
Balance at the beginning of current period	**26,332**	23,423	**280,098**
Changes of items during the period			
Stock options exercised (Note 26)	**16**	3	**171**
Conversion of debt to equity (Note 37)	**1,808**	2,842	**19,232**
Stock options granted (Note 26)	**44**	64	**468**
Stock options expired	**(4)**	—	**(43)**
Redemption of bonds with subscription rights to shares	**(86)**	—	**(915)**
Total changes of items during the period	**1,778**	2,909	**18,913**
Balance at the end of current period	**28,110**	26,332	**299,011**
Retained earnings (Note 24)			
Balance at the beginning of current period	**4,882**	(1,137)	**51,931**
Changes during the period			
Stock options expired (Note 26)	**4**	—	**43**
Redemption of bonds with subscription rights to shares	**86**	—	**915**
Dividends paid (Note 25)	**(2,446)**	(1,274)	**(26,019)**
Profit (loss)	**13,950**	7,973	**148,388**
Other comprehensive income (Note 35)	**(529)**	(637)	**(5,627)**
Transfer from other components of equity	**0**	(43)	**0**
Disposal of treasury stock	**—**	(0)	**—**
Total changes during the period	**11,065**	6,019	**117,700**
Balance at the end of current period	**15,947**	4,882	**169,631**
Treasury stock (Note 24)			
Balance at the beginning of current period	**(853)**	(843)	**(9,073)**
Changes during the period			
Purchase of treasury stock	**(14)**	(10)	**(149)**
Disposal of treasury stock	**—**	0	**—**
Total changes during the period	**(14)**	(10)	**(149)**
Balance at the end of current period	**(867)**	(853)	**(9,222)**

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	Millions of yen		Thousands of U.S. dollars*
	2013	2012	2013
Other components of equity (Note 24)			
Balance at the beginning of current period	**¥ (649)**	¥ (466)	**$ (6,904)**
Changes during the period			
Other comprehensive income	**2,944**	(226)	**31,316**
Transfer to retained earnings	**(0)**	43	**0**
Total changes during the period	**2,944**	(183)	**31,316**
Balance at the end of current period	**2,295**	(649)	**24,412**
Total equity attributable to owners of parent			
Balance at the beginning of current period	**46,818**	35,028	**498,011**
Changes during the period			
Stock options exercised	**37**	7	**394**
Conversion of debt to equity	**3,733**	5,893	**39,709**
Stock options granted	**44**	64	**468**
Dividends paid	**(2,446)**	(1,274)	**(26,019)**
Profit (loss)	**13,950**	7,973	**148,388**
Other comprehensive income	**2,415**	(863)	**25,689**
Purchase of treasury stock	**(14)**	(10)	**(149)**
Disposal of treasury stock	**—**	0	**—**
Total changes during the period	**17,719**	11,790	**188,480**
Balance at the end of current period	**64,537**	46,818	**686,491**
Non-controlling interests			
Balance at the beginning of current period	**—**	—	**—**
Changes during the period			
Profit (loss)	**(8)**	—	**(85)**
Acquisition of subsidiary with non-controlling interests	**5**	—	**53**
Total changes during the period	**(3)**	—	**(32)**
Balance at the end of current period	**(3)**	—	**(32)**
Total equity			
Balance at the beginning of current period	**46,818**	35,028	**498,011**
Changes during the period			
Stock options exercised	**37**	7	**394**
Conversion of debt to equity	**3,733**	5,893	**39,709**
Stock options granted	**44**	64	**468**
Dividends paid	**(2,446)**	(1,274)	**(26,019)**
Profit (loss)	**13,942**	7,973	**148,303**
Other comprehensive income	**2,415**	(863)	**25,689**
Purchase of treasury stock	**(14)**	(10)	**(149)**
Disposal of treasury stock	**—**	0	**—**
Acquisition of subsidiary with non-controlling interests	**5**	—	**53**
Total changes during the period	**17,716**	11,790	**188,448**
Balance at the end of current period	**64,534**	46,818	**686,459**
Comprehensive income attributable to:			
Owners of parent	**16,365**	7,110	**174,077**
Non-controlling interests	**(8)**	—	**(85)**
Total	**¥16,357**	¥ 7,110	**$173,992**

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Consolidated Statement of Cash Flows

Years Ended March 31

	Millions of yen		Thousands of U.S. dollars*
	2013	2012	**2013**
Cash flows from (used in) operating activities			
Profit (Loss) before tax	**¥16,226**	¥13,094	**$172,599**
Depreciation and amortization expense	**2,836**	2,794	**30,167**
Impairment loss	**768**	1,580	**8,169**
Interest and dividends income	**(126)**	(108)	**(1,340)**
Interest expenses	**462**	678	**4,914**
Loss (Gain) on disposal of property, plant and equipment	**254**	324	**2,702**
Decrease (Increase) in trade and other receivables	**604**	(5,101)	**6,425**
Decrease (Increase) in inventories	**(588)**	811	**(6,255)**
Increase (Decrease) in trade and other payables	**(1,357)**	(360)	**(14,435)**
Increase (Decrease) in employee benefits	**(3,654)**	691	**(38,868)**
Other, net	**(1,263)**	3,121	**(13,435)**
Sub Total	**14,162**	17,524	**150,643**
Interest received	**94**	80	**1,000**
Dividends received	**33**	27	**351**
Interest paid	**(473)**	(500)	**(5,031)**
Income taxes paid	**(2,171)**	(1,089)	**(23,093)**
Income taxes refund	**126**	101	**1,340**
Net cash flows from (used in) operating activities	**11,771**	16,143	**125,210**
Cash flows from (used in) investing activities (Note 37)			
Purchase of property, plant and equipment	**(4,479)**	(2,393)	**(47,644)**
Proceeds from sale of property, plant and equipment	**5**	712	**53**
Purchase of other financial assets	**(5)**	(4)	**(53)**
Proceeds from sale of other financial assets	**1**	11	**11**
Other, net	**(553)**	(501)	**(5,882)**
Net cash flows from (used in) investing activities	**(5,031)**	(2,175)	**(53,515)**
Cash flows from (used in) financing activities (Note 37)			
Proceeds from long-term borrowings	**6,000**	—	**63,823**
Repayments of long-term borrowings	**(9,100)**	(400)	**(96,798)**
Proceeds from issue of bonds	**6,000**	—	**63,823**
Redemption of bonds	**(9,950)**	—	**(105,840)**
Proceeds from issue of shares	**37**	—	**394**
Dividends paid	**(2,446)**	(1,274)	**(26,019)**
Other, net	**(577)**	(590)	**(6,138)**
Net cash flows from (used in) financing activities	**(10,036)**	(2,264)	**(106,755)**
Effect of exchange rate change on cash and cash equivalents	**1,390**	(102)	**14,786**
Net increase (decrease) in cash and cash equivalents	**(1,906)**	11,602	**(20,274)**
Cash and cash equivalents at beginning of period	**39,596**	27,994	**421,189**
Cash and cash equivalents at end of period (Note 8)	**¥37,690**	¥39,596	**$400,915**

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Notes to the Consolidated Financial Statements

1. Reporting Entity

Anritsu Corporation ("the Company") is a company incorporated under laws in Japan. The Company's reporting date is March 31, 2013, and the consolidated financial statements of the Company comprise the Company and its subsidiaries, associates and equity interests in jointly controlled entities ("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 Anritsu Group has adopted IFRS for the first time in the fiscal year ended March 31, 2013, and the date of transition of the Anritsu Group to IFRS is April 1, 2011. The Anritsu Group has applied IFRS 1 "First-Time Adoption of International Financial Reporting Standards." The impact of the first time adoption of, and the transition to, IFRS for the Anritsu Group's financial position, business results and cash flows is provided in Note 43.

The Company meets the requirements of article 1-2-1 II of the "Regulations on Consolidated Financial Statements." The Company is a qualifying 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 23: 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 23: Recoverability of Deferred Tax Assets
- Note 41: 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 means that the Company has the capacity to influence the financial and operating policies of the relevant entity to enable it to benefit from the business activities of the entity in which the Company has invested.

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.

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.

The Anritsu Group has elected not to apply IFRS 3 retrospectively to business combinations which occurred before the date of transition to IFRS (April 1, 2011).

Goodwill relating to acquisitions before the transition date is reported at the amount recognized under Japanese Generally Accepted Accounting Principles ("J-GAAP") as of the transition date. The relevant goodwill has been tested for impairment as of the transition date to IFRS, irrespective of whether there is any indication of impairment.

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 contractual arrangement whereby a number of parties undertake an economic activity, which is subject to joint control. 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 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 comprehensive income, and cumulative exchange differences are presented in "Other Components of Equity" in the consolidated statement of financial position. The Anritsu Group elected to deem all cumulative exchange differences on translating foreign operations to be zero at the date of transition to IFRS.

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 loss. 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 loss) 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 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."

(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 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 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."

(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 all of the actuarial differences arising from defined benefit plans in "Other Comprehensive Income" in the consolidated statement of comprehensive income when they arise, and records cumulative actuarial differences 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 Payments

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. 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) 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.

(18) 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.

(19) 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.

(20) 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

Accounting policies applicable to the consolidated financial statements are consistent with the accounting policies applied throughout all the periods presented in the preparing consolidated financial statements, including the consolidated statement of financial position at the date of transition to IFRS.

5. Changes in Accounting Estimates

The accounting estimate related to recoverability of deferred tax assets has been changed as it became probable that the tax benefits against future deductible temporary differences over regional tax (inhabitant tax and business tax) could be realized.

As a result of the change, income tax expense decreased 2,568 million yen during the fiscal year ended March 31, 2013.

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 2013.

At the date of approval of the consolidated financial statements, the main standards and interpretations that were released but not applied by the Anritsu Group are set out below. These standards and interpretations have no significant impact on its consolidated financial statements.

IFRSs		Mandatory adoption	To be adopted by the Anritsu Group from the year ending	Subject of new standards/amendment
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 1, 2013	March 31, 2014	Additional exception for application of IFRSs dealing with borrowings from governments at a below market rate of interest
IFRS 7	Financial Instruments: Disclosures	January 1, 2013	March 31, 2014	Presentation of offsetting financial assets and financial liabilities
IFRS 10	Consolidated Financial Statements	January 1, 2013	March 31, 2014	Identification of the concept of control and use of control as the single basis for consolidation, irrespective of the nature of the investee (Replacement for IAS 27 and SIC 12*)
		January 1, 2013	March 31, 2014	Simplification of transition requirements related to the retrospective application as well as additional exemption on disclosure requirement at first-time adoption
		January 1, 2014	March 31, 2015	Clarification of requirements for and characteristics of, investment entities, and measurement method for investments in investees
IFRS 11	Joint Arrangements	January 1, 2013	March 31, 2014	Establishment of accounting for joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (Replacement of IAS 31* and SIC 13*)
		January 1, 2013	March 31, 2014	Simplification of transition requirement related to the retrospective application as well as additional exemption on disclosure requirement at the first-time adoption
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013	March 31, 2014	Disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. (Replacement of appropriate parts of IAS 27 and IAS 28*)
		January 1, 2013	March 31, 2014	Additional exception on disclosure requirement at the first-time adoption
		January 1, 2014	March 31, 2015	Disclosure requirements regarding investment entities
IFRS 13	Fair Value Measurement	January 1, 2013	March 31, 2014	Establishment of a single framework when other IFRSs requires the measurement of fair values
IAS 1	Presentation of Financial Statements	July 1, 2012	March 31, 2014	Presentation of items of other comprehensive income
		January 1, 2013	March 31, 2014	Clarification of requirements for comparative information
IAS 16	Property, Plant, and Equipment	January 1, 2013	March 31, 2014	Classification of servicing equipment
IAS 19	Employee Benefits	January 1, 2013	March 31, 2014	Recognition of actuarial gains or losses and past service cost, and presentation and disclosure of post-employment benefits
IAS 32	Financial Instruments: Presentation	January 1, 2013	March 31, 2014	Accounting for income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction
		January 1, 2014	March 31, 2015	Presentation of offsetting financial assets and financial liabilities
IAS 36	Impairment of Assets	January 1, 2014	March 31, 2015	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
IFRIC 21	Levies	January 1, 2014	March 31, 2015	Clarification of timing of recognition of levies imposed by a government

Note: When IFRS 10, IFRS 11 and IFRS 12 are applied, IAS 31, SIC 12 and SIC 13 are superseded, while amended and retitled IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" are effective.

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

Effective from this fiscal year ended March 31, 2013, "Information and Communications business" has been reclassified from "Reportable segment" to "Others" because it has become immaterial.

The Anritsu Group has adopted IFRS for the first time this fiscal year ended March 31, 2013, and applied the significant accounting policies to the consolidated financial statements consistently throughout all the periods.

(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 same as the accounting policies for the Anritsu Group described in Note 3.

Millions of yen

	Reportable segment						
Year ended March 31, 2012	Test and Measurement	Industrial Automation	Subtotal	Others (Note 1)	Total	Adjustment (Notes 3, 4)	Consolidated
Revenue:							
Outside customers	¥70,556	¥14,200	¥84,756	¥ 8,867	¥93,623	¥ —	¥ 93,623
Inter-segment (Note 2)	110	4	114	3,971	4,085	(4,085)	—
Total	70,666	14,204	84,870	12,838	97,708	(4,085)	93,623
Cost of sales, Other revenue and expenses	(56,825)	(13,634)	(70,459)	(12,573)	(83,032)	3,409	(79,623)
Operating profit (loss)	13,841	570	14,411	265	14,676	(676)	14,000
Finance income	—	—	—	—	—	—	113
Finance costs	—	—	—	—	—	—	1,034
Share of profit (loss) of associates and joint ventures accounted for using equity method	—	—	—	—	—	—	15
Profit (loss) before tax	—	—	—	—	—	—	13,094
Income tax expense	—	—	—	—	—	—	5,121
Profit (loss)	—	—	—	—	—	—	7,973
Assets	63,139	12,242	75,381	14,979	90,360	20,927	111,287
Capital expenditures	2,247	123	2,370	1,040	3,410	(2)	3,408
Depreciation and amortization	2,175	182	2,357	442	2,799	(5)	2,794
Impairment loss	1,401	—	1,401	179	1,580	—	1,580

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 (-676 million yen) includes elimination of inter-segment transactions (65 million yen) and company-wide expenses not allocated to business segments (-742 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 (20,927 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, 2013	Test and Measurement	Industrial Automation	Subtotal	Others (Note 1)	Total	Adjustment (Notes 3, 4)	Consolidated
	Reportable segment						Millions of yen
Revenue:							
Outside customers	¥71,232	¥14,439	¥85,671	¥ 9,014	¥94,685	¥ —	¥ 94,685
Inter-segment (Note 2)	117	3	120	3,897	4,017	(4,017)	—
Total	71,349	14,442	85,791	12,911	98,702	(4,017)	94,685
Cost of sales, Other revenue and expenses	(56,300)	(13,613)	(69,913)	(12,260)	(82,173)	3,289	(78,884)
Operating profit (loss)	15,049	829	15,878	651	16,529	(728)	15,801
Finance income	—	—	—	—	—	—	1,269
Finance costs	—	—	—	—	—	—	876
Share of profit (loss) of associates and joint ventures accounted for using equity method	—	—	—	—	—	—	32
Profit (loss) before tax	—	—	—	—	—	—	16,226
Income tax expense	—	—	—	—	—	—	2,284
Profit (loss) for the year	—	—	—	—	—	—	13,942
Assets	69,735	12,694	82,429	14,815	97,244	17,845	115,089
Capital expenditures	4,149	214	4,363	381	4,744	(14)	4,730
Depreciation and amortization	2,290	162	2,452	441	2,893	(57)	2,836
Impairment loss	179	0	179	589	768	—	768

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 (-728 million yen) includes elimination of inter-segment transactions (11 million yen) and company-wide expenses not allocated to business segments (-717 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 (17,845 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.

