

2018

INABATA

Financial
Statements



Independent Auditor's Report

To the Board of Directors of Inabata & Co., Ltd.:

We have audited the accompanying consolidated financial statements of Inabata & Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2018 and 2017, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and 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 accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Inabata & Co., Ltd. and its consolidated subsidiaries as at March 31, 2018 and 2017, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2018 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 Note 1 to the consolidated financial statements.

KPMG AZSA LLC

July 6, 2018
Osaka, Japan

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
ASSETS			
Current assets:			
Cash and time deposits (Notes 12 and 15)	¥ 32,509	¥ 27,366	\$ 305,994
Notes and accounts receivable - trade (Note 15):	173,401	157,375	1,632,167
Merchandise and finished goods	48,742	43,293	458,796
Work in Process	624	580	5,873
Raw materials and supplies	3,827	3,020	36,019
Deferred tax assets (Note 6)	849	735	7,995
Other current assets	10,526	7,345	99,073
Allowance for doubtful accounts (Note 15)	(7,843)	(1,272)	(73,823)
Total current assets	<u>262,635</u>	<u>238,442</u>	<u>2,472,094</u>
Property, plant and equipment:			
Land	2,852	2,879	26,844
Buildings and structures	14,673	13,573	138,116
Machinery and equipment	15,766	14,615	148,397
Construction in progress	219	51	2,062
Other property, plant and equipment	3,214	3,010	30,252
	<u>36,724</u>	<u>34,128</u>	<u>345,671</u>
Less accumulated depreciation	(24,216)	(22,747)	(227,939)
Property, plant and equipment, net	<u>12,508</u>	<u>11,381</u>	<u>117,732</u>
Investments and other assets:			
Investment securities (Notes 4, 7 and 15):	69,185	81,106	651,217
Long-term loans receivable (Note 15):	237	660	2,235
Intangible assets	3,147	3,473	29,626
Net defined benefit asset (Note 11)	3,136	2,721	29,522
Deferred tax assets (Note 6)	591	675	5,559
Other assets	2,639	2,680	24,830
Allowance for doubtful accounts (Note 15)	(696)	(991)	(6,550)
Total investments and other assets	<u>78,239</u>	<u>90,324</u>	<u>736,439</u>
Total assets	<u>¥ 353,382</u>	<u>¥ 340,147</u>	<u>\$ 3,326,265</u>

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable - trade (Note 15):	¥ 107,853	¥ 87,777	\$ 1,015,183
Short-term loans payable (Notes 10 and 15)	55,187	51,801	519,460
Income taxes payable	3,853	3,252	36,267
Accrued expenses	1,176	1,045	11,066
Provision for bonuses	1,188	1,123	11,179
Other current liabilities	6,429	5,520	60,515
Total current liabilities	<u>175,686</u>	<u>150,518</u>	<u>1,653,670</u>
Long-term liabilities:			
Long-term loans payable (Notes 10 and 15)	16,807	19,275	158,196
Deferred tax liabilities (Note 6)	14,970	19,725	140,911
Provision for directors' retirement benefits	37	34	348
Allowance for investment loss	-	115	-
Provision for loss on guarantees	209	319	1,968
Net defined benefit liability (Note 11)	1,404	1,192	13,214
Other non-current liabilities	1,333	1,340	12,548
Total non-current liabilities	<u>34,760</u>	<u>42,000</u>	<u>327,185</u>
Contingent liabilities (Note 19)			
Net assets			
Shareholders' equity (Note 16)			
Common stock:			
Authorized - 200,000,000 shares			
Issued - 63,499,227 shares in 2018 and 63,499,227 shares in 2017	9,364	9,364	88,145
Capital surplus	7,709	7,709	72,558
Retained earnings (Note 20)	87,196	83,206	820,746
Treasury stock, at cost: (Note 17)			
2,402,417 shares in 2018 and 2,002,305 shares in 2017	(2,749)	(2,069)	(25,877)
Total shareholders' equity	<u>101,520</u>	<u>98,210</u>	<u>955,572</u>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	37,253	45,641	350,647
Deferred gains (losses) on hedges	20	(19)	190
Foreign currency translation adjustments	2,591	2,702	24,389
Remeasurements of defined benefit plans	20	(276)	184
Total accumulated other comprehensive income	<u>39,884</u>	<u>48,048</u>	<u>375,410</u>
Non-controlling interests	1,532	1,371	14,428
Total net assets	<u>142,936</u>	<u>147,629</u>	<u>1,345,410</u>
Total liabilities and net assets	<u>¥ 353,382</u>	<u>¥ 340,147</u>	<u>\$ 3,326,265</u>

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Net sales	¥ 621,137	¥ 586,630	\$ 5,846,548
Cost of sales	576,283	543,890	5,424,349
Gross profit	44,854	42,740	422,199
Selling, general and administrative expenses (Note 9)	38,891	30,123	366,073
Operating income	5,963	12,617	56,126
Other income (expenses):			
Interest and dividend income	1,391	1,552	13,095
Interest expenses (Note 10)	(1,702)	(1,294)	(16,020)
Foreign exchange gains (losses)	64	57	607
Share of profit of entities accounted for using equity method	335	401	3,151
Impairment loss (Note 8)	(750)	(714)	(7,060)
Gain on sales of non-current assets	-	109	-
Loss on sales of non-current assets	-	(132)	-
Gain on sales of investment securities	8,384	4,457	78,914
Gain on reversal of loss on valuation of investment securities	-	296	-
Loss on valuation of investment securities	(681)	(1,702)	(6,414)
Provision of allowance for investment loss	-	(111)	-
Provision for loss on guarantees	-	(300)	-
Other, net	323	341	3,045
Income before income taxes	13,327	15,577	125,444
Income taxes (Note 6)			
Income taxes - current	6,467	5,432	60,866
Income taxes - deferred	(322)	0	(3,027)
Net income	7,182	10,145	67,605
Net income attributable to non-controlling interests	438	457	4,125
Net income attributable to owners of parent	¥ 6,744	¥ 9,688	\$ 63,480
Amounts per share:			
	Yen		U.S. dollars (Note 1)
	2018	2017	2018
Basic net income per share	¥ 109.92	¥ 156.25	\$ 1.03
Cash dividends per share applicable to the year	40.00	40.00	0.38

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Net income	¥ 7,182	¥ 10,145	\$ 67,605
Other comprehensive income (Note 13):			
Valuation difference on available-for-sale securities	(8,464)	13,670	(79,679)
Deferred gains (losses) on hedges	18	76	167
Foreign currency translation adjustment	(306)	(360)	(2,876)
Remeasurements of defined benefit plans, net of tax	295	337	2,780
Share of other comprehensive income of entities accounted for using equity method	143	106	1,349
Total other comprehensive income	<u>(8,314)</u>	<u>13,829</u>	<u>(78,259)</u>
Comprehensive income	<u>¥ (1,132)</u>	<u>¥ 23,974</u>	<u>\$ (10,654)</u>
Comprehensive income attributable to:			
Owners of parent	¥ (1,558)	¥ 23,479	\$ (14,663)
Non-controlling interests	426	495	4,009

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years ended March 31, 2018 and 2017

	Millions of yen									
	2018					2017				
	Shareholders' equity		Accumulated other comprehensive income			Shareholders' equity		Accumulated other comprehensive income		
Common stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests	Total	
Balance at April 1, 2017	¥ 9,364	¥ 7,709	¥ 83,206	¥ (2,069)	¥ 45,641	¥ (19)	¥ 2,702	¥ (276)	¥ 1,371	¥ 147,629
Net income attributable to owners of parent	-	-	6,744	-	-	-	-	-	-	6,744
Dividends of surplus	-	-	(2,583)	-	-	-	-	-	-	(2,583)
Purchase of treasury stock	-	-	-	(680)	-	-	-	-	-	(680)
Change of scope of consolidation	-	-	(171)	-	-	-	-	-	-	(171)
Net changes in items other than shareholders' equity	-	-	-	-	(8,388)	39	(111)	296	161	(8,003)
Balance at March 31, 2018	¥ 9,364	¥ 7,709	¥ 87,196	¥ (2,749)	¥ 37,253	¥ 20	¥ 2,591	¥ 20	¥ 1,532	¥ 142,936
	Millions of yen									
	2017					2017				
	Shareholders' equity		Accumulated other comprehensive income			Shareholders' equity		Accumulated other comprehensive income		
Common stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests	Total	
Balance at April 1, 2016	¥ 9,364	¥ 7,709	¥ 75,909	¥ (1,178)	¥ 31,859	¥ (69)	¥ 3,056	¥ (613)	¥ 987	¥ 127,024
Net income attributable to owners of parent	-	-	9,688	-	-	-	-	-	-	9,688
Dividends of surplus	-	-	(2,360)	-	-	-	-	-	-	(2,360)
Purchase of treasury stock	-	-	-	(891)	-	-	-	-	-	(891)
Change of scope of consolidation	-	-	(31)	-	-	-	-	-	-	(31)
Net changes in items other than shareholders' equity	-	-	-	-	13,782	50	(354)	337	384	14,199
Balance at March 31, 2017	¥ 9,364	¥ 7,709	¥ 83,206	¥ (2,069)	¥ 45,641	¥ (19)	¥ 2,702	¥ (276)	¥ 1,371	¥ 147,629

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	Thousands of U.S. dollars (Note 1)									
	2018					2017				
	Shareholders' equity		Accumulated other comprehensive income			Shareholders' equity		Accumulated other comprehensive income		
Common stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests	Total	
Balance at April 1, 2017	\$ 88,145	\$ 72,558	\$ 783,189	\$ (19,479)	\$ 429,607	\$ (176)	\$ 25,433	\$ (2,596)	\$ 12,906	\$ 1,389,587
Net income attributable to owners of parent	-	-	63,480	-	-	-	-	-	-	63,480
Dividends of surplus	-	-	(24,312)	-	-	-	-	-	-	(24,312)
Purchase of treasury stock	-	-	-	(6,398)	-	-	-	-	-	(6,398)
Change of scope of consolidation	-	-	(1,611)	-	-	-	-	-	-	(1,611)
Net changes in items other than shareholders' equity	-	-	-	-	(78,960)	366	(1,044)	2,780	1,522	(75,336)
Balance at March 31, 2018	\$ 88,145	\$ 72,558	\$ 820,746	\$ (25,877)	\$ 350,647	\$ 190	\$ 24,389	\$ 184	\$ 14,428	\$ 1,345,410