Year ended March 31, 2012	Revenue	Non-current assets
		Millions of yen
Japan	¥36,934	¥15,516
Americas	19,885	2,412
(*United States*)	(*15,815*)	—
EMEA	12,550	1,436
Asia and others	24,254	297
(*China*)	(*11,406*)	—
Eliminations and corporate	—	(1)
Total	¥93,623	¥19,660

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, and Thailand
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.

Year ended March 31, 2013	Revenue	Non-current assets
		Millions of yen
Japan	**¥35,293**	**¥17,078**
Americas	**22,668**	**2,754**
(*United States*)	**(*18,760*)**	**—**
EMEA	**12,616**	**1,305**
Asia and others	**24,108**	**452**
(*China*)	**(*9,151*)**	**—**
Eliminations and corporate	**—**	**(265)**
Total	**¥94,685**	**¥21,324**

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 at the date of transition to IFRS, 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:

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
			Millions of yen
Accounts receivable–trade	¥18,244	¥22,358	**¥22,359**
Notes receivable–trade	1,027	1,215	**1,360**
Accounts receivable–other	170	138	**184**
Others	438	399	**539**
Less: Allowance for doubtful accounts	(359)	(314)	**(279)**
Total	¥19,520	¥23,796	**¥24,163**

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

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
			Millions of yen
Current assets	¥19,191	¥23,472	**¥23,884**
Non-current assets	329	324	**279**
Total	¥19,520	¥23,796	**¥24,163**

10. Inventories

Details of inventories are as follows.

Millions of yen

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	End of FY2012 as of March 31, 2013
Raw materials	¥ 5,059	¥ 5,203	**¥ 5,264**
Work in process	4,433	4,023	**4,366**
Finished goods	6,167	5,545	**6,529**
Total	¥15,659	¥14,771	**¥16,159**

Notes: 1. The loss on valuation of inventories is included in "Cost of Sales." Amounts of valuation loss included in the "Cost of Sales" were 1,106 million yen in FY2011 and 849 million yen in FY2012.
2. Inventories recorded in "Cost of Sales" as expenses were 40,267 million yen in FY2011 and 39,577 million yen in FY2012 (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

Acquisition cost	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at April 1, 2011	¥34,735	¥ 9,541	¥12,050	¥3,028	¥ —	¥59,354
Acquisition	1,104	585	982	255	—	2,926
Disposal	(1,412)	(386)	(786)	(719)	—	(3,303)
Effect of foreign currency exchange differences	(30)	29	15	(9)	—	5
Others	2	(219)	182	—	—	(35)
Balance at March 31, 2012	34,399	9,550	12,443	2,555	—	58,947
Acquisition	**637**	**511**	**1,255**	**988**	**803**	**4,194**
Disposal	**(175)**	**(466)**	**(448)**	**—**	**—**	**(1,089)**
Effect of foreign currency exchange differences	**411**	**774**	**160**	**106**	**0**	**1,451**
Others	**13**	**(27)**	**(21)**	**—**	**2**	**(33)**
Balance at March 31, 2013	**¥35,285**	**¥10,342**	**¥13,389**	**¥3,649**	**¥805**	**¥63,470**

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, 2011	¥(24,998)	¥(8,160)	¥(10,424)	¥ —	¥ —	¥(43,582)
Depreciation expense	(852)	(488)	(693)	—	—	(2,033)
Impairment losses	(85)	—	—	—	—	(85)
Disposal	1,066	360	753	—	—	2,179
Effect of foreign currency exchange differences	14	(3)	(4)	—	—	7
Others	—	192	(184)	—	—	8
Balance at March 31, 2012	(24,855)	(8,099)	(10,552)	—	—	(43,506)
Depreciation expense	**(829)**	**(515)**	**(784)**	**—**	**—**	**(2,128)**
Impairment losses	**(588)**	**—**	**—**	**—**	**—**	**(588)**
Disposal	**139**	**437**	**426**	**—**	**—**	**1,002**
Effect of foreign currency exchange differences	**(260)**	**(623)**	**(119)**	**—**	**—**	**(1,002)**
Others	**(8)**	**(1)**	**35**	**—**	**—**	**26**
Balance at March 31, 2013	**¥(26,401)**	**¥(8,801)**	**¥(10,994)**	**¥ —**	**¥ —**	**¥(46,196)**

Carrying amount	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Land	Construction in progress	Total
						Millions of yen
Balance at April 1, 2011	¥9,737	¥1,381	¥1,626	¥3,028	¥ —	¥15,772
Balance at March 31, 2012	9,544	1,451	1,891	2,555	—	15,441
Balance at March 31, 2013	**8,884**	**1,541**	**2,395**	**3,649**	**805**	**17,274**

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. 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.

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
			Millions of yen
Buildings and structures	¥1,494	¥1,249	**¥ 877**
Machinery and vehicles	284	199	**106**
Tools, equipment and fixtures	168	206	**170**
Total	¥1,946	¥1,654	**¥1,153**

(3) Mortgages and Collateral

Beginning of FY2011 as of April 1, 2011: None

End of FY2011 as of March 31, 2012: None

End of FY2012 as of March 31, 2013: None

12. Goodwill and Intangible Assets

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

Acquisition cost	Goodwill	Development Assets	Software	Others	Total
					Millions of yen
Balance at April 1, 2011	¥1,256	¥1,836	¥2,217	¥134	¥5,443
Acquisition	—	—	210	—	210
Increases from internal development	—	202	70	—	272
Disposal	—	(371)	(653)	(2)	(1,026)
Effect of foreign currency exchange differences	—	(118)	(23)	3	(138)
Others	—	—	(1)	19	18
Balance at March 31, 2012	1,256	1,549	1,820	154	4,779
Acquisition	**—**	**—**	**302**	**—**	**302**
Increases from internal development	**—**	**167**	**67**	**—**	**234**
Disposal	**—**	**(425)**	**(32)**	**—**	**(457)**
Effect of foreign currency exchange differences	**—**	**129**	**119**	**4**	**252**
Others	**—**	**—**	**34**	**6**	**40**
Balance at March 31, 2013	**¥1,256**	**¥1,420**	**¥2,310**	**¥164**	**¥5,150**

Accumulated amortization and impairment losses	Goodwill	Development Assets	Software	Others	Total
					Millions of yen
Balance at April 1, 2011	¥ —	¥(783)	¥(1,606)	¥(115)	¥(2,504)
Amortization expense	—	(325)	(248)	(1)	(574)
Impairment losses	(1,256)	(54)	—	(6)	(1,316)
Disposal	—	369	645	3	1,017
Effect of foreign currency exchange differences	—	49	16	—	65
Balance at March 31, 2012	(1,256)	(744)	(1,193)	(119)	(3,312)
Amortization expense	**—**	**(273)**	**(266)**	**(1)**	**(540)**
Impairment losses	**—**	**(179)**	**—**	**(0)**	**(179)**
Disposal	**—**	**425**	**15**	**—**	**440**
Effect of foreign currency exchange differences	**—**	**(77)**	**(105)**	**—**	**(182)**
Others	**—**	**—**	**(36)**	**0**	**(36)**
Balance at March 31, 2013	**¥(1,256)**	**¥(848)**	**¥(1,585)**	**¥(120)**	**¥(3,809)**

Carrying amount	Goodwill	Development Assets	Software	Others	Total
					Millions of yen
Balance at April 1, 2011	¥1,256	¥1,053	¥611	¥19	¥2,939
Balance at March 31, 2012	—	805	627	35	1,467
Balance at March 31, 2013	**—**	**572**	**725**	**44**	**1,341**

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.

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
			Millions of yen
Software	¥10	¥17	**¥16**

(3) Impairment Testing of Cash-generating Units that Include Goodwill

The goodwill of the Anritsu Group is allocated to its service assurance business which belongs to the Test and Measurement segment. The recoverable amount of service assurance business as a cash-generating unit is a determined based on value in use calculated using estimated future cash flows based on the Company's business plans approved by the Board of Directors. Key assumptions for such a calculation are as follows:

• Future estimated cash flow:

The Company estimates future cash flows based on actual results in the prior years as well as its future five-year business plan. Management assumes that future cash flow growth rates beyond periods for which it has formulated business plans are zero.

• Discount rate:

Based on the weighted average cost of capital of other companies in the same industry, the Company determined a discount rate of 14% and 16% for the date of transition to IFRS and the previous fiscal year, respectively.

Although the estimated recoverable amount of the service assurance business exceeded the carrying amount by around 410 million yen as of the date of transition to IFRS (April 1, 2011), if the estimated future cash flow for each fiscal year in the Company's business plan used in the above impairment analysis dropped by 10% or so, it is possible that the estimated recoverable amount could become equal to its carrying amount.

13. Investment Property

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

Millions of yen

Acquisition cost	Buildings and structures	Land	Total
Balance at April 1, 2011	¥9,970	¥827	¥10,797
Acquisition	—	—	—
Disposal	—	—	—
Others	—	—	—
Balance at March 31, 2012	9,970	827	10,797
Acquisition	**—**	**—**	**—**
Disposal	**—**	**—**	**—**
Others	**—**	**—**	**—**
Balance at March 31, 2013	**¥9,970**	**¥827**	**¥10,797**

Millions of yen

Accumulated depreciation and impairment losses	Buildings and structures	Land	Total
Balance at April 1, 2011	¥(7,933)	¥ —	¥(7,933)
Depreciation expense	(187)	—	(187)
Impairment losses	(162)	(17)	(179)
Disposal	—	—	—
Others	—	—	—
Balance at March 31, 2012	(8,282)	(17)	(8,299)
Depreciation expense	**(168)**	**—**	**(168)**
Impairment losses	**—**	**—**	**—**
Disposal	**—**	**—**	**—**
Others	**—**	**—**	**—**
Balance at March 31, 2013	**¥(8,450)**	**¥(17)**	**¥(8,467)**

Millions of yen

Carrying amount	Buildings and structures	Land	Total
Balance at April 1, 2011	¥2,037	¥827	¥2,864
Balance at March 31, 2012	1,688	810	2,498
Balance at March 31, 2013	**1,520**	**810**	**2,330**

Notes: 1. Depreciation expense is recorded in "Cost of Sales" or "Selling, General and Administrative Expenses."
2. Impairment losses are included in "Other Expenses."

(2) Fair Value

Millions of yen

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
Fair Value	¥17,643	¥17,613	**¥17,407**

Note: The fair value of investment property is calculated by making necessary time adjustments based on valuations by real estate appraisers.

(3) Amounts Recognized as Profit or Loss

Millions of yen

Years ended March 31	2012	**2013**
Rental income	¥2,008	**¥2,061**
Operating expenses related to investment property	1,109	**1,095**

14. 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” in the consolidated statement of comprehensive income.

	Millions of yen	
Years ended March 31	2012	2013
Buildings and structures	¥ 85	¥588
Property, plant and equipment	85	588
Goodwill	1,256	—
Development assets	54	179
Other intangible assets	6	0
Goodwill and intangible assets	1,316	179
Building and structures	162	—
Land	17	—
Investment property	179	—
Total of impairment losses	¥1,580	¥767

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

(2) Main Impairment Losses

• FY2011 (From April 1, 2011 to March 31, 2012)

Regarding the goodwill of the service assurance business, which belongs to the Test and Measurement segment (or the goodwill recognized in 2005 as a result of the acquisition of the former NetTest A/S (now called Anritsu A/S)), a test for impairment based on the latest business plan led to the conclusion that the recovery value was less than the carrying amount because of the deterioration in the outlook for performance. Accordingly, the Company recognized an impairment loss of 1,256 million yen.

Note that the recovery value was measured based on value in use, and the discount rate for value in use before tax was 16%.

• FY2012 (From April 1, 2012 to March 31, 2013)

Certain of the business locations recognized in the Others segment are scheduled to be no longer utilized. For those buildings and structures that are not expected to be used in the future, the carrying amount was reduced to the recoverable value, and an impairment loss of 588 million yen has been recognized.

Note that the recoverable value was measured based on value in use but not discounted due to the expected usage period being short-term.

15. Associates and Joint Ventures

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

		Percentage ownership (%)		
Name	Business	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	End of FY2012 as of March 31, 2013
(Associate) SweepMasters, LLC	Test and Measurement	20.0%	20.0%	20.0%
(Joint venture) CN Group Holding ApS	Test and Measurement	50.0	50.0	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 fiscal year-end for the above two companies is December 31. As it is impractical to unify the fiscal year between these two companies and the Anritsu Group, the financial statements of CN Group Holding ApS as of December 31 and the adjusted financial statements of SweepMasters, LLC as of March 31 are used by the Company to account for these investments 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

Millions of yen

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
Derivatives (Financial Assets Measured at FVTPL)	¥2	¥11	**¥23**
Total	¥2	¥11	**¥23**

Non-current assets

Millions of yen

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
Marketable securities (Financial Assets Measured at FVTOCI)	¥1,414	¥1,386	**¥1,786**
Total	¥1,414	¥1,386	**¥1,786**

17. Trade and Other Payables

Details of trade and other payables are as follows:

Millions of yen

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
Accounts payable - trade	¥6,147	¥4,920	**¥4,692**
Accounts payable - other	2,924	3,771	**2,864**
Accrued expenses	287	194	**169**
Others	454	758	**845**
Total	¥9,812	¥9,643	**¥8,570**

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

Millions of yen

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
Current liabilities	¥9,440	¥9,280	**¥8,190**
Non-current liabilities	372	363	**380**
Total	¥9,812	¥9,643	**¥8,570**

18. Bonds and Borrowings

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

Current liabilities

Millions of yen

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	End of FY2012 as of March 31, 2013
Short-term borrowings	¥2,357	¥ 1,837	**¥1,872**
Long-term borrowings to be repaid within one year	400	9,087	**600**
Bonds due within one year	—	9,896	**—**
Total	¥2,757	¥20,820	**¥2,472**

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

Non-current liabilities

Millions of yen

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	End of FY2012 as of March 31, 2013
Long-term borrowings	¥14,674	¥5,600	**¥10,983**
Bonds	9,884	—	**5,963**
Bonds with subscription rights to shares	9,323	3,693	**—**
Total	¥33,881	¥9,293	**¥16,946**

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)	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	End of FY2012 as of March 31, 2013
Short-term borrowings	— (0.7% annually)	¥ 2,357	¥ 1,837	**¥ 1,872**
Long-term borrowings to be repaid within one year	— (1.9% annually)	400	9,087	**600**
Long-term borrowings	2014–2019 (1.3% annually)	14,674	5,600	**10,983**
Fourth unsecured bonds	September 26, 2012 (1.87% annually)	9,884	9,896	**—**
Fifth unsecured bonds	September 22, 2017 (0.81% annually)	—	—	**5,963**
0.0% unsecured bonds with stock acquisition rights convertible into common stock due in 2015	September 28, 2015 (—)	9,323	3,693	**—**
Total	—	¥36,638	¥30,113	**¥19,418**

Note: Maturity dates and average interest rates are as of the fiscal year ended March 31, 2013.

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

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	End of FY2012 as of March 31, 2013
Lease obligations (Financial liabilities measured at amortized cost)	¥569	¥570	**¥537**
Derivatives (Financial Assets Measured at FVTPL)	67	145	**15**
Total	¥636	¥715	**¥552**

Non-current liabilities

			Millions of yen
	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
Lease obligations (Financial liabilities measured at amortized cost)	¥1,261	¥827	**¥313**
Derivatives (Financial Assets Measured at FVTPL)	37	—	**—**
Total	¥1,298	¥827	**¥313**

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		
	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
Within 1 year	¥ 624	¥ 605	**¥559**	¥ 569	¥ 570	**¥537**
Between 1 and 5 years	1,324	867	**333**	1,258	824	**313**
Over than 5 years	4	3	**1**	3	3	**0**
Total	¥1,952	¥1,475	**¥893**	¥1,830	¥1,397	**¥850**
Less: financial costs	(122)	(78)	**(43)**			
Present value of lease obligations	¥1,830	¥1,397	**¥850**	¥1,830	¥1,397	**¥850**

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.

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

			Millions of yen
	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
Defined benefit pension plan obligations (with plan assets)	¥29,107	¥27,891	**¥29,413**
Fair value of plan assets	(22,453)	(22,175)	**(27,191)**
Funded status	6,654	5,716	**2,222**
Defined benefit pension plan obligations (without plan assets)	1,656	1,593	**1,904**
Defined benefit plan liabilities in Consolidated Statement of Financial Position	¥ 8,310	¥ 7,309	**¥ 4,126**

The components of retirement benefit expenses recognized as profit or loss are as follows:

		Millions of yen
Years ended March 31	2012	**2013**
Service cost	¥ 909	**¥792**
Interest expense	556	**529**
Expected return on plan assets	(493)	**(490)**
Effect on settlement	337	**—**
Total retirement benefit expenses	¥1,309	**¥831**

Notes: 1. Retirement benefit expenses are recorded in “Cost of Sales,” “Selling, General and Administrative Expenses,” “Research and Development Expenses, and “Other Expenses.”
2. The effect on settlement of 337 million yen stemmed from a transition from a defined benefit plan to defined benefit plan.

The actuarial gain (loss) (before tax) on defined benefit plans recognized in other comprehensive income is as follows:

	Millions of yen	
Years ended March 31	2012	**2013**
Amount accumulated in retained earnings (at beginning of fiscal year)	¥ —	**¥ (891)**
Amount recognized during fiscal year	(891)	**(831)**
Amount accumulated in retained earnings (at end of fiscal year)	(891)	**(1,722)**

Changes in the present value of defined-benefit pension plan obligations are as follows:

	Millions of yen	
Years ended March 31	2012	**2013**
Defined-benefit pension plan obligations (at beginning of year)	¥30,762	**¥29,484**
Service cost	909	**792**
Interest expense	556	**529**
Effect on settlement	(899)	**—**
Actuarial gain (loss)	162	**2,596**
Benefits paid	(2,006)	**(2,084)**
Defined-benefit pension plan obligations (at end of year)	29,484	**31,317**

The plan assets comprise as follows:

			%
	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
Japanese bonds	36%	52%	**44%**
Japanese equity securities	25	19	**21**
Foreign bonds	13	6	**5**
Foreign equity securities	13	10	**12**
Others	13	13	**18**
Total	100%	100%	**100%**

Changes in the fair value of plan assets are as follows:

	Millions of yen	
Years ended March 31	2012	**2013**
Fair value of plan assets (at beginning of year)	¥22,453	**¥22,175**
Expected return on plan assets	493	**490**
Actuarial gain (loss)	(729)	**1,765**
Contributions by employer	1,369	**4,378**
Benefit paid	(1,411)	**(1,617)**
Fair value of plan assets (at end of year)	¥22,175	**¥27,191**

Note: The Anritsu Group plans to contribute 1,392 million yen in the following fiscal year (ending March 31, 2014).

The principal actuarial assumptions are as follows:

			%
	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
Discount rate	1.8%	1.8%	**1.1%**
Expected return on plan assets	3.0	2.5	**2.5**
Expected rate of future salary increase	3.2	3.2	**3.1**

Note: Management determines the expected return on the assets of its defined benefit pension plan by evaluating its current and future pension assets portfolio and by assessing expected returns and risks based on past returns on long-term investments. The actual returns on plan assets for the previous fiscal year and current fiscal year are a loss of 237 million yen and a gain of 2,255 million yen, respectively.

The changes in funded status are as follows:

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	End of FY2012 as of March 31, 2013
			Millions of yen
Present value of defined-benefit pension plan obligations	¥30,762	¥29,484	**¥31,317**
Fair value of plan assets	(22,453)	(22,175)	**(27,191)**
Shortfall in the plan	8,309	7,309	**4,126**
Adjustments arising on plan liabilities	499	162	**2,596**
Adjustments arising on plan assets	1,380	729	**(1,765)**

2. Defined Contribution Plans

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

Years ended March 31	2012	2013
		Millions of yen
Amount of expenses	¥484	**¥695**

(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:

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	End of FY2012 as of March 31, 2013
			Millions of yen
Employee benefits (current liabilities)	¥4,480	¥6,418	**¥6,735**
Employee benefits (non-current liabilities)	643	1,689	**1,460**

22. Provisions

Details of and changes in provisions are as follows:

	Provision for decommissioning, restoration and rehabilitation costs	Provision for product warranties	Total
			Millions of yen
Balance at April 1, 2012	¥111	¥349	¥460
Increase during the year	26	153	179
Decrease due to intended use	(16)	(140)	(156)
Reversal during the year	—	(58)	(58)
Increase due to passage of time	2	—	2
Exchange differences on translation	2	20	22
Balance at March 31, 2012	¥125	¥324	¥449

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

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	End of FY2012 as of March 31, 2013
			Millions of yen
Current liabilities	¥ 0	¥359	**¥326**
Provision for decommissioning, restoration and rehabilitation costs	0	10	**2**
Provision for product warranties	—	349	**324**
Noncurrent liabilities	145	101	**123**
Provision for decommissioning, restoration and rehabilitation costs	145	101	**123**
Total	¥145	¥460	**¥449**

23. 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

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	Amounts recognized in profits or loss	Amounts recognized in other comprehensive income	Amounts recognized directly in equity	End of FY2011 as of March 31, 2012
Deferred tax assets:					
Inventories	¥ 6,938	¥(4,703)	¥ —	¥ —	¥ 2,235
Accrued expenses	889	252	—	—	1,141
Software	1,224	468	—	—	1,692
Property, plant and equipment	605	(113)	—	—	492
Investment securities	406	(2)	(70)	—	334
Postretirement benefits	3,742	(934)	254	—	3,062
Loss carried forward	126	1,182	—	—	1,308
Research and development expenses	307	36	—	—	343
Others	1,114	629	—	—	1,743
Total deferred tax assets	¥15,351	¥(3,185)	¥184	¥ —	¥12,350
Deferred tax liabilities:					
Property, plant and equipment	¥ 1,043	¥ (99)	¥ —	¥ —	¥ 944
Investment securities	377	—	(65)	—	312
Others	359	5	—	(123)	241
Total deferred tax liabilities	¥ 1,779	¥ (94)	¥ (65)	¥(123)	¥ 1,497

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

Millions of yen

	End of FY2011 as of March 31, 2012	Amounts recognized in profits or loss	Amounts recognized in other comprehensive income	Amounts recognized directly in equity	**End of FY2012 as of March 31, 2013**
Deferred tax assets:					
Inventories	¥ 2,235	¥(136)	¥ —	¥ —	**¥ 2,099**
Accrued expenses	1,141	316	—	—	**1,457**
Software	1,692	697	—	—	**2,389**
Property, plant and equipment	492	243	—	—	**735**
Investment securities	334	8	112	—	**454**
Postretirement benefits	3,062	431	302	—	**3,795**
Loss carried forward	1,308	(794)	—	—	**514**
Research and development expenses	343	97	—	—	**440**
Others	1,743	(563)	—	—	**1,180**
Total deferred tax assets	¥12,350	¥ 299	¥414	¥ —	**¥13,063**
Deferred tax liabilities:					
Property, plant and equipment	¥ 944	¥ 36	¥ —	¥ —	**¥ 980**
Investment securities	312	—	97	—	**409**
Others	241	436	—	(70)	**607**
Total deferred tax liabilities	¥ 1,497	¥ 472	¥ 97	¥ (70)	**¥ 1,996**

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

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
Deferred tax assets	¥13,669	¥10,973	**¥11,754**
Deferred tax liabilities	97	120	**687**

Although there were tax loss carry-forwards recognized as deferred tax assets as of the date of transition to IFRS (April 1, 2011), the end of the previous fiscal year (March 31, 2012), and the end of the current fiscal year (March 31, 2013), 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.

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
	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
Future deductible temporary differences	¥ 2,067	¥ 8,661	**¥ 9,267**
Tax loss carry-forwards	10,287	8,930	**8,063**
Total	¥12,354	¥17,591	**¥17,330**
Tax credit carry-forwards	¥ 87	¥ 16	**¥ 463**

Unrecognized deferred tax assets related to the above were 3,288 million yen, 4,364 million yen, and 4,688 million yen at the date of transition to IFRS (April 1, 2011), the end of the previous fiscal year (March 31, 2012), and the end of the current fiscal year (March 31, 2013), 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
	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
First year	¥ 2	¥ —	**¥ —**
Second year	11	—	**—**
Third-year	4	—	**—**
Fourth-year	1	—	**—**
Fifth and subsequent years	10,269	8,930	**8,063**
Total	¥10,287	¥8,930	**¥8,063**

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) were 39,453 million yen, 33,490 million yen, and 11,548 million yen at the date of transition to IFRS (April 1, 2011), the end of the previous fiscal year (March 31, 2012), and the end of the current fiscal year (March 31, 2013), respectively. Tax loss carry-forwards related to regional taxes were 8,668 million yen for inhabitant tax and 3,045 million yen for business tax as of the date of transition to IFRS (April 1, 2011), 12,273 million yen for inhabitant tax and 8,223 million yen for business tax as of the end of the previous fiscal year (March 31, 2012), and 1,494 million yen for inhabitant tax and 1,485 million yen for business tax as of the end of the current fiscal year (March 31, 2013). Unrecognized deferred tax assets related to these amounts were 5,754 million yen, 5,171 million yen and 1,576 million yen at the date of transition to IFRS (April 1, 2011), the end of the previous fiscal year (March 31, 2012), and the end of the current fiscal year (March 31, 2013), respectively.

The expiration period for the loss carry-forwards related to inhabitant tax and business tax are 7 and 9 years, respectively.

Until the previous fiscal year, the Anritsu Group had not, in principle, recognized the deferred tax liabilities for future taxable temporary differences related to investments in subsidiaries. This was because management was in a position to manage the timing of reversal of such temporary differences, and it was highly unlikely that such temporary differences would be reversed within the foreseeable future periods. The relevant future taxable temporary differences were 524 million yen and 686 million yen at the date of transition to IFRS (April 1, 2011) and the end of the previous fiscal year (March 31, 2012), respectively. The unrecognized deferred tax liabilities related to such future taxable temporary differences were 231 million yen and 260 million yen at the date of transition to IFRS (April 1, 2011) and the end of the previous fiscal year (March 31, 2012), respectively.

Beginning the current fiscal year, in principle, the deferred tax liabilities for future deductible temporary differences related to investments in subsidiaries have been recognized.

(2) Income Tax Expense

The detailed information on Income Tax Expense is as follows:

	Millions of yen	
Years ended March 31	2012	2013
Current tax expense		
Current fiscal year	¥1,418	**¥2,315**
Adjustment for prior years	624	**(328)**
Total current tax expense	2,042	**1,987**
Deferred tax expense		
Origination and reversal of temporary differences	2,553	**3,342**
Change in tax rates	857	**—**
Change in recognized future deductible temporary differences	78	**—**
Recognition of previously unrecognized tax loss carry-forwards and temporary differences	(409)	**(3,045)**
Total deferred tax expenses	3,079	**297**
Total	¥5,121	**¥2,284**

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

	%	
Years ended March 31	2012	2013
Applicable tax rate	40.6%	**38.0%**
Non-deductible expenses	1.1	**0.6**
Effect of the different tax rates at foreign subsidiaries	(4.0)	**(3.0)**
Effect of unrecognized tax loss carry-forwards or temporary differences	(3.5)	**(19.5)**
Effect of change in tax rates	6.9	**—**
Other	(2.0)	**(2.0)**
Actual tax rate	39.1%	**14.1%**

The Company is mainly subject to income tax (at rates of 30.0% in FY2011 and 28.1% in FY2012), inhabitant tax (20.5%), and business tax (7.5%), and the applicable tax rates based on such were 40.6% in FY2011 and 38.0% in FY2012. Foreign subsidiaries, however, are subject to income taxes where they are located. On December 2, 2011, the Japanese government enacted corporate tax laws governing the Company and its Japanese subsidiaries. These were the "Partial Revision of the Income Tax Act, etc. in Response to Changes in the Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Reconstruction Funding after the Great East Japan Earthquake" (Act No. 117 of 2011). These laws reduced income tax rates and imposed a special reconstruction tax on corporations as of consolidated fiscal years starting from April 1, 2012. These changes reduced the applicable tax rate, which is used to calculate deferred tax assets and liabilities in the previous fiscal year, from 40.6% to 38.0% for temporary differences that are expected to be reversed in the fiscal year beginning April 1, 2012 through the fiscal year beginning April 1, 2014 and 35.6% for temporary differences that are expected to be reversed in the fiscal year beginning April 1, 2015 or thereafter.

24. Total Equity and Other Capital Items

(1) Number of issued shares and treasury stock

Balance at March 31	2012	2013
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	128,042,848	**137,753,771**
Increase due to conversion of bonds	9,697,923	**6,136,423**
Increase due to exercise of stock option	13,000	**66,000**
Balance at end of fiscal year	137,753,771	**143,956,194**
Treasury stock	628,804	**642,176**

(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. In the consolidated statement of financial position, these amounts are presented as "Retained earnings (Cumulative transition differences at the IFRS transition date)."

3. Actuarial Gain (Loss) on Defined Benefit Plans

These arise from differences between actuarial assumptions and actual results. 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 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:

	Millions of yen	
Years ended March 31	2012	**2013**
Balance at beginning of fiscal year	¥ —	**¥ (212)**
Balance at end of the fiscal year	(212)	**2,320**

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 the using equity method.