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Cash flows from operating activities:			
Income before income taxes	¥ 13,327	¥ 15,577	\$ 125,444
Adjustments to reconcile income before income taxes to cash provided by operating activities:			
Depreciation and amortization	2,336	2,067	21,986
Impairment loss	750	714	7,060
Increase (decrease) in allowance for doubtful accounts	6,196	415	58,318
Interest and dividend income	(1,391)	(1,552)	(13,095)
Interest expenses	1,702	1,294	16,020
Share of (profit) loss of entities accounted for using equity method	(335)	(401)	(3,151)
Increase (decrease) in allowance for investment loss	-	111	-
Increase (decrease) in provision for loss on guarantees	(109)	300	(1,031)
Loss (gain) on sales of non-current assets	-	22	-
Loss (gain) on sales of investment securities	(8,384)	(4,457)	(78,914)
Loss (gain) on valuation of investment securities	681	1,702	6,414
Gain on reversal of loss on valuation of investment securities	-	(296)	-
Decrease (increase) in notes and accounts receivable - trade	(16,238)	(12,176)	(152,845)
Decrease (increase) in inventories	(5,311)	(2,321)	(49,988)
Decrease (increase) in other current assets	(2,251)	1,089	(21,192)
Decrease (increase) in other non-current assets	113	(713)	1,059
Increase (decrease) in notes and accounts payable - trade	20,203	4,451	190,162
Increase (decrease) in other current liabilities	667	(311)	6,277
Other, net	16	203	160
Subtotal	11,972	5,718	112,684
Interest and dividend income received	1,543	1,771	14,525
Interest expenses paid	(1,677)	(1,291)	(15,786)
Income taxes paid	(5,878)	(4,357)	(55,322)
Net cash provided by (used in) operating activities	5,960	1,841	56,101
Cash flows from investing activities:			
Payments into time deposits	(2,914)	(3,905)	(27,428)
Proceeds from withdrawal of time deposits	4,030	3,898	37,933
Purchase of property, plant and equipment	(2,024)	(1,817)	(19,048)
Proceeds from sales of property, plant and equipment	35	1,976	333
Purchase of intangible assets	(477)	(615)	(4,489)
Purchase of investment securities	(2,433)	(603)	(22,903)
Proceeds from sales of investment securities	9,201	5,151	86,602
Purchase of shares of subsidiaries	(89)	(502)	(837)
Net decrease (increase) in short-term loans receivable	(432)	311	(4,065)
Payments of long-term loans receivable	(216)	(197)	(2,038)
Collection of long-term loans receivable	420	853	3,958
Other, net	(14)	(45)	(139)
Net cash provided by (used in) investing activities	5,087	4,505	47,879

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	¥ 851	¥ 2,850	\$ 8,011
Proceeds from long-term loans payable	5,326	3,787	50,131
Repayments of long-term loans payable	(7,499)	(3,679)	(70,587)
Purchase of treasury stock	(680)	(892)	(6,398)
Cash dividends paid	(2,591)	(2,367)	(24,388)
Dividends paid to non-controlling interests	(264)	(109)	(2,486)
Other - net	(44)	(72)	(418)
Net cash provided by (used in) financing activities	<u>(4,901)</u>	<u>(482)</u>	<u>(46,135)</u>
Effect of exchange rate change on cash and cash equivalents	(32)	(200)	(293)
Net increase (decrease) in cash and cash equivalents	<u>6,114</u>	<u>5,664</u>	<u>57,552</u>
Cash and cash equivalents at beginning of year	22,936	17,088	215,888
Increase in cash and cash equivalents resulting from change of scope of consolidation	186	184	1,748
Cash and cash equivalents at end of year (Note 12)	<u>¥ 29,236</u>	<u>¥ 22,936</u>	<u>\$ 275,188</u>

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of INABATA & CO., LTD. (“the Company”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of consolidated foreign subsidiaries are prepared in accordance with mainly either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified four items as applicable in compliance with ASBJ Practical Solution No. 18, “Tentative Treatment of Accounting for Foreign Subsidiaries in Preparing Consolidated Financial Statements.”

The accompanying consolidated financial statements have been reformatted and translated into English (with some expanded descriptions) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2018, which was ¥106.24 to US\$1.00. These 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. Summary of significant accounting policies

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its 43 (42 in 2017) significant domestic and foreign subsidiaries (together “the Companies”), the management of which is controlled by the Company. Investments in unconsolidated subsidiaries and affiliates are, with minor exceptions, accounted for by the equity method. The Company has 5 affiliates (5 in 2017) accounted for by the equity method. Intercompany transactions and accounts are eliminated.

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

For 8 consolidated subsidiaries, including SHANGHAI INABATA TRADING CO., LTD., the consolidation method under which tentative financial statements as of March 31 (the consolidated balance sheet date) were prepared in the same manner as the regular year-end financial statements are used for consolidation purposes due to the regulations regarding the accounting period in the respective countries.

(b) Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(c) Allowance for doubtful accounts

An allowance for doubtful accounts is provided to cover possible losses on collection. With respect to normal accounts receivable - trade, the allowance is stated at an amount based on the actual rate of bad debts in the past. For certain doubtful receivables, the uncollectible amount is individually estimated. With respect to doubtful receivables of foreign consolidated subsidiaries, the allowance is determined by estimates of management.

(d) Securities

Equity securities issued by subsidiaries and affiliates which are not consolidated or accounted for using the equity method are stated at moving average cost.

Available-for-sale equity securities with fair market values are stated at the average fair market value for the last month of the year. Non-equity available-for-sale securities with fair market values are stated at fair market value on the last day of the year. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on the sale of such securities are computed using moving average cost. Other securities with no available fair market values are also stated at moving average cost.

(e) Derivative transactions and hedge accounting

Derivative transactions are measured at fair value. Hedging instruments which meet the criteria for hedge accounting are accounted for using deferral hedge accounting, which requires that the unrealized gain or loss to be deferred as a component of net assets until the loss or gain on the related hedged item is recognized.

Certain forward foreign exchange contracts, certain currency swap transactions and certain interest rate swap transactions are accounted for using the allocation method and the special method. The allocation method requires that foreign currency monetary receivables and payables covered by forward foreign exchange contracts are translated at contract rates. Under the special method, interest rate swap transactions are accounted for as if the interest rates under those transactions were originally applied to the underlying loans.

With regard to forward foreign exchange contracts and currency swap transactions, the evaluation of the hedge effectiveness is omitted if the significant terms of the hedging instruments and those of the hedged items are the same and the risk of change in foreign exchange rates is effectively hedged. With regard to interest rate swap transactions which meet the criteria for the special method, the evaluation of hedge effectiveness is omitted.

The Companies enter into forward foreign exchange contracts, interest rate swap transactions and currency swap transactions to control risks related to fluctuations in the exchange rates of foreign currencies and interest rates. Forward foreign exchange contracts and currency swap transactions are used to hedge the risk of fluctuations in foreign currency exchange rates with respect to monetary receivables, payables and forecasted transactions denominated in foreign currencies. Interest rate swap transactions are used to hedge the risk of fluctuations in interest rates with respect to long-term loans payable.

The Companies use these derivative transactions in connection with managing their market risk and not for speculation or dealing purposes. The Companies minimize the credit risk exposure of these derivative transactions by using only highly rated financial institutions as counterparties. The derivative transactions are entered into in accordance with risk management policies.

(f) Inventories

Inventories are stated mainly at the lower of cost determined by the moving average method or net realizable value.

(g) Property, plant and equipment

Property, plant and equipment are carried at cost and depreciated by the straight-line method.

(h) Leased assets

Property and equipment capitalized under finance leases are depreciated by the straight-line method over the term of the respective lease.

(i) Intangible assets

Intangible assets are depreciated by the straight-line method. Software is depreciated by the straight-line

method over its estimated useful life.

(j) Goodwill

Goodwill is depreciated by the straight-line method over five years.

(k) Income taxes

Income taxes comprise corporation tax, prefectural and municipal inhabitants' taxes and enterprise tax. The Companies recognize the tax effects of temporary differences between the carrying amounts of assets and liabilities for tax purposes and financial reporting purposes. The asset-liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(l) Translation of foreign currencies

Receivables and payables denominated in foreign currencies are translated into Japanese yen at year-end exchange rates. Assets and liabilities of foreign subsidiaries are translated into Japanese yen at year-end exchange rates, except for net asset accounts, which are translated at historical exchange rates. Revenue and expense accounts are translated into Japanese yen at the average exchange rates during the year. The resulting translation adjustments are presented separately in the consolidated financial statements as foreign currency translation adjustments and in non-controlling interests.

(m) Retirement benefits

The Companies provide retirement payment plans and funded non-contributory pension plans under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors. The Companies sometime make additional payments that are not based on the amounts obtained by actuarial calculations. The Company has employee retirement benefit trusts for both plans.

The Companies provide for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of plan assets at the end of the year. Actuarial differences and prior service costs are recognized mainly in expenses using the straight-line method within the average of the estimated remaining service years of employees commencing with the following period.

The estimated amount of all retirement benefits to be paid at future retirement dates is attributed to each period using a benefit formula basis.

Actuarial differences are recognized in the income statement using the straight-line method over mainly 13 years.

Prior service cost is recognized in the income statement using the straight-line method over mainly 14 years.

Directors, corporate auditors and executive officers of certain subsidiaries receive retirement payments based on established guidelines similar to the employees' retirement benefit plan, subject to shareholders' approval. Retirement benefits provided for directors and corporate auditors are sufficient to cover stipulated benefits arising from services performed as of the balance sheet date.