25. Dividends

Year ended March 31, 2012

(1) Amount of dividend paid

		Millions of yen	Yen		
Resolution	Classes of shares	Total dividends	Dividends per share	Record date	Effective date
June 28, 2011 Ordinary general meeting of shareholders	Ordinary shares	¥637	¥5.00	March 31, 2011	June 29, 2011
October 27, 2011 Board of Directors meeting	Ordinary shares	637	5.00	September 30, 2011	December 2, 2011

(2) Amount of dividend in which the record date belongs to the fiscal year ended March 31, 2012, whereas its effective date belongs to the following fiscal year

Resolution	Classes of shares	Millions of yen Total dividends	Sources of dividends	Yen Dividends per share	Record date	Effective date
June 27, 2012 Ordinary general meeting of shareholders	Ordinary shares	¥1,371	Retained earnings	¥10.00	March 31, 2012	June 28, 2012

• Year ended March 31, 2013

(1) Amount of dividend paid

Resolution	Classes of shares	Millions of yen Total dividends	Yen Dividends per share	Record date	Effective date
June 27, 2012 Ordinary general meeting of shareholders	**Ordinary shares**	**¥1,371**	**¥10.00**	**March 31, 2012**	**June 28, 2012**
October 31, 2012 Board of Directors meeting	**Ordinary shares**	**1,075**	**7.50**	**September 30, 2012**	**December 4, 2012**

(2) Amount of dividend in which the record date belongs to the fiscal year ended March 31, 2013, whereas its effective date belongs to the following fiscal year

Resolution	Classes of shares	Millions of yen Total dividends	Sources of dividends	Yen Dividends per share	Record date	Effective date
June 26, 2013 Ordinary general meeting of shareholders	**Ordinary shares**	**¥1,791**	**Retained earnings**	**¥12.50**	**March 31, 2013**	**June 27, 2013**

26. 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 1,000 ordinary shares 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.

The Company accounts for stock options granted to eligible individuals as equity-settled share-based payments. The payment amounts recognized as expenses were 63 million yen in the previous fiscal year (From April 1, 2011 to March 31, 2012), and 44 million yen in the current fiscal year (From April 1, 2012 to March 31, 2013).

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. 6	66,000	August 13, 2007	August 14, 2009 through August 13, 2012	¥ 566
No. 7	147,000	August 13, 2007	August 14, 2009 through August 13, 2012	566
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

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

	Number of shares	Yen Weighted average exercise price	Number of shares	Yen Weighted average exercise price
Years ended March 31		2012		**2013**
Outstanding balance at beginning of fiscal year	121,000	¥566	**314,000**	**¥ 790**
Granted during year	206,000	908	**151,000**	**1,002**
Cancelled during year	—	—	**—**	**—**
Exercised during year	13,000	566	**66,000**	**566**
Matured and expired during year	—	—	**42,000**	**566**
Outstanding balance at end of fiscal year	314,000	790	**357,000**	**948**
Options exercisable at end of year	108,000	566	**—**	**—**

The strike prices of stock options exercised at the end of the previous fiscal year ranged from 566 yen to 908 yen. The weighted average remaining contractual period was 3.0 years. The weighted average share price as of the exercise dates for stock options exercised during the previous fiscal year was 869 yen.

The exercise prices of stock options exercised at the end of the current fiscal year ranged from 908 yen to 1,002 yen. The weighted average remaining contractual period was 3.8 years. The weighted average share price as of the exercise dates for stock options exercised during the current fiscal year was 985 yen.

(3) Measuring 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 after a grant.

	No. 6 and No. 7	No. 8 and No. 9	Yen No. 10 and No. 11
Fair value at the grant date	¥ 92	¥ 309	¥ 292
Share price at the grant date	532	895	968
Exercise price	566	908	1,002
Projected volatility (%)	28.10	48.30	45.80
Expected remaining period (years)	3.5	3.9	3.9
Dividend yield (%)	1.32	0.78	1.55
Risk-free rate (%)	1.10	0.26	0.15

27. Financial Instruments

In this section, financial assets measured at fair value through profits 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 interest rate 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 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.

		Millions of yen
Beginning of FY2011 as of April 1, 2011 (The date of transition to IFRS)	1% increase	1% decrease
Profit (loss) before tax	¥(79)	¥79

		Millions of yen
End of FY2011 as of March 31, 2012	1% increase	1% decrease
Profit (loss) before tax	¥(79)	¥79

		Millions of yen
End of FY2012 as of March 31, 2013	1% increase	1% decrease
Profit (loss) before tax	**¥(69)**	**¥69**

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.

			Millions of yen
Beginning of FY2011 as of April 1, 2011 (The date of transition to IFRS)	Japanese yen	U.S. dollar	Euro
Net exposure	¥(3,046)	$1,963	€1,395
(in thousands of units of relevant currency)	(—)	(US$23,612 thousand)	(€11,870 thousand)

End of FY2011 as of March 31, 2012	Japanese yen	U.S. dollar	Millions of yen Euro
Net exposure	¥(3,198)	$3,880	€984
(in thousands of units of relevant currency)	(—)	(US$47,240 thousand)	(€8,972 thousand)

End of FY2012 as of March 31, 2013	Japanese yen	U.S. dollar	Millions of yen Euro
Net exposure	**¥(2,623)**	**$4,909**	**€474**
(in thousands of units of relevant currency)	**(—)**	**(US$52,217 thousand)**	**(€3,931 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 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.

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	Millions of yen **End of FY2012 as of March 31, 2013**
Japanese yen	¥(30)	¥(32)	**¥(26)**
U.S. dollar	(20)	(39)	**(49)**
Euro	(14)	(10)	**(5)**

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 comprehensive income.

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	Millions of yen **End of FY2012 as of March 31, 2013**
Other comprehensive income	¥(33)	¥(36)	**¥(42)**

(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 Company is exposed to the credit risks of parties for which it makes loan guarantees, but these risks are limited to the Anritsu Group 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 41. 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:

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	End of FY2012 as of March 31, 2013
			Millions of yen
Within 30 days past due	¥ 750	¥1,199	**¥1,087**
Within 6 months past due	709	1,068	**1,399**
Within 1 year past due	301	192	**96**
Total	¥1,760	¥2,459	**¥2,582**

The above shows the carrying value before allowance for doubtful accounts. For trade and other receivables, there are certain deposits received as credit enhancements (372 million yen on the date of transition to IFRS, 363 million yen in the previous fiscal year, and 380 million yen in the current fiscal year).

Changes in the allowance for doubtful accounts are as follows:

Years ended March 31	2012	2013
		Millions of yen
Balance at beginning of fiscal year	¥359	**¥314**
Provisions	97	**93**
Amount used	(30)	**(46)**
Other	(112)	**(82)**
Balance at end of fiscal year	¥314	**¥279**

Some trade and other receivables that are individually uncollectible after considering customer financial positions, the statuses of payment delays, and other factors are 219 million yen at the date of transition to IFRS, 191 million yen at the end of the previous fiscal year, and 153 million yen at the end of the current fiscal year. The allowance for doubtful accounts was 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 borrowing, and other financial liabilities are exposed to liquidity risks, the Anritsu Group manages these risks by producing and updating timely funding plans while maintaining ample liquidity and commitment lines 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.

Beginning of FY2011 as of April 1, 2011 (The date of transition to IFRS)	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
								Millions of yen
Non-derivative financial liabilities:								
Trade and other payables	¥ 9,812	¥ 9,812	¥ 9,440	¥ —	¥ —	¥ —	¥ —	¥372
Bonds and borrowings	36,638	38,250	3,214	19,290	702	5,044	10,000	—
Other financial liabilities	1,830	1,952	624	591	518	199	16	4
Guarantee obligations	—	1,836	1,363	55	53	46	41	278
Derivative financial liabilities:								
Other financial liabilities	104	104	67	37	—	—	—	—
Total	¥48,384	¥51,954	¥14,708	¥19,973	¥1,273	¥5,289	¥10,057	¥654

End of FY2011 as of March 31, 2012	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
								Millions of yen
Non-derivative financial liabilities:								
Trade and other payables	¥ 9,643	¥ 9,643	¥ 9,280	¥ —	¥ —	¥ —	¥ —	¥363
Bonds and borrowings	30,113	30,789	21,142	702	5,045	3,900	—	—
Other financial liabilities	1,397	1,475	605	559	238	52	18	3
Guarantee obligations	—	1,642	1,299	45	40	35	33	190
Derivative financial liabilities:								
Other financial liabilities	146	146	146	—	—	—	—	—
Total	¥41,299	¥43,695	¥32,472	¥1,306	¥5,323	¥3,987	¥ 51	¥556

End of FY2012 as of March 31, 2013	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
								Millions of yen
Non-derivative financial liabilities:								
Trade and other payables	**¥ 8,570**	**¥ 8,570**	**¥ 8,190**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ 380**
Bonds and borrowings	**19,418**	**20,010**	**2,687**	**5,143**	**5,078**	**57**	**6,033**	**1,012**
Other financial liabilities	**850**	**893**	**559**	**247**	**59**	**22**	**5**	**1**
Guarantee obligations	**—**	**1,080**	**831**	**30**	**27**	**26**	**24**	**142**
Derivative financial liabilities:								
Other financial liabilities	**15**	**15**	**15**	**—**	**—**	**—**	**—**	**—**
Total	**¥28,853**	**¥30,568**	**¥12,282**	**¥5,420**	**¥5,164**	**¥105**	**¥6,062**	**¥1,535**

(5) 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:

	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)		End of FY2011 as of March 31, 2012		**End of FY2012 as of March 31, 2013**	
	Carrying amounts	Fair value	Carrying amounts	Fair value	Carrying amounts	Fair value
						Millions of yen
Assets measured at fair value						
Financial assets measured at FVTOCI:						
Other financial assets	¥ 1,414	¥ 1,414	¥ 1,386	¥ 1,386	**¥ 1,786**	**¥ 1,786**
Financial assets measured at FVTPL:						
Other financial assets	2	2	11	11	**23**	**23**
Assets measured at amortized cost:						
Cash and cash equivalents	27,994	27,994	39,596	39,596	**37,690**	**37,690**
Trade and other receivables	19,521	19,521	23,796	23,796	**24,163**	**24,163**
Liabilities measured at fair value						
Financial liabilities measured at FVTPL:						
Other financial liabilities	104	104	146	146	**15**	**15**
Liabilities measured at amortized cost:						
Trade and other payables	9,812	9,812	9,642	9,642	**8,570**	**8,570**
Bonds and borrowings	36,638	36,876	30,113	30,078	**19,418**	**19,637**
Other financial liabilities	1,830	1,907	1,397	1,451	**850**	**883**

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

Of other financial assets, 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. Convertible bonds with subscription rights to shares are measured by discounting future cash flows, which are determined under an assumption that conversion rights are not exercised until matured, over the remaining period using a discount rate applied to a similar type of financial instrument.

3. Fair Value Measurements Recognized in the Financial Statements

Below is an analysis for financial instruments recognized at fair value, by the levels in 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

				Millions of yen
Beginning of FY2011 as of April 1, 2011 (The date of transition to IFRS)	Level 1	Level 2	Level 3	Total
Financial assets measured at FVTOCI:				
Other financial assets	¥553	¥ —	¥861	¥1,414
Financial assets measured at FVTPL:				
Other financial assets	—	2	—	2
Total assets	¥553	¥ 2	¥861	¥1,416
Financial assets measured at FVTPL:				
Other financial liabilities	¥ —	¥104	¥ —	¥ 104
Total liabilities	¥ —	¥104	¥ —	¥ 104

				Millions of yen
End of FY2011 as of March 31, 2012	Level 1	Level 2	Level 3	Total
Financial assets measured at FVTOCI:				
Other financial assets	¥556	¥ —	¥830	¥1,386
Financial assets measured at FVTPL:				
Other financial assets	—	11	—	11
Total assets	¥556	¥ 11	¥830	¥1,397
Financial assets measured at FVTPL:				
Other financial liabilities	¥ —	¥146	¥ —	¥ 146
Total liabilities	¥ —	¥146	¥ —	¥ 146

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

End of FY2012 as of March 31, 2013	Level 1	Level 2	Level 3	Total
				Millions of yen
Financial assets measured at FVTOCI:				
Other financial assets	¥ 648	¥ —	¥1,138	¥1,786
Financial assets measured at FVTPL:				
Other financial assets	—	23	—	23
Total assets	¥ 648	¥ 23	¥1,138	¥1,809
Financial assets measured at FVTPL:				
Other financial liabilities	¥ —	¥ 15	¥ —	¥ 15
Total liabilities	¥ —	¥ 15	¥ —	¥ 15

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

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

Financial assets measured at FVTOCI

Year ended March 31, 2012	Millions of yen
Balance at beginning of fiscal year	¥861
Other comprehensive income	(9)
Acquisition	—
Disposal	(22)
Balance at end of fiscal year	¥830

Year ended March 31, 2013	Millions of yen
Balance at beginning of fiscal year	¥ 830
Other comprehensive income	309
Acquisition	—
Disposal	(1)
Balance at end of fiscal year	¥1,138

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, liquidity discount is taken into consideration in the calculation.

(6) 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 date of transition to IFRS, the end of the previous fiscal year, and the end of the current fiscal year are as follows.

Beginning of FY2011 as of April 1, 2011 (The date of transition to IFRS)	Millions of yen
Listed shares	
NEC Corporation	¥ 168
KDDI Corporation	160
Kyowa Exeo Corporation	100
Others	125
Listed shares subtotal	553
Unlisted shares	
Communication equipment industry	369
Shipping industry	177
Leasing industry	133
Information and communication industry	115
Others	67
Unlisted shares subtotal	861
Total	¥1,414

End of FY2011 as of March 31, 2012	Millions of yen
Listed shares	
NEC Corporation	¥ 166
KDDI Corporation	160
Kyowa Exeo Corporation	230
Others	556
Listed shares subtotal	
Unlisted shares	411
Communication equipment industry	221
Shipping industry	198
Leasing industry	830
Information and communication industry	1,386

End of FY2012 as of March 31, 2013	Millions of yen
Listed shares	
NEC Corporation	**¥ 227**
KDDI Corporation	**120**
Kyowa Exeo Corporation	**120**
Others	**181**
Listed shares subtotal	**648**
Unlisted shares	
Communication equipment industry	**466**
Shipping industry	**280**
Leasing industry	**392**
Information and communication industry	**1,138**
Others	**1,786**

Dividends on investments held as of the fiscal year end are 27 million yen and 30 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 by plus or minus 10% is as follows:

						Millions of yen
	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)		End of FY2011 as of March 31, 2012		**End of FY2012 as of March 31, 2013**	
	Beneficial impact	Adverse impact	Beneficial impact	Adverse impact	Beneficial impact	Adverse impact
Other comprehensive income	¥77	¥(77)	¥75	¥(75)	**¥104**	**¥(104)**

(7) 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:

Year ended March 31, 2012	Fair value at the time of derecognition	Cumulative gains or losses	Dividend income (Millions of yen)
Other Financial Assets measured at FVTOCI	¥23	¥(55)	¥0

Note: During the fiscal year, the cumulative loss (after tax) of 42 million yen is reclassified from other components of equity to retained earnings.