Directors' retirement benefits for officers of the Company's subsidiaries had been made at an estimated amount based on the Company's internal rules for retirement allowances.

(n) Provision for bonuses

The Company and certain subsidiaries accrue amounts for employees' bonuses based on estimated amounts to be paid in the subsequent period.

(o) Allowance for investment loss

To cover possible losses exceeding acquisition costs associated with securities with no fair market values, the Companies assess the financial condition of each invested company and record an estimated allowance for such losses based on the estimated exposure.

(p) Provision for loss on guarantees

To cover possible losses associated with guarantees that the Companies provide to third parties, the Companies assess the financial condition of each guaranteed party and record an estimated allowance for such losses based on the estimated exposure.

(q) Reclassifications

Certain reclassifications of the accompanying consolidated financial statements as of and for the years ended March 31, 2017 have been made to conform to the 2018 presentation. These reclassifications had no impact on the previously reported results of operations or retained earnings.

(r) Amounts per share

Computations of net income per share of common stock are based on the weighted average number of shares outstanding during each period.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective fiscal years together with the interim cash dividends paid.

3. Accounting changes

Year ended March 31, 2017

Additional information

(Revised Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company and its domestic subsidiaries adopted “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016 (“Guidance No. 26”)) from the current fiscal year.

Year ended March 31, 2018

Accounting standards and guidance issued, but not yet adopted

- “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018 (“Guidance No. 28”))
- “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26 (revised 2018), February 16, 2018 (“Guidance No. 26”))

(a) Overview

The above guidance was revised in regard to the treatments for taxable temporary differences for investments in subsidiaries within the context of non-consolidated financial statements, and to clarify the treatments in determining recoverability of deferred tax assets in a company which was categorized as ‘Type 1’ according to the guidance.

(b) Effective date

Effective from the beginning of the fiscal year ending March 31, 2019.

(c) Effects of the application of the standards

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2018 (“Statement No. 29”))
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 31, 2018 (“Guidance No. 30”))

(a) Overview

International Accounting Standards Board (IASB) and Financial Accounting Standards Board (FASB) jointly developed a comprehensive accounting standard concerning revenue recognition and, in May 2014, issued “Revenue from Contracts with Customers” under IFRS 15 by IASB and Topic 606 by FASB, respectively. As IFRS 15 is applicable for fiscal years beginning on or after January 1, 2018, while Topic 606 for fiscal years beginning after December 15, 2017, the Accounting Standards Board of Japan (ASBJ) developed its own comprehensive accounting standard concerning revenue recognition, which was issued along with the corresponding implementation guidance.

In developing ASBJ’s accounting standards concerning revenue recognition, the basic principles of IFRS 15 were adopted to establish an accounting standard that ensured comparability between financial statements, which is one of the benefits of pursuing consistency with IFRS 15. However, if there are particular circumstances that ought to be considered, such as the traditional accounting

practice in Japan, alternative treatment may be added to the extent that comparability is not compromised.

(b) Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

(c) Effects of the application of the standards

The Company and its consolidated subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

4. Securities

(a) The following summarizes information on securities with fair values at March 31, 2018 and 2017.

(1) Trading securities:

At March 31, 2018 and 2017, there were no trading securities with fair market values.

(2) Available-for-sale securities at March 31, 2018 and 2017:

Securities with book values (fair values) exceeding acquisition costs:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Equity securities:			
Acquisition costs	¥ 6,513	¥ 6,960	\$ 61,305
Book values	58,178	71,661	547,613
Differences	<u>¥ 51,665</u>	<u>¥ 64,701</u>	<u>\$ 486,308</u>
Bonds:			
Acquisition costs	¥ 10	¥ -	\$ 94
Book values	10	-	95
Differences	<u>¥ 0</u>	<u>¥ -</u>	<u>\$ 1</u>

Securities with book values (fair values) not exceeding acquisition costs:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Equity securities:			
Acquisition costs	¥ 134	¥ 153	\$ 1,262
Book values	120	140	1,129
Differences	<u>¥ (14)</u>	<u>¥ (13)</u>	<u>\$ (133)</u>
Others:			
Acquisition costs	¥ -	¥ 68	\$ -
Book values	-	68	-
Differences	<u>¥ -</u>	<u>¥ -</u>	<u>\$ -</u>

Unlisted equity securities in amount of ¥6,053 million (56,972 thousand) and ¥4,252 million at March 31, 2018 and 2017, respectively, are excluded from available-for-sale securities in the above table as these fair values are extremely hard to determine due to the unavailability of market prices and the difficulty in estimating future cash flows.

(b) The following table summarizes information on available-for-sale securities sold in the years ended March 31, 2018 and 2017:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Total sales of available-for-sale securities:	¥ 9,107	¥ 5,151	\$ 85,718
Amount of related gains	8,384	4,457	78,914

(c) The loss on valuation of investment securities at March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Loss on valuation of investment securities	¥ 681	¥ 1,702	\$ 6,414

The Companies recognize impairment loss when at the end of the period the fair value of marketable and investment securities is reduced to less than 50% of the acquisition cost. A loss may also be recognized when the fair market value declines less than 50% but more than 30%, if necessary, considering the possibility of market value recovery and other factors.