Year ended March 31, 2013	Fair value at the time of derecognition	Cumulative gains or losses	Dividend income (Millions of yen)
Other Financial Assets measured at FVTOCI	**¥1**	**¥0**	**¥3**

Note: During the fiscal year, the cumulative loss (after tax) of 0 million yen is reclassified from other components of equity to retained earnings.

28. Revenue

Details of revenue are as follows:

	Millions of yen	
Years ended March 31	2012	2013
Revenue from products	¥80,967	**¥82,102**
Revenue from services	12,656	**12,583**
Total	¥93,623	**¥94,685**

29. Selling, General and Administrative Expenses

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

	Millions of yen	
Years ended March 31	2012	2013
Personnel expenses	¥15,323	**¥15,988**
Travel and transportation expenses	1,478	**1,565**
Advertising expenses	1,106	**1,513**
Depreciation and amortization expenses	513	**621**
Others	4,645	**4,608**
Total	¥23,065	**¥24,295**

30. Research and Development Expense

Details of research and development expense are as follows:

	Millions of yen	
Years ended March 31	2012	2013
Material expenses	¥2,292	**¥ 2,881**
Personnel expenses	6,073	**6,056**
Others	1,275	**1,211**
Total	¥9,640	**¥10,148**

31. Other Income

The details of other income are not disclosed as there are no significant items.

32. Other Expenses

Details of other expenses are as follows:

	Millions of yen	
Years ended March 31	2012	2013
Impairment loss	¥1,580	**¥ 768**
Liquidation of retirement benefit plans	337	**—**
Loss on disposal or sale of property, plant and equipment	324	**254**
Business structure improvement expenses	103	**—**
Others	285	**42**
Total	¥2,629	**¥1,064**

33. Personnel Expenses

Details of personnel expenses are as follows:

	Millions of yen	
Years ended March 31	2012	2013
Wage and salary	¥27,546	**¥27,366**
Welfare expenses	5,248	**5,464**
Retirement benefit expense	1,793	**1,525**
Others	997	**1,399**
Total	¥35,584	**¥35,754**

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

34. 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	
Years ended March 31	2012	2013
Interest income:		
Financial assets measured at amortized cost	¥ 81	**¥ 93**
Dividends income:		
Financial assets measured at FVTOCI	27	**33**
Foreign exchange gains	—	**1,114**
Other	5	**29**
Total	¥113	**¥1,269**

Details of finance costs are as follows:

	Millions of yen	
Years ended March 31	2012	2013
Interest expenses:		
Financial liabilities measured at amortized cost	¥ 678	**¥462**
Foreign exchange losses	299	**—**
Other	57	**414**
Total	¥1,034	**¥876**

35. 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
Years ended March 31	2012	**2013**
Other comprehensive income:		
1. Exchange differences on translation of foreign operations		
Increase during the fiscal year	¥(211)	**¥2,535**
Total exchange differences on translation	(211)	**2,535**
2. Changes in financial assets measured at FVTOCI		
Increase during the fiscal year	(13)	**410**
Total changes in financial assets measured at FVTOCI	(13)	**410**
3. Actuarial loss on defined benefit plans		
Increase during the fiscal year	(637)	**(529)**
Total actuarial loss on defined benefit plans	(637)	**(529)**
4. Share of other comprehensive income of associates and joint ventures accounted for using equity method		
Increase during the fiscal year	(2)	**(2)**
Total share of other comprehensive income of associates and joint ventures accounted for using equity method	(2)	**(2)**
Total other comprehensive income	¥(863)	**¥2,414**

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

						Millions of yen
			2012			**2013**
Years ended March 31	Before taxes	Income tax expense	After taxes	**Before taxes**	**Income tax expense**	**After taxes**
1. Exchange differences on translation	¥ (211)	¥ —	¥(211)	**¥2,535**	**¥ —**	**¥2,535**
2. Changes in financial assets measured at FVTOCI	(8)	(5)	(13)	**395**	**15**	**410**
3. Actuarial loss on defined benefit plans	(891)	254	(637)	**(831)**	**302**	**(529)**
4. Share of other comprehensive income of associates and joint ventures accounted for using equity method	(2)	—	(2)	**(2)**	**—**	**(2)**
Total other comprehensive income	¥(1,112)	¥249	¥(863)	**¥2,097**	**¥317**	**¥2,414**

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

		Millions of yen
Years ended March 31	2012	**2013**
Profit attributable to owners of parent	¥7,973	**¥13,950**
Adjusted profit used for diluted earnings per share		
Interest expenses (net of tax)	103	**19**
Profit used in calculation of diluted earnings per share	8,076	**13,969**

		Shares
Weighted average number of issued and outstanding shares	128,237,853	**141,211,779**
Increase in number of shares used in the calculation of diluted earnings per share		
Increase by bonds with stock subscription rights to shares	15,087,441	**2,132,779**
Increase by stock options	34,747	**63,480**
Weighted average number of issued and outstanding shares used in the calculation of diluted earnings per share	143,360,041	**143,408,038**

		Yen
Basic earnings per share	¥62.17	**¥98.79**
Diluted earnings per share	56.33	**97.41**

37. Non-cash Transactions

Details of non-cash transactions are as follows:

		Millions of yen
Years ended March 31	2012	**2013**
Acquisition of assets through finance leases	¥ 180	**¥ 32**
Conversion of debt to equity	5,769	**3,663**
Total	¥5,949	**¥3,695**

38. Operating Leases

• Leases as lessee

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

		Millions of yen
Years ended March 31	2012	**2013**
Minimum lease payments	¥968	**¥1,049**
Total lease payments	¥968	**¥1,049**

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

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

		Millions of yen
As of March 31	2012	**2013**
Less than 1 year	¥282	**¥ 439**
Between 1 and 5 years	549	**712**
Over 5 years	—	**33**
Total	¥831	**¥1,184**

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).

39. Related Parties

(1) Major Subsidiaries

					Percentage ownership (%)
Name	Business	Location	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
Anritsu Industrial Solutions Co., Ltd.	Industrial Automation	Atsugi-City, Kanagawa	100%	100%	**100%**
Anritsu Networks Co., Ltd.	Other	Atsugi-City, Kanagawa	100	100	**100**
Anritsu Real Estate Co., Ltd.	Other	Atsugi-City, Kanagawa	100	100	**100**
Anritsu U.S. Holding, Inc.	Test and Measurement	CA, USA	100	100	**100**
Anritsu Company	Test and Measurement	CA, USA	100	100	**100**
Anritsu EMEA Ltd.	Test and Measurement	Bedfordshire, UK	100	100	**100**
Anritsu Company Ltd.	Test and Measurement	Kowloon, Hong Kong	100	100	**100**
Anritsu A/S	Test and Measurement	Copenhagen, Denmark	100	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	
Years ended March 31	2012	**2013**
Compensation and bonuses	¥267	**¥258**
Share-based payments	25	**12**
Total	¥292	**¥270**

40. Commitments

There are no significant commitments to be disclosed.

41. 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
	Beginning of FY2011 as of April, 1, 2011 (The date of transition to IFRS)	End of FY2011 as of March 31, 2012	**End of FY2012 as of March 31, 2013**
Guarantees for employees	¥ 530	¥ 390	**¥ 282**
Operationally contracted guarantees	1,306	1,252	**798**
Total	¥1,836	¥1,642	**¥1,080**

(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 2013. 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

42. Subsequent events

None

43. Explanation of Transition to IFRS

Up to the fiscal year ended March 31, 2012, the Anritsu Group prepared its consolidated financial statements under Japanese Generally Accepted Accounting Principles ("J-GAAP") and has adopted IFRS for the first time commencing on April 1, 2012.

The significant accounting policies described in Note 3 have been applied in the preparation of the consolidated financial statements for the current reporting period (April 1, 2012–March 31, 2013) and the previous reporting period (April 1, 2011–March 31, 2012) and the preparation of the Consolidated Statement of Financial Position on the date of transition to IFRS (April 1, 2011).

Exemptions under IFRS 1

IFRS 1 "First time adoption of International Financial Reporting Standards" ("IFRS 1") stipulates that a company, which adopts IFRS for the first time, should apply IFRS retrospectively to prior periods. However, IFRS allows exemptions to retrospective application of the standards for some accounting areas and the Anritsu Group has used the following exemption options:

1. Business Combinations

The Anritsu Group has elected not to apply IFRS 3 "Business Combinations" retrospectively to business combinations which occurred before the date of transition to IFRS. As a result, goodwill arising from business combinations before the transition date is stated at the carrying amount under J-GAAP.

In addition, the relevant goodwill has been tested for impairment as of the date of transition to IFRS, irrespective of whether there is any indication of impairment.

2. Deemed Cost

IFRS 1 permits an entity to elect to measure property, plant and equipment, investment property and intangible assets at the date of transition to IFRS at its fair value and use that fair value as the deemed cost at that date. The Anritsu Group has used the fair value at the date of transition to IFRS as the deemed cost at that date for some investment property under IFRS. The Anritsu Group adopted the cost model for property, plant and equipment, investment property and intangible assets under IFRS. Thus, the revaluation model is not applied.

3. Employee Benefits

The Anritsu Group has applied the exemption in IFRS 1 which permits recognition of all cumulative unrecognized actuarial gains and losses related to defined benefit plans on the date of transition to IFRS. Accordingly, all cumulative unrecognized actuarial gains and losses were recognized in retained earnings on the date of transition to IFRS.

In addition, the Anritsu Group has prospectively elected to report all actuarial gains and losses in other comprehensive income in accordance with IAS 19 "Employee Benefits."

4. Translation Difference of Foreign Operations

The Anritsu Group has adopted the exemption in IFRS 1 which deems all cumulative translation differences of foreign operations to be zero at the date of transition to IFRS.

Reconciliation between J-GAAP and IFRS

1. Reconciliation of Equity as of the Date of Transition to IFRS (April 1, 2011)

In preparing the consolidated statement of financial position at the date of transition to IFRS, the Anritsu Group made the following adjustments to the amounts in the consolidated financial statements prepared in accordance with J-GAAP:

Millions of yen

J-GAAP		Reconciliation of presentation of items	Reconciliation in recognition and measurement	IFRS		
Assets	Amount			Amount	Note	Assets
Current assets						Current assets
Cash and deposits	¥27,994	¥ —	¥ —	¥ 27,994		Cash and cash equivalents
Notes and accounts receivable–trade	19,175	(360)	376	19,191	A	Trade and other receivables
			2	2		Other financial assets
Finished goods	6,184	9,579	(104)	15,659	B	Inventories
Work in process	4,520	(4,520)			B	Anritsu EMEA Ltd.
Raw materials	5,059	(5,059)			B	Anritsu Company Ltd.
Deferred tax assets	5,813	(5,813)			C	Anritsu A/S
		141	—	141	D	Income tax receivables
Other (Currents assets)	1,208	(141)	—	1,067	D	Other assets
Allowance for doubtful accounts (Currents assets)	(280)	280			A	
Total of Current assets	69,673	(5,893)	274	64,054		Total of Current assets
Noncurrent assets						Non-current assets
Property, plant and equipment (net)	17,653	(3,057)	1,176	15,772	E	Property, plant and equipment
Goodwill	1,256	637	1,046	2,939	F	Goodwill and intangible assets
Other (Intangible assets)	617	(617)			F	
		3,056	(191)	2,865	E	Investment property
		329	—	329	G	Trade and other receivables
Investment securities	806	(147)	755	1,414	H	Other financial assets
		170	—	170	H	Investments accounted for using equity method
Deferred tax assets	1,271	5,813	6,585	13,669	C	Deferred tax assets
Long-term prepaid expenses	7,572	(9)	(7,563)		Q	
Other (Investments and other assets)	481	(362)	—	119	G	Other assets
Allowance for doubtful accounts (Investments and other assets)	(80)	80				
Total of Noncurrent assets	29,576	5,893	1,808	37,277		Total of Non-current assets
Total of Assets	¥99,249	¥ —	¥2,082	¥101,331		Total of Assets

Millions of yen

J-GAAP Liabilities and Net assets	Amount	Reconciliation of presentation of items	Reconciliation in recognition and measurement	IFRS Amount	Note	Liabilities and Equity
Current liabilities						Current liabilities
Notes and accounts payable–trade	¥ 6,147	¥ 3,293	¥ —	¥ 9,440	I	Trade and other payables
Short-term loans payable	2,239	—	518	2,757	A, J	Bonds and borrowings
		555	81	636	K	Other financial liabilities
Income taxes payable	868	(115)	22	775		Income tax payables
Provision for directors' bonuses	94	(94)			L	
		4,340	140	4,480	L	Employee benefits
		0	—	0		Provisions
Other (Current liabilities)	11,056	(7,984)	22	3,094	I, K, L, M	Other liabilities
Total of Current liabilities	20,404	(5)	783	21,182		Total of Current liabilities
Noncurrent liabilities						Non-current liabilities
		372	—	372	N	Trade and other payables
Lease obligations	1,179	(1,179)			P	
Bonds payable	9,900	24,700	(719)	33,881	O	Bonds and borrowings
Bonds with subscription rights to shares	10,000	(10,000)			O	
Long-term loans payable	14,700	(14,700)			O	
		1,216	82	1,298	P	Other financial liabilities
		1,916	7,037	8,953	Q	Employee benefits
		119	26	145	R	Provisions
Deferred tax liabilities	345	4	(252)	97	S	Deferred tax liabilities
Provision for retirement benefits	1,896	(1,896)			Q	
Provision for directors' retirement benefits	20	(20)			Q	
Other (Noncurrent liabilities)	899	(527)	2	374	N, R	Other liabilities
Total of Noncurrent liabilities	38,939	5	6,176	45,120		Total of Non-current liabilities
Total of Liabilities	59,343	—	6,959	66,302		Total of Liabilities
Net assets						Equity
Capital stock	14,051	—	—	14,051		Common stock
Capital surplus	23,002	11	410	23,423	O,T	Additional paid-in capital
Retained earnings	10,793	—	(4,722)	6,071	U	Retained earnings
			(7,208)	(7,208)	V	Retained earnings (Cumulative translation differences at the date of transition to IFRS)
Treasury stock	(843)	—	—	(843)		Treasury stock
Accumulated other comprehensive income	(7,108)	—	6,643	(465)	U, V , W	Other components of equity
Subscription rights to shares	11	(11)			T	
Total of Net assets (attributable to owners of parent)	39,906	—	(4,877)	35,029		Total equity attributable to owners of parent
				—		Non-controlling interests
Total of Net assets	39,906	—	(4,877)	35,029		Total of Equity
Total of Liabilities and Net assets	¥99,249	¥ —	¥2,082	¥101,331		Total of Liabilities and Equity

2. Notes to the Reconciliation of Equity as of the Date of Transition to IFRS (April 1, 2011)

The main components of the reconciliation on the transition date to IFRS are as follows:

A. Trade and Other Receivables (Current)

• Reconciliation of presentation of items:

Negative 280 million yen presented separately in allowance for doubtful accounts (current assets) under J-GAAP was included in "Trade and Other Receivables."