5. Derivatives

(a) Derivative transactions for which hedge accounting is not applied

(1) Currency related

		Millions of yen			
		March 31, 2018			
Classification	Type of derivative transaction	Contracted amount	Contracted amount over 1 year	Fair value	Recognized gains (losses)
	Forward foreign exchange contracts:				
	Selling:				
Non-market transaction	U.S. dollars	¥ 68	¥ -	¥ 0	¥ 0
	Euro	6	-	0	0
	Buying:				
	U.S. dollars	319	-	(1)	(1)
	Japanese yen	584	-	(1)	(1)
	Total	¥ 977	¥ -	¥ (2)	¥ (2)

		Millions of yen			
		March 31, 2017			
Classification	Type of derivative transaction	Contracted amount	Contracted amount over 1 year	Fair value	Recognized gains (losses)
	Forward foreign exchange contracts:				
	Selling:				
Non-market transaction	U.S. dollars	¥ 3	¥ -	¥ 0	¥ 0
	Euro	19	-	(0)	(0)
	Japanese yen	7	-	0	0
	Buying:				
	U.S. dollars	659	-	(6)	(6)
	Japanese yen	397	-	(3)	(3)
	Total	¥ 1,085	¥ -	¥ (9)	¥ (9)

		Thousands of U.S. dollars			
		March 31, 2018			
Classification	Type of derivative transaction	Contracted amount	Contracted amount over 1 year	Fair value	Recognized gains (losses)
	Forward foreign exchange contracts:				
	Selling:				
Non-market transaction	U.S. dollars	\$ 640	\$ -	\$ 1	\$ 1
	Euro	60	-	2	2
	Buying:				
	U.S. dollars	3,001	-	(9)	(9)
	Japanese yen	5,500	-	(8)	(8)
	Total	\$ 9,201	\$ -	\$ (14)	\$ (14)

(2) Interest rate related

		Millions of yen March 31, 2018			
Classification	Type of derivative transaction	Contracted amount	Contracted amount over 1 year	Fair value	Recognized gains (losses)
Non-market transaction	Interest rate swaps:				
	(Pay fixed rate, receive floating rate)	¥ 319	¥ 319	¥ 4	¥ 4
	Total	<u>¥ 319</u>	<u>¥ 319</u>	<u>¥ 4</u>	<u>¥ 4</u>

		Millions of yen March 31, 2017			
Classification	Type of derivative transaction	Contracted amount	Contracted amount over 1 year	Fair value	Recognized gains (losses)
Non-market transaction	Interest rate swaps:				
	(Pay fixed rate, receive floating rate)	¥ 1,234	¥ 1,234	¥ 2	¥ 2
	Total	<u>¥ 1,234</u>	<u>¥ 1,234</u>	<u>¥ 2</u>	<u>¥ 2</u>

		Thousands of U.S. dollars March 31, 2018			
Classification	Type of derivative transaction	Contracted amount	Contracted amount over 1 year	Fair value	Recognized gains (losses)
Non-market transaction	Interest rate swaps:				
	(Pay fixed rate, receive floating rate)	\$ 3,000	\$ 3,000	\$ 33	\$ 33
	Total	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 33</u>	<u>\$ 33</u>

(3) Stock related

There were no stock-related derivative transactions at March 31, 2018.

		Millions of yen March 31, 2017			
Classification	Type of derivative transaction	Contracted amount	Contracted amount over 1 year	Fair value	Recognized gains (losses)
Market transaction	Options:				
	(Buy)	¥ -	¥ -	¥ 105	¥ 105
	Total	<u>¥ -</u>	<u>¥ -</u>	<u>¥ 105</u>	<u>¥ 105</u>

Fair values are based on year-end forward rates and prices presented by principal financial institutions at March 31, 2017.

(b) Derivative transactions for which hedge accounting is applied

(1) Currency related

		Millions of yen			
		March 31, 2018			
Method for hedge accounting	Type of derivative transaction	Major hedged item	Contracted amount	Contracted amount over 1 year	Fair value
	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars		¥ 2,958	¥ -	¥ 8
	G.B. pound		7	-	(0)
	Euro	Accounts	11	-	0
	China yuan	receivable	166	-	(2)
	Thai baht	- trade	90	-	(1)
Deferral hedge accounting (*1)	Philippine Peso		4	-	0
	Buying:				
	U.S. dollars		6,508	-	(104)
	G.B. pound	Accounts	8	-	0
	Euro	payable	320	-	(4)
	China yuan	- trade	38	-	0
	Thai baht		471	-	(5)
	Currency swaps:	Long-term loans payable	1,675	509	127
	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars		¥ 6,400	¥ -	
	G.B. pound		47	-	
	Euro	Accounts	2,770	-	
	China yuan	receivable	92	-	
	Thai baht	- trade	73	-	
	Philippine Peso		8	-	(*2)
	Buying:				
	U.S. dollars		4,313	-	
	G.B. pound	Accounts	7	-	
	Euro	payable	60	-	
	Thai baht	- trade	72	-	
	Total		<u>¥ 26,098</u>	<u>¥ 509</u>	<u>¥ 19</u>
Allocation method for forward foreign exchange contracts, etc.					

		Millions of yen			
		March 31, 2017			
Method for hedge accounting	Type of derivative transaction	Major hedged item	Contracted amount	Contracted amount over 1 year	Fair value
	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars		¥ 1,021	¥ -	¥ (13)
	Euro	Accounts	9	-	0
	Swiss franc	receivable	1	-	0
Deferral hedge accounting (*1)	China yuan	- trade	118	-	(2)
	Thai baht		108	-	(2)
	Buying:				
	U.S. dollars		3,011	-	7
	Euro	Accounts	420	-	(1)
	China yuan	payable	9	-	(0)
	Thai baht	- trade	413	-	6
	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars		¥ 4,696	¥ -	
	G.B. pound		37	-	
	Euro	Accounts	2,561	-	
	Swiss franc	receivable	2	-	
Allocation method for forward foreign exchange contracts, etc.	China yuan	- trade	130	-	
	Thai baht		58	-	(*2)
	Buying:				
	U.S. dollars		1,159	-	
	Euro	Accounts	76	-	
	China yuan	payable	20	-	
	Thai baht	- trade	65	-	
	Currency swaps:	Long-term loans payable	1,500	-	
	Total		<u>¥ 15,414</u>	<u>¥ -</u>	<u>¥ (5)</u>

		Thousands of U.S. dollars			
		March 31, 2018			
Method for hedge accounting	Type of derivative transaction	Major hedged item	Contracted amount	Contracted amount over 1 year	Fair value
	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars		\$ 27,842	\$ -	\$ 79
	G.B. pound		61	-	(0)
	Euro	Accounts receivable	102	-	2
	China yuan	- trade	1,559	-	(15)
	Thai baht		851	-	(11)
Deferral hedge accounting (*1)	Philippine Peso		35	-	0
	Buying:				
	U.S. dollars		61,258	-	(987)
	G.B. pound	Accounts	73	-	0
	Euro	payable	3,016	-	(40)
	China yuan	- trade	362	-	1
	Thai baht		4,430	-	(47)
	Currency swaps:	Long-term loans payable	15,764	4,791	1,193
	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars		\$ 60,241	\$ -	
	G.B. pound		438	-	
	Euro	Accounts receivable	26,075	-	
	China yuan	- trade	862	-	
	Thai baht		690	-	
	Philippine Peso		77	-	(*2)
	Buying:				
	U.S. dollars		40,593	-	
	G.B. pound	Accounts	68	-	
	Euro	payable	568	-	
	Thai baht	- trade	679	-	
	Total		<u>\$ 245,644</u>	<u>\$ 4,791</u>	<u>\$ 175</u>

(*1) Fair values are based on year-end forward rates and prices presented by principal financial institutions at March 31, 2018 and 2017, respectively.

(*2) Since forward foreign exchange contracts, etc., are accounted for by the allocation method (refer to Note 2(e)), their fair value is included in that of the account receivable - trade, account payable - trade and long-term loans payable disclosed in Note 15, "Financial instruments".

(2) Interest rate related

		Millions of yen			
		March 31, 2018			
Method for hedge accounting	Type of derivative transaction	Major hedged item	Contracted amount	Contracted amount over 1 year	Fair value
Deferral hedge accounting (*1)	Interest rate swaps:				
	(Pay fixed rate, receive floating rate)	Long-term loans payable	¥ 3,306	¥ 509	¥ (28)
Special method	Interest rate swaps:				
	(Pay fixed rate, receive floating rate)	Long-term loans payable	2,442	2,350	(*)
	Total		<u>¥ 5,748</u>	<u>¥ 2,859</u>	<u>¥ (28)</u>

		Millions of yen			
		March 31, 2017			
Method for hedge accounting	Type of derivative transaction	Major hedged item	Contracted amount	Contracted amount over 1 year	Fair value
Deferral hedge accounting (*1)	Interest rate swaps:				
	(Pay fixed rate, receive floating rate)	Long-term loans payable	¥ 1,571	¥ 1,571	¥ (17)
Special method	Interest rate swaps:				
	(Pay fixed rate, receive floating rate)	Long-term loans payable	3,087	1,596	(*)
	Total		<u>¥ 4,658</u>	<u>¥ 3,167</u>	<u>¥ (17)</u>

		Thousands of U.S. dollars			
		March 31, 2018			
Method for hedge accounting	Type of derivative transaction	Major hedged item	Contracted amount	Contracted amount over 1 year	Fair value
Deferral hedge accounting (*1)	Interest rate swaps:				
	(Pay fixed rate, receive floating rate)	Long-term loans payable	\$ 31,120	\$ 4,791	\$ (260)
Special method	Interest rate swaps:				
	(Pay fixed rate, receive floating rate)	Long-term loans payable	22,982	22,119	(*)
	Total		<u>\$ 54,102</u>	<u>\$ 26,910</u>	<u>\$ (260)</u>

(*) Since interest rate swaps are accounted for by the special method (refer to Note 2(e)), their fair value is included in that of the long-term loans payable disclosed in Note 15, "Financial instruments".