• Reconciliation in recognition and measurement:

Under J-GAAP, the Anritsu Group primarily recognized revenue on sales at the time of shipment, but under IFRS revenue on sales is recognized when the significant risks and rewards associated with ownership of the goods have been transferred to the customer. This has resulted in a decrease of 180 million yen in "Trade and Other Current Receivables."

In addition, the Company has entered into agreements for the transfer of receivables with financial institutions for some notes receivable. Under J-GAAP, the portion of receivables that meet the derecognition criteria for financial assets were derecognized at the time of the transfer of the notes receivable. However, the transfer does not meet the derecognition criteria of financial assets under IFRS. Consequently, 518 million yen of the notes receivable was grossed up as “Trade and Other Current Receivables” and “Bonds and Borrowings.”

B. Inventories

• Reconciliation of presentation of items:

Finished goods, work in progress and raw materials, which were presented separately under J-GAAP, are presented together as “Inventories.”

• Reconciliation in recognition and measurement:

Under J-GAAP, the Anritsu Group mainly recognized revenue on sales at the time of shipment, but under IFRS revenue on sales is recognized when the significant risks and rewards of ownership of the goods have been transferred to the customer.

Consequently, “Inventories” has increased by 95 million yen.

In addition, “Inventories” has decreased by 199 million yen mainly due to a decrease in incurred costs associated with changes to the recognition and measurement of employee benefits related to defined benefit plans.

C. Deferred Tax Assets

• Reconciliation of presentation of items:

5,813 million yen in deferred tax assets presented separately in current assets under J-GAAP has been presented as “Deferred Tax Assets (Non-current).”

• Reconciliation in recognition and measurement:

As a result of temporary differences arising from the reconciliation of other items on the statement of financial position, including employee benefit obligations, and consideration of potential taxable income that can utilize deductible temporary differences related to the recoverability of deferred tax assets based on IFRS, there has been an increase of 6,702 million yen in “Deferred Tax Assets.”

In addition, under J-GAAP, the tax effect associated with the elimination of unrealized profit or loss is calculated using the effective tax rate for the seller company while under IFRS it is calculated using the effective tax rate for the purchaser. Accordingly, there has been a 117 million yen decrease in deferred tax assets.

D. Income Tax Receivables, Other Assets (Current)

• Reconciliation of presentation of items:

141 million yen of the 1,208 million yen reported in other in current assets under J-GAAP has been presented separately as “Income Tax Receivable.”

E. Property, Plant and Equipment, Investment Property

• Reconciliation of presentation of items:

3,056 million yen in property held for the purpose of obtaining rental income included in net property, plant and equipment under J-GAAP is presented as “Investment Property.”

• Reconciliation in recognition and measurement:

As a result of revisions to depreciation methods and useful life on the application of IFRS, “Property, Plant and Equipment” and “Investment Property” have increased by 1,091 million yen and 199 million yen, respectively. Moreover, finance leases which were accounted for through expenses under J-GAAP as small-value lease assets are capitalized under IFRS. Consequently, “Property, Plant and Equipment” has increased by 111 million yen.

In addition, the fair value at the date of transition to IFRS has been used as the deemed cost at that date for some investment property. Thus, there has been a decrease of 390 million yen in “Investment Property.” The carrying amount of the investment property for which the deemed cost was used is 833 million yen under J-GAAP, and fair value is 442 million yen.

F. Goodwill and Intangible Assets

• Reconciliation of presentation of items:

1,256 million yen in goodwill presented separately in intangible fixed assets and 617 million yen reported in other (intangible fixed assets) under J-GAAP have been combined together and presented as “Goodwill and Intangible Assets.”

• Reconciliation in recognition and measurement:

Some development costs expensed under J-GAAP meet the requirements for capitalization under IFRS. Consequently, there has been an increase of 1,053 million yen in “Goodwill and Intangible Assets.”

G. Trade and Other Receivables (Non-current)

• Reconciliation of presentation of items:

329 million yen in lease deposits presented in other (investments and other assets) under J-GAAP has been presented as “Trade and Other Receivables (Non-current).”

H. Other Financial Assets (Non-current)

• Reconciliation of presentation of items:

147 million yen in investments in shares of associates and joint ventures presented in investment securities under J-GAAP has been presented as “Investments accounted for using equity method.” 660 million yen in listed shares have been presented as “Other Financial Assets (Non-current).”

• Reconciliation in recognition and measurement:

Under J-GAAP, negotiable securities with no market price (unlisted stocks) are stated at cost using the moving average method, with impairment applied. However, under IFRS, negotiable securities with no market price are measured at fair value, and the difference between fair value and the acquisition cost is recognized retrospectively in other components of equity. As a result, there has been an increase of 755 million yen in “Other Financial Assets (Non-current).”

Impairment losses for investment securities recorded under J-GAAP were reversed in the transition to IFRS. Consequently, there has been an increase of 1,423 million yen in “Retained Earnings.”

I. Trade and Other Payables (Current)
• Reconciliation of presentation of items:
3,293 million yen in accounts payable–other and accrued expenses included in other in current liabilities under J-GAAP which meet the requirements for financial liabilities have been presented as “Trade and Other Payables (Current).”

J. Bonds and Borrowings (Current)
• Reconciliation of presentation of items:
2,239 million yen presented separately in short-term loans payable under J-GAAP has been presented as “Bonds and Borrowings (Current).”

K. Other Financial Liabilities (Current)
• Reconciliation of presentation of items:
526 million yen in lease obligations presented in current liabilities–other under J-GAAP has been presented as “Other Financial Liabilities (Current).”

L. Employee Benefits (Current)
• Reconciliation of presentation of items:
94 million yen presented separately in provision for directors’ bonuses and 4,246 million yen in accounts payable–other and accrued expenses related to employee benefits included in other in current liabilities under J-GAAP have been presented as “Employee Benefits (Current).”
• Reconciliation in recognition and measurement:
The Company and some of its subsidiaries have accrued liabilities relating to paid leave and estimated amounts for special leave and bonuses granted conditional on a defined number of years of service. As a result, there has been a 141 million yen increase in “Employee Benefits (Current).”

M. Other Liabilities (Current)
• Reconciliation of presentation of items:
2,957 million yen in advances received and deposits received presented in current liabilities–other under J-GAAP has been presented as “Other Liabilities (Current).”

N. Trade and Other Payables (Non-current)
• Reconciliation of presentation of items:
372 million yen in guarantee deposits received presented in non-current liabilities–other under J-GAAP has been presented as “Trade and Other Payables (Non-current).”

O. Bonds and Borrowings (Non-current)
• Reconciliation of presentation of items:
9,900 million yen presented separately in bonds payable, 10,000 million yen in bonds with subscription rights to shares and 14,700 million yen in long-term loans payable under J-GAAP have been presented as “Bonds and Borrowings (Non-current).”
• Reconciliation in recognition and measurement:
For convertible bonds with share subscription rights, the portion of the consideration for bonds and the portion of the consideration for share subscription rights are accounted for as a lump sum rather than separately under J-GAAP. However, under IFRS, the liability element and the equity element of compound instruments are separated. Consequently, 751 million yen measured as the equity element was deducted from “Bonds and Borrowings,” and the amount of 410 million yen after tax effects was reported through “Additional Paid-in Capital.”

P. Other Financial Liabilities (Non-current)
• Reconciliation of presentation of items:
1,179 million yen in lease obligations presented in non-current liabilities under J-GAAP has been presented as “Other Financial Liabilities (Non-current).”

Q. Employee Benefits (Non-current)
• Reconciliation of presentation of items:
1,896 million yen presented separately in provision for retirement benefits and 20 million yen in provision for directors’ retirement benefits under J-GAAP has been presented as “(Employee Benefits (Non-current)).”
• Reconciliation in recognition and measurement:
Under J-GAAP, actuarial differences arising from defined benefit plans are amortized over a set period beginning the fiscal year following the year in which they arise. However, the Anritsu Group has elected to recognize all actuarial differences at the time when they arise under IFRS. In addition, some subsidiaries used the simplified method permitted for small companies in the calculation of post-retirement benefit obligations under J-GAAP while these are calculated in accordance with the general rules under IFRS.
As a result, there has been a 6,414 million yen increase in “Employee Benefits.” At the same time, there has been a 7,563 million yen decrease in prepaid pension expenses related to retirement benefits included in long-term prepaid expenses under J-GAAP.
In addition, there has been a 623 million yen increase in “Employee Benefits” due to accrual of estimated amounts for special leave and bonuses granted conditional on a defined number of years of service.

R. Provisions (Non-current)
• Reconciliation of presentation of items:
119 million yen in asset retirement obligations presented in non-current liabilities–other under J-GAAP has been presented as “Provisions (Non-current).”

S. Deferred Tax Liabilities

• Reconciliation in recognition and measurement:

As a result of a change in temporary differences arising from other items in the consolidated statement of financial position, there has been a 252 million yen decrease in "Deferred Tax Liabilities."

T. Additional Paid-in Capital

• Reconciliation of presentation of items:

11 million yen presented separately in subscription rights to shares under J-GAAP has been presented as "Additional Paid- in Capital."

U. Retained Earnings

• Reconciliation in recognition and measurement:

The main components of reconciliation in recognition and measurement in retained earnings are shown below. Please note that the following amounts are the ones after adjustment for the relevant tax effects and may not agree with the totals in the notes for reference that report the impact on the balances on the consolidated statement of financial position.

	Millions of yen
Change of inventories associated with incurred costs (Refer to B)	¥ (141)
Effect of consideration for recoverability of deferred tax assets (Refer to C)	2,894
Elimination of unrealized profit or loss, etc. (Refer to C)	(192)
Revision of depreciation method and useful life of Property, Plant and Equipment and Investment Property, and application of deemed cost (Refer to E)	480
Capitalization of development cost (Refer to F)	1,053
Reversal of impairment of investment securities (FVTOCI) recognized prior to transition to IFRS (Refer to H)	1,423
Accrual of paid leave expense (Current and non-current liabilities) (Refer to L and Q)	(513)
Immediate recognition as well as change of calculation method for actuarial difference of defined benefit plans (Refer to Q)	(9,668)
Others	(58)
Total	¥(4,722)

V. Retained Earnings (Cumulative translation difference arising from transition to IFRS)

• Reconciliation in recognition and measurement:

The Anritsu Group has applied the exemption for first-time adoption of IFRS. Cumulative translation differences of foreign operations of negative 7,208 million yen which is presented in accumulated other comprehensive income under J-GAAP are deemed to be zero at the date of transition to IFRS and reported in "Retained Earnings (Cumulative translation difference arising from translation to IFRS)."

W. Other Component of Equity

• Reconciliation in recognition and measurement:

On the transition to IFRS, the Anritsu Group reversed all impairment losses on investment securities (FVTOCI) treated as impaired under J-GAAP, and retrospectively reported the difference between the acquisition cost and the fair value in other components of equity (net of tax effects). As a result, there has been a decrease of 588 million yen in "Other Components of Equity."

3. Reconciliation for Equity as of the End of Previous Fiscal Year (March 31, 2012)

In preparing the consolidated statement of financial position for the fiscal year ended March 31, 2012, the Anritsu Group made the following adjustments to the amounts in the consolidated financial statements prepared in accordance with J-GAAP:

Millions of yen

J-GAAP		Reconciliation of presentation of items	Reconciliation in recognition and measurement	IFRS		
Assets	Amount			Amount	Note	Assets
Current assets						Current assets
Cash and deposits	¥ 39,596	¥ —	¥ —	¥ 39,596		Cash and cash equivalents
Notes and accounts receivable–trade	23,606	(101)	(33)	23,472	A	Trade and other receivables
			11	11		Other financial assets
Finished goods	5,527	9,287	(43)	14,771	B	Inventories
Work in process	4,084	(4,084)			B	
Raw materials	5,203	(5,203)			B	
Deferred tax assets	5,638	(5,638)			C	
		161	—	161	D	Income tax receivables
Other (Currents assets)	1,240	(299)	(7)	934	A, D	Other assets
Allowance for doubtful accounts (Currents assets)	(240)	240			A	
Total of Current assets	84,654	(5,637)	(72)	78,945		Total of Current assets
Noncurrent assets						Non-current assets
Property, plant and equipment (net)	16,885	(2,772)	1,328	15,441	E	Property, plant and equipment
		660	807	1,467	F	Goodwill and intangible assets
Software	626	(626)			F	
		2,772	(274)	2,498	E	Investment property
		324	—	324	G	Trade and other receivables
Investment securities	804	(173)	755	1,386	H	Other financial assets
		173	—	173	H	Investments accounted for using equity method
Deferred tax assets	2,355	5,638	2,980	10,973	C	Deferred tax assets
Long-term prepaid expenses	7,313	(7)	(7,306)		R	
Other (Investments and other assets)	506	(426)	—	80	G	Other assets
Allowance for doubtful accounts (Investments and other assets)	(74)	74				
Total of Noncurrent assets	28,415	5,637	(1,710)	32,342		Total of Non-current assets
Total of Assets	¥113,069	¥ —	¥(1,782)	¥111,287		Total of Assets

Millions of yen

J-GAAP Liabilities and Net assets	Amount	Reconciliation of presentation of items	Reconciliation in recognition and measurement	IFRS Amount	Note	Liabilities and Equity
Current liabilities						Current liabilities
Notes and accounts payable–trade	¥ 4,920	¥ 4,360	¥ —	¥ 9,280	I	Trade and other payables
Short-term loans payable	1,836	19,000	(16)	20,820	J	Bonds and borrowings
Current portion of long-term loans payable	9,100	(9,100)			J	
Current portion of bonds	9,900	(9,900)			J	
		546	169	715	K	Other financial liabilities
Income taxes payable	1,876	(99)	17	1,794		Income tax payables
Provision for product warranties	348	(348)			M	
Provision for directors' bonuses	120	(120)			L	
		6,252	166	6,418	L	Employee benefits
		358	1	359	M	Provisions
Other (Current liabilities)	15,849	(11,126)	1	4,724	I, K, L, N	Other liabilities
Total of Current liabilities	43,949	(177)	338	44,110		Total of Current liabilities
Noncurrent liabilities						Non-current liabilities
		363	—	363	O	Trade and other payables
Lease obligations	758	(758)			Q	
Bonds with subscription rights to shares	3,900	5,600	(207)	9,293	P	Bonds and borrowings
Long-term loans payable	5,600	(5,600)			P	
		758	69	827	Q	Other financial liabilities
		2,750	6,248	8,998	R	Employee benefits
		104	(3)	101	S	Provisions
Deferred tax liabilities	291	50	(221)	120	T	Deferred tax liabilities
Provision for retirement benefits	1,790	(1,790)			R	
Provision for directors' retirement benefits	23	(23)			R	
Other (Noncurrent liabilities)	1,895	(1,277)	39	657	O, R, S	Other liabilities
Total of Noncurrent liabilities	14,257	177	5,925	20,359		Total of Non-current liabilities
Total of Liabilities	58,206	—	6,263	64,469		Total of Liabilities
Net assets						Equity
Capital stock	17,106	—	—	17,106		Common stock
Capital surplus	26,056	73	203	26,332	P, U	Additional paid-in capital
Retained earnings	19,699	—	(7,609)	12,090	V	Retained earnings
			(7,208)	(7,208)	W	Retained earnings (Cumulative translation differences at the date of transition to IFRS)
Treasury stock	(853)	—	—	(853)		Treasury stock
Accumulated other comprehensive income	(7,218)	—	6,569	(649)	V, W, X	Other components of equity
Subscription rights to shares	73	(73)			U	
Total of Net assets (attributable to owners of parent)	54,863	—	(8,045)	46,818		Total equity attributable to owners of parent
				—		Non-controlling interests
Total of Net assets	54,863	—	(8,045)	46,818		Total of Equity
Total of Liabilities and Net assets	¥113,069	¥ —	¥(1,782)	¥111,287		Total of Liabilities and Equity

4. Notes to the Reconciliation for Equity as of the End of Previous Fiscal Year (March 31, 2012)

The main components of reconciliation at the end of previous fiscal year are as follows:

A. Trade and Other Receivables (Current)

• Reconciliation of presentation of items:

Negative 240 million yen presented separately in allowance for doubtful accounts (current) and 137 million yen in accounts receivable–other presented in other (current assets) under J-GAAP were included in “Trade and Other Receivables.”

• Reconciliation in recognition and measurement:

Under J-GAAP, the Anritsu Group primarily recognized revenue on sales at the time of shipment, but under IFRS revenue on sales is recognized when the significant risks and rewards associated with ownership of the goods have been transferred to the customer. This has resulted in a decrease of 145 million yen in “Trade and Other Receivables (Current).”

With regard to forward exchange contracts which are accounted for using the “Furiate method - the accounting method of translating and allocating the values of foreign monetary rights or obligations at a predetermined rate” under J-GAAP, the Anritsu Group evaluates them at fair values under IFRS without applying hedge accounting. Consequently, there has been an increase of 112 million yen in “Trade and Other Receivables (Current).”

B. Inventories

• Reconciliation of presentation of items:

Finished goods, work in progress and raw materials, which were presented separately under J-GAAP, are presented together as “Inventories.”

• Reconciliation in recognition and measurement:

Under J-GAAP, the Anritsu Group mainly recognized revenue on sales at the time of shipment, but under IFRS revenue on sales is recognized when the significant risks and rewards of ownership of the goods have been transferred to the customer.

Consequently, “Inventories” has increased by 84 million yen. In addition, “Inventories” has decreased by 127 million yen mainly due to a decrease in incurred costs associated with changes to the recognition and measurement of employee benefits related to defined benefit plans.

C. Deferred Tax Assets

• Reconciliation of presentation of items:

5,638 million yen in deferred tax assets presented separately in current assets under J-GAAP has been presented as “Deferred Tax Assets (Non-current).”

• Reconciliation in recognition and measurement:

As a result of temporary differences arising from the reconciliation of other items on the Statement of Financial Position including employee benefit obligations, and consideration of potential taxable income that can utilize deductible temporary differences related to the recoverability of deferred tax assets based on IFRS, there has been an increase of 3,269 million yen in “Deferred Tax Assets.”

In addition, under J-GAAP the tax effect associated with the elimination of unrealized profit or loss is calculated using the effective tax rate for the seller while under IFRS it is calculated using the effective tax rate for the purchaser. Accordingly, there has been a 290 million yen decrease in deferred tax assets.

D. Income Tax Receivables, Other Assets (Current)

• Reconciliation of presentation of items:

161 million yen of the 1,240 million yen reported in other in current assets under J-GAAP has been presented separately as “Income Tax Receivable.”

E. Property, Plant and Equipment, Investment Property

• Reconciliation of presentation of items:

2,772 million yen in property held for the purpose of obtaining rental income included in net property, plant and equipment under J-GAAP is presented as “Investment Property.”

• Reconciliation in recognition and measurement:

As a result of revisions to depreciation methods and useful life on the application of IFRS, “Property, Plant and Equipment” and “Investment Property” have increased by 1,263 million yen and 117 million yen, respectively. Moreover, finance leases which were accounted for through expenses under J-GAAP as small-value lease assets are capitalized under IFRS. Consequently, “Property, Plant and Equipment” has increased by 82 million yen.

In addition, the fair value at the date of transition to IFRS has been used as the deemed cost at that date for some investment property. Thus, there has been a decrease of 390 million yen in “Investment Property.” The carrying amount of the investment property for which the deemed value was used under J-GAAP is 833 million yen, and fair value is 442 million yen.

F. Goodwill and Intangible Assets

• Reconciliation of presentation of items:

626 million yen in software presented separately in intangible fixed assets under J-GAAP has been presented as “Goodwill and Intangible Assets.”

• Reconciliation in recognition and measurement:

Some development costs expensed under J-GAAP meet the requirements for capitalization under IFRS. Consequently, there has been an increase of 805 million yen in “Goodwill and Intangible Assets.”

G. Trade and Other Receivables (Non-current)

• Reconciliation of presentation of items:

324 million yen in lease deposits presented in other (investments and other assets) under J-GAAP has been presented as “Trade and Other Receivables (Non-current).”

H. Other Financial Assets (Non-current)
• Reconciliation of presentation of items:
173 million yen in investments in shares of associates and joint ventures presented in investment securities under J-GAAP has been presented as "Investments accounted for using equity method." 631 million yen in listed shares, etc., has been presented as "Other Financial Assets (Non-current)."
• Reconciliation in recognition and measurement:
Under J-GAAP, negotiable securities with no market price (unlisted stocks) are stated at cost using the moving average method, with impairment applied. However, under IFRS, negotiable securities with no market price are measured at fair value, and the difference between fair value and the acquisition cost is recognized retrospectively in other components of equity. As a result, there has been an increase of 755 million yen in "Other Financial Assets (Non-current)."
Impairment losses for investment securities recorded under J-GAAP were reversed in the transition to IFRS. Consequently, there has been an increase of 1,390 million yen in "Retained Earnings."

I. Trade and Other Payables (Current)
• Reconciliation of presentation of items:
4,445 million yen in accounts payable–other and accrued expenses included in other in current liabilities under J-GAAP which meet the requirements for financial liabilities have been presented as "Trade and Other Payables (Current)."

J. Bonds and Borrowings (Current)
• Reconciliation of presentation of items:
1,836 million yen presented separately in short-term loans payable, 9,100 million yen in current portion of long-term loans payable and 9,900 million yen in current portion of bonds under J-GAAP have been presented as "Bonds and Borrowings (Current)."

K. Other Financial Liabilities (Current)
• Reconciliation of presentation of items:
546 million yen in lease obligations presented in current liabilities–other under J-GAAP has been presented as "Other Financial Liabilities (Current)."
• Reconciliation in recognition and measurement:
Under J-GAAP, forward exchange contracts are accounted for using the Furiate method - the accounting method of translating and allocating the values of foreign monetary rights or obligations at a predetermined rate while they are evaluated at their fair values under IFRS. Consequently, there has been an increase of 119 million yen in "Other Financial Liabilities (Current))."

L. Employee Benefits (Current)
• Reconciliation of presentation of items:
120 million yen presented separately in provision for directors' bonuses and 6,132 million yen in accounts payable–other and accrued expenses related to employee benefits included in other in current liabilities under J-GAAP have been presented as "Employee Benefits (Current)."
• Reconciliation in recognition and measurement:
The Company and some of its subsidiaries have accrued liabilities relating to paid leave and estimated amounts for special leave and bonuses granted conditional on a defined number of years of service. As a result, there has been a 166 million yen increase in "Employee Benefits (Current)."

M. Provisions (Current)
• Reconciliation of presentation of items:
348 million yen presented separately in provision for product warranties under J-GAAP has been presented as "Provisions (Current)."

N. Other Liabilities (Current)
• Reconciliation of presentation of items:
4,625 million yen in advances received and deposits received presented in current liabilities–other under J-GAAP has been presented as "Other Liabilities (Current)."

O. Trade and Other Payables (Non-current)
• Reconciliation of presentation of items:
363 million yen in guarantee deposits received presented in non-current liabilities–other under J-GAAP has been presented as "Trade and Other Payables (Non-current)."

P. Bonds and Borrowings (Non-current)
• Reconciliation of presentation of items:
3,900 million yen presented separately in bonds with subscription rights to shares and 5,600 million yen in long-term loans payable under J-GAAP have been presented as "Bonds and Borrowings (Non-current)."
• Reconciliation in recognition and measurement:
For convertible bonds with share subscription rights, the portion of the consideration for bonds and the portion of the consideration for share subscription rights are accounted for as a lump sum rather than separately under J-GAAP. However, under IFRS, the liability element and the equity element of compound instruments are separated and the liability element is measured using amortized cost method. Consequently, there has been a 207 million yen decrease in "Bonds and Borrowings (Non-current)."
In addition, there has been a 203 million yen increase in "Additional Paid-in Capital" with the adjustment of the equity element.

Q. Other Financial Liabilities (Non-current)
• Reconciliation of presentation of items:
758 million yen in lease obligations presented in non-current liabilities under J-GAAP has been presented as "Other Financial Liabilities (Non-current)."

R. Employee Benefits (Non-current)

• Reconciliation of presentation of items:

1,790 million yen presented separately in provision for retirement benefits, 23 million yen in provision for directors' retirement benefits and 927 million yen in accounts payable—other related with retirement benefits presented in non-current liabilities under J-GAAP have been presented as "Employee Benefits (Non-current)."

• Reconciliation in recognition and measurement:

Under J-GAAP, actuarial differences arising from defined benefit plans are amortized over a set period beginning the fiscal year following the year in which they arise. However, the Anritsu Group has elected to recognize all actuarial differences at the time when they arise under IFRS. In addition, some subsidiaries used the simplified method permitted for small companies in the calculation of post-retirement benefit obligations under J-GAAP while these are calculated in accordance with the general rules under IFRS.

As a result, there has been a 5,519 million yen increase in "Employee Benefits (Non-current)." At the same time, there has been a 7,306 million yen decrease in prepaid pension expenses related to retirement benefits included in long-term prepaid expenses under J-GAAP.

In addition, there has been a 729 million yen increase in "Employee Benefits (Non-current)" due to accrual of estimated amounts for special leave and bonuses granted conditional on a defined number of years of service.

S. Provisions (Non-current)

• Reconciliation of presentation of items:

104 million yen in asset retirement obligations presented in non-current liabilities–other under J-GAAP has been presented as "Provisions (Non-current)."

T. Deferred Tax Liabilities

• Reconciliation in recognition and measurement:

As a result of change of temporary differences arising from other items of consolidated statement of financial position, there has been a 221 million yen decrease in "Deferred Tax Liabilities."

U. Additional Paid-in Capital

• Reconciliation of presentation of items:

73 million yen presented separately in subscription rights to shares under J-GAAP has been presented as "Additional Paid-in Capital."

V. Retained Earnings

• Reconciliation in recognition and measurement:

The main components of reconciliation in recognition and measurement in retained earnings are shown below. Please note that the following amounts are the ones after adjustment for the relevant tax effects and may not agree with the totals in the notes for reference that report the impact on the balances on the Consolidated Statement of Financial Position.

	Millions of yen
Change of inventories associated with incurred costs (Refer to B)	¥ (93)
Elimination of unrealized profit or loss, etc. (Refer to C)	(339)
Revision of depreciation method and useful life of Property, Plant and Equipment and Investment Property, and application of deemed cost (Refer to E)	616
Capitalization of development cost (Refer to F)	875
Reversal of impairment of investment securities (FVTOCI) recognized prior to transition to IFRS (Refer to H)	1,390
Accrual of paid leave expense (Current and non-current liabilities) (Refer to L and R)	(642)
Immediate recognition as well as change of calculation method for actuarial difference of defined benefit plans (Refer to R)	(9,305)
Others	(111)
Total	¥(7,609)

W. Retained Earnings (Cumulative translation difference arising from transition to IFRS)

• Reconciliation in recognition and measurement:

The Anritsu Group has applied the exemption for first-time adoption of IFRS. Cumulative translation differences of foreign operations of negative 7,208 million yen which is presented in accumulated other comprehensive income under J-GAAP are deemed to be zero at the date of transition to IFRS and reported in "Retained Earnings (Cumulative translation difference arising from translation to IFRS)."

X. Other Component of Equity

• Reconciliation in recognition and measurement:

On the transition to IFRS, the Anritsu Group reversed impairment losses on investment securities (FVTOCI) treated as impaired under J-GAAP, and retrospectively reported the difference between the acquisition cost and the fair value to other components of equity (net of tax effects). As a result, there has been a decrease of 555 million yen in "Other Components of Equity."

5. Reconciliation of Comprehensive Income for the Previous Fiscal Year (April 1, 2011–March 31, 2012)

In preparing the consolidated statement of comprehensive income for the fiscal year ended March 31, 2012, the Anritsu Group made the following adjustments to the amounts in the consolidated financial statements prepared in accordance with J-GAAP.

During the current fiscal year ended March 31, 2013, the Anritsu Group changed the accounting policy for research and development expense under J-GAAP where a part of the research and development expense, which was previously treated as production costs and as such recorded in the Cost of Sales, is classified as Selling, General and Administrative Expenses. To facilitate comparison with the annual report in the previous fiscal year, however, figures per J-GAAP in the table below are not restated in relation to the change in the accounting policy.

Millions of yen

J-GAAP		Reconciliation of presentation of items	Reconciliation in recognition and measurement	IFRS		
Account title	Amount			Amount	Note	Account title
Net sales	¥93,587	¥ —	¥ 36	¥93,623		Revenue
Cost of sales	49,385	(4,738)	(249)	44,398	A	Cost of sales
Gross profit	44,202	4,738	285	49,225		Gross profit
Selling, general and administrative expenses	29,787	(5,236)	(1,486)	23,065	A, B	Selling, general and administrative expenses
		10,013	(373)	9,640	A	Research and development expense
		113*	(4)*	109*	C	Other income (* Revenue items (+))
		2,430	199	2,629	D	Other expenses
Operating income	14,415	(2,356)	1,941	14,000		Operating profit (loss)
Non-operating income						
Interest income	81	42	(10)	113		Finance income
Dividends income	27	(27)				
Reversal of allowance for doubtful accounts	31	(31)				
Other	134	(134)			C	
Non-operating expenses						
Interest expenses	517	384	133	1,034	E	Finance costs
Foreign exchange losses	306	(306)			E	
Other	271	(271)			D, E	
Extraordinary income						
Gain on sales of investment securities	10	(10)				
Extraordinary Loss						
Impairment loss on goodwill	897	(897)			D	
Loss on revision of retirement benefit plan	528	(528)			D	
Impairment loss	410	(410)			D	
Loss on sale of property, plant and equipment	293	(293)			D	
Business structure improvement expenses	103	(103)			D	
Loss on sale of investment securities	20	(20)				
Loss on valuation of investment securities	1	(1)				
		15	—	15		Share of profit (loss) of associates and joint ventures accounted for using equity method
Income before income taxes	11,352	(56)	1,798	13,094		Profit (loss) before tax
Income taxes–current	2,195	(1,079)	4,005	5,121	F	Income tax expense
Income taxes–deferred	(1,023)	1,023			F	
Net income	¥10,180	¥ —	¥(2,207)	¥ 7,973		Profit (loss)

J-GAAP		Reconciliation of presentation of items	Reconciliation in recognition and measurement	IFRS		Millions of yen
Account title	Amount			Amount	Note	Account title
Other comprehensive income						Other comprehensive income
Foreign currency translation adjustment	¥ (125)	¥—	¥ (86)	¥ (211)		Exchange differences on translation
Valuation difference on available-for-sale securities	9	—	(22)	(13)		Change of financial assets measured at fair value
			(637)	(637)	G	Actuarial gain (loss) on defined benefit plans
Share of other comprehensive income of associates accounted for using equity method	(2)	—	—	(2)		Share of other comprehensive income of associates and joint ventures accounted for using equity method
Deferred gains or losses on hedges	8	—	(8)			
Total of Other comprehensive income	(110)	—	(753)	(863)		Other comprehensive income
Comprehensive income	10,070	—	(2,960)	7,110		Comprehensive income
(Details)						
Net income:						Profit (loss), attributable to:
(attributable to owners of parent)	10,180	—	(2,207)	7,973		Owners of parent
				—		Non-controlling interests
Comprehensive income:						Comprehensive income attributable to:
Comprehensive income attributable to owners of parent	10,070	—	(2,960)	7,110		Owners of parent
Comprehensive income attributable to minority interests	—	—	—	—		Non-controlling interests
						%
Earnings per share						Earnings per share:
Basic earnings per share	79.39	—	(17.22)	62.17		Basic earnings per share
Diluted earnings per share	71.01	—	(14.68)	56.33		Diluted earnings per share

6. Notes to the Reconciliation for Comprehensive Income for the Previous Fiscal Year (April 1, 2011–March 31, 2012)

Main reconciled items are as follows:

A. Cost of sales, Selling, General and Administrative Expenses, Research and Development Expense

• Reconciliation of presentation of items:

4,752 million yen in research and development costs included in cost of sales and 5,261 million yen in research and development costs included in selling, general and administrative expenses under J-GAAP were presented in "Research and Development Expense."

• Reconciliation in recognition and measurement:

Under J-GAAP, actuarial differences arising from defined benefit plans are amortized over a set period beginning the fiscal year following the year when the differences arise. However, the Anritsu Group has elected to recognize all actuarial differences in the other comprehensive income immediately when they arise under IFRS. In addition, some subsidiaries used the simplified method permitted for small companies in the calculation of post-retirement benefit obligations under J-GAAP while these are calculated in accordance with the general rules under IFRS.

As a result of this difference, there has been a 509 million yen decrease in "Cost of Sales," a 1,162 million yen decrease in "Selling, General and Administrative Expenses" and a 180 million yen decrease in "Research and Development Expense" respectively.

In addition, a part of development costs, which were expensed under J-GAAP, are capitalized under IFRS. Consequently, there has been a 325 million yen increase in "Cost of Sales" and a 202 million yen decrease in "Research and Development Expense."

B. Selling, General and Administrative Expenses

• Reconciliation in recognition and measurement:

Goodwill is amortized under J-GAAP while it is not amortized under IFRS. Consequently, there has been a 359 million yen decrease in "Selling, General and Administrative Expenses."

C. Other Income

• Reconciliation of presentation of items:

113 million yen reported in non-operating income–other under J-GAAP has been presented as "Other Income."

D. Other Expenses

• Reconciliation of presentation of items:

199 million yen reported in non-operating expenses–other and extraordinary losses such as 897 million yen of impairment loss on goodwill, 528 million yen of loss on revision of retirement benefit plan, 410 million yen of impairment loss, 293 million yen of loss on sale of property, plant and equipment, and 103 million yen of business structure improvement expenses under J-GAAP have been presented as "Other Expenses."

• Reconciliation in recognition and measurement:

Under J-GAAP, goodwill is amortized and impairment loss is recognized on the carrying amount after amortization, but under IFRS, the impairment loss is recognized on the non-amortized carrying amount. Consequently there has been a 359 million yen decrease in “Other Expenses.”

Due to the change in amortization method of actuarial differences, there has been a 191 million yen decrease in expenses for settlement of a part of defined benefit plans.

E. Finance Costs

• Reconciliation of presentation of items:

517 million yen in interest expenses, 306 million yen in foreign exchange losses reported in non-operating expenses and 58 million yen reported in non-operating expenses–other under J-GAAP have been presented as “Financial Costs.”

• Reconciliation in recognition and measurement:

As a rule, bonds and borrowings are measured at the amount of the obligation under J-GAAP. However, under IFRS, they are measured at their amortized cost using the effective interest method, including separate accounting for compound instruments. Consequently, there has been a 169 million yen increase in “Financial Costs.”

F. Income Tax Expense

• Reconciliation of presentation of items:

2,139 million yen in income taxes-current and 1,023 million yen income taxes-deferred have been combined and presented as “Income Tax Expense.”

• Reconciliation in recognition and measurement:

There has been a 3,837 million yen increase in “Income Tax Expense” due to increases in temporary differences associated with the reconciliation of items on the consolidated statement of financial position.

In addition, under J-GAAP the tax effect associated with the elimination of unrealized gain and loss is calculated using the effective tax rate for the seller while under IFRS it is calculated using the effective tax rate for the purchaser. Accordingly there has been a 167 million yen increase in “Income Tax Expense.”

G. Actuarial differences on defined benefit plans (Other comprehensive income)

• Reconciliation in recognition and measurement:

Under J-GAAP, actuarial differences arising from defined benefit plans are amortized over a set period beginning the fiscal year following the year when the differences arise. However, the Anritsu Group has elected to recognize all actuarial differences in the other comprehensive income immediately when they arise under IFRS. As a result, a loss of 637 million yen has been reported in “Actuarial Differences on Defined Benefit Plans.”

7. Significant Reconciliation of Statement of Cash Flows for the Previous Fiscal Year (April 1, 2011–March 31, 2012)

The expenditures associated with development costs are classified into cash flows from operating activities under J-GAAP, while under IFRS the capitalized expenditures are classified into cash flows from investing activities. Consequently, there has been a 202 million yen decrease in cash flows from investing activities and the equivalent amount increase in cash flows from operating activities.

Reference Information

Consolidated quarterly information for the current fiscal year

				Millions of yen
Year ended March 31, 2013	1st Quarter	2nd Quarter	3rd Quarter	FY2012
Cumulative period				
Revenue	¥21,602	¥46,262	¥67,656	¥94,685
Quarterly (Annual) profit before tax	3,565	8,104	11,548	16,226
Quarterly (Annual) profit attributable to owners of parent	2,544	6,897	9,402	13,950
Quarterly (Annual) basic earnings per share (yen)	18.43	49.48	66.88	98.79
Accounting period				
Quarterly earnings per share: Basic (yen)	18.43	30.98	17.48	31.73

Non-consolidated Balance Sheet

	Millions of yen		Thousands of U.S. dollars*
	2013	2012	**2013**
Assets			
Current assets			
Cash and deposits	**¥ 21,443**	¥ 25,835	**$ 228,093**
Notes receivable–trade	**361**	370	**3,840**
Accounts receivable–trade	**13,846**	15,833	**147,282**
Finished goods	**3,239**	2,734	**34,454**
Work in process	**2,673**	2,228	**28,433**
Raw materials	**2,483**	2,724	**26,412**
Advance payment–trade	**20**	21	**213**
Prepaid expenses	**49**	35	**521**
Short-term loan receivable	**658**	3,455	**6,999**
Deferred tax assets	**2,119**	3,327	**22,540**
Accounts receivable–other	**1,348**	1,382	**14,339**
Other	**345**	83	**3,670**
Allowance for doubtful accounts	**(109)**	(67)	**(1,159)**
Total current assets	**48,475**	57,960	**515,637**
Noncurrent assets			
Property, plant and equipment			
Buildings	**28,441**	28,044	**302,531**
Accumulated depreciation	**(22,164)**	(21,736)	**(235,762)**
Accumulated impairment losses	**(733)**	(130)	**(7,797)**
Buildings (Net)	**5,544**	6,178	**58,972**
Structures	**1,366**	1,369	**14,531**
Accumulated depreciation	**(1,258)**	(1,246)	**(13,382)**
Accumulated impairment losses	**(3)**	(0)	**(32)**
Structures (Net)	**105**	123	**1,117**
Machinery and equipment	**1,092**	1,300	**11,616**
Accumulated depreciation	**(1,007)**	(1,182)	**(10,712)**
Machinery and equipment (Net)	**85**	118	**904**
Vehicles	**9**	12	**96**
Accumulated depreciation	**(9)**	(12)	**(96)**
Vehicles (Net)	**0**	0	**0**
Tools, furniture and fixtures	**7,503**	6,898	**79,811**
Accumulated depreciation	**(6,304)**	(5,997)	**(67,057)**
Tools, furniture and fixtures (Net)	**1,199**	901	**12,754**
Land	**2,236**	1,268	**23,785**
Construction in progress	**792**	—	**8,425**
Total property, plant and equipment	**9,961**	8,588	**105,957**
Intangible assets			
Software	**463**	342	**4,925**
Other	**104**	—	**1,106**
Total intangible assets	**567**	342	**6,031**
Investments and other assets			
Investment securities	**642**	558	**6,829**
Stocks of subsidiaries and affiliates	**45,502**	45,498	**484,012**
Investment in capital	**114**	122	**1,213**
Long-term loans receivable from employees	**9**	12	**96**
Long-term loans receivable	**7,908**	5,691	**84,119**
Long-term prepaid expenses	**7,611**	5,492	**80,959**
Deferred tax assets	**1,955**	1,008	**20,796**
Other	**6**	8	**64**
Allowance for doubtful accounts	**(1)**	(1)	**(11)**
Total investments and other assets	**63,746**	58,388	**678,077**
Total noncurrent assets	**74,274**	67,318	**790,065**
Total	**¥122,749**	¥125,278	**$1,305,702**

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥94.01 to U.S. $1.00, the approximate exchange rate on March 31, 2013.

	Millions of yen		Thousands of U.S. dollars*
	2013	2012	**2013**
Liabilities			
Current liabilities			
Notes and accounts payable–trade	**¥ 4,636**	¥ 5,376	**$ 49,314**
Short-term loans payable	**1,472**	1,436	**15,658**
Current portion of long-term loans payable	**600**	8,500	**6,382**
Current portion of bonds	**—**	9,900	**—**
Lease obligations	**444**	432	**4,723**
Accounts payable–other	**3,312**	3,675	**35,230**
Accrued expenses	**1,842**	2,000	**19,594**
Income taxes payable	**1,039**	657	**11,052**
Advances received	**1,357**	1,141	**14,435**
Deposits received	**10,956**	11,584	**116,541**
Provision for product warranties	**91**	152	**968**
Provision for directors' bonuses	**77**	80	**819**
Asset retirement obligations	**2**	1	**21**
Other	**11**	22	**117**
Total current liabilities	**25,839**	44,956	**274,854**
Non-current liabilities			
Bonds payable	**6,000**	—	**63,823**
Bonds with subscription rights to shares	**—**	3,900	**—**
Long-term loans payable	**11,000**	5,600	**117,009**
Lease obligations	**186**	614	**1,979**
Provision for directors' retirement benefits	**6**	6	**64**
Asset retirement obligations	**33**	34	**351**
Guarantee deposits received	**228**	219	**2,425**
Other	**290**	409	**3,084**
Total non-current liabilities	**17,743**	10,782	**188,735**
Total liabilities	**43,582**	55,738	**463,589**
Net assets			
Shareholders' equity			
Capital stock	**19,052**	17,106	**202,659**
Capital surplus			
Legal capital surplus	**28,003**	26,056	**297,873**
Total capital surplus	**28,003**	26,056	**297,873**
Retained earnings			
Legal retained earnings	**2,468**	2,468	**26,252**
Other retained earnings	**30,199**	24,579	**321,232**
General reserve	**21,719**	21,719	**231,029**
Retained earnings brought forward	**8,480**	2,860	**90,203**
Total retained earnings	**32,667**	27,047	**347,484**
Treasury stock	**(867)**	(853)	**(9,222)**
Total shareholders' equity	**78,855**	69,356	**838,794**
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	**205**	123	**2,181**
Deferred gains or losses on hedges	**—**	(13)	**—**
Total valuation and translation adjustments	**205**	110	**2,181**
Subscription rights to shares	**107**	74	**1,138**
Total net assets	**79,167**	69,540	**842,113**
Total	**¥122,749**	¥125,278	**$1,305,702**

Non-consolidated Statement of Income

	Millions of yen		Thousands of U.S. dollars*
	2013	2012	**2013**
Net sales	**¥52,398**	¥52,549	**$557,366**
Cost of sales			
Inventory at beginning of period	**2,734**	2,952	**29,082**
Cost of manufacturing	**29,963**	29,172	**318,721**
Total	**32,697**	32,124	**347,803**
Finished goods transfer to other account	**679**	612	**7,222**
Inventory at end of period	**3,239**	2,734	**34,454**
Cost of goods sold	**28,779**	28,778	**306,127**
Gross profit	**23,619**	23,771	**251,239**
Selling, general and administrative expenses	**14,766**	14,469	**157,068**
Operating income (loss)	**8,853**	9,302	**94,171**
Non-operating income			
Interest income	**266**	293	**2,829**
Dividends income	**455**	251	**4,840**
Foreign exchange gains	**458**	—	**4,872**
Brand management fee	**125**	118	**1,330**
Other	**216**	88	**2,297**
Total non-operating income	**1,520**	750	**16,168**
Non-operating expenses			
Interest expenses	**278**	313	**2,957**
Interest on bonds	**117**	185	**1,245**
Foreign exchange losses	**—**	121	**—**
Other	**246**	218	**2,616**
Total non-operating expenses	**641**	837	**6,818**
Ordinary income (loss)	**9,732**	9,215	**103,521**
Extraordinary income			
Gain on reversal of subscription rights to shares	**4**	—	**43**
Gain on sales of investment securities	**0**	10	**0**
Total extraordinary income	**4**	10	**43**
Extraordinary loss			
Impairment loss	**806**	237	**8,574**
Loss on valuation of investment securities	**0**	0	**0**
Loss on valuation of stocks of subsidiaries and affiliates	**—**	6,697	**—**
Loss on revision of retirement benefit plan	**—**	216	**—**
Loss on sales of investment securities	**—**	20	**—**
Total extraordinary loss	**806**	7,170	**8,574**
Income (Loss) before income taxes	**8,930**	2,055	**94,990**
Income taxes–current	**610**	156	**6,489**
Income taxes–deferred	**254**	(128)	**2,702**
Total income taxes	**864**	28	**9,191**
Net income (loss)	**¥ 8,066**	¥ 2,027	**$ 85,799**

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥94.01 to U.S. $1.00, the approximate exchange rate on March 31, 2013.

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 statement of financial position as at March 31, 2013, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material 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 audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Anritsu Corporation and its consolidated subsidiaries as at March 31, 2013, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2013 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 1.(3) of 5 Financial Results Summary.

KPMG AZSA LLC

August, 27, 2013
Tokyo, Japan

Discover What's Possible™

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