6. Income taxes

The Company and its domestic subsidiaries are subject to a number of taxes based on income, which, in the aggregate, indicate a statutory income tax rate in Japan of approximately 30.9% for the years ended March 31, 2018 and 2017.

(a) The following table summarizes the significant differences between the statutory tax rate and the effective tax rate for financial statement purposes:

	2018	2017
Statutory tax rate	30.9%	30.9%
Share of (profit) loss of entities accounted for using equity method	(0.8)	(0.8)
Expenses not deductible for income tax purposes	1.7	1.8
Dividends and other income deductible for income tax purposes	(5.8)	(3.6)
Net adjustment resulting from elimination of dividend income	3.9	2.1
Unrealized tax benefits, such as those on prior losses of consolidated subsidiaries	5.7	6.0
Unrealized tax benefits related to allowance for doubtful accounts	15.3	0.6
Different tax rates applied at foreign subsidiaries	(2.4)	(3.2)
Income taxes for prior periods	(1.4)	1.2
Foreign source taxes	0.4	0.3
Decrease in deferred tax assets (liabilities) resulting from changes in statutory tax rates	0.0	0.1
Other, net	(1.3)	(0.5)
Effective tax rate	46.1%	34.9%

(b) Significant components of the Companies' deferred tax assets and liabilities at March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Deferred tax assets:			
Allowance for doubtful accounts	¥ 2,581	¥ 566	\$ 24,293
Loss carryforwards	1,038	311	9,766
Net defined benefit liability	765	319	7,203
Net defined benefit asset	-	119	-
Directors' retirement benefits	24	25	231
Unrealized profit on inventories	238	197	2,242
Unrealized profit on property, plant and equipment	399	315	3,757
Depreciation	271	225	2,553
Write-down of golf club memberships	12	12	117
Write-down of investment securities	451	775	4,246
Write-down of inventories	104	98	983
Provision for bonuses	320	293	3,012
Enterprise taxes payable	182	159	1,712
Allowance for investment loss	-	41	-
Provision for loss on guarantees	64	97	602
Other	906	643	8,519
Total deferred tax assets	7,355	4,195	69,236
Valuation allowance	(4,658)	(2,097)	(43,849)
Net deferred tax assets	2,697	2,098	25,387
Deferred tax liabilities:			
Gain on securities contributed to employee retirement benefit trust	(662)	(662)	(6,228)
Net defined benefit asset	(432)	-	(4,069)
Valuation difference on available-for-sale securities	(14,962)	(19,558)	(140,835)
Other	(171)	(193)	(1,613)
Total deferred tax liabilities	(16,227)	(20,413)	(152,745)
Net deferred tax liabilities	¥ (13,530)	¥ (18,315)	\$ (127,358)

Net deferred tax liabilities at March 31, 2018 and 2017 were included in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Deferred tax assets (current assets)	¥ 849	¥ 735	\$ 7,995
Deferred tax assets (investment and other assets)	591	675	5,559
Deferred tax liabilities (current liabilities)	(0)	-	(1)
Deferred tax liabilities (non-current liabilities)	(14,970)	(19,725)	(140,911)
Net deferred tax liabilities	¥ (13,530)	¥ (18,315)	\$ (127,358)

7. Pledged assets

At March 31, 2018 and 2017, the following assets were pledged as security for trading transactions:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Investment securities	¥ 10,699	¥ 12,398	\$ 100,703

8. Impairment loss

Impairment loss on non-current assets for the year ended March 31, 2018 consisted of the following:

Use	Type of assets	Location	Millions of yen	Thousands of U.S. dollars
			2018	2018
Production facilities for plastic compounds	Buildings	Silao Mexico	¥ 84	\$ 787
	Machinery and equipment		471	4,429
	Others		54	514
		Total	¥ 609	\$ 5,730

The Company and its subsidiaries grouped their assets principally by industry segment. Leased assets and idle assets were grouped independently. The Companies reduced the book value of the asset groups in the above tables to the recoverable amounts and recognized impairment loss of ¥609 million (\$5,730 thousand) due to the book value exceeding future cash flow as a result of a decrease in the profitability of the consolidated subsidiary. The recoverable amounts were measured by net realizable values, which were mainly based on real estate appraisal values.

Notes on impairment loss on assets other than those in the table were omitted as the amounts were not significant.

Impairment loss on non-current assets for the year ended March 31, 2017 consisted of the following:

Use	Type of assets	Location	Millions of yen
			2017
Production facilities for plastic compounds	Buildings	Laguna Philippines	¥ 269
	Machinery and equipment		428
	Others		17
		Total	¥ 714

The Company and its subsidiaries grouped their assets principally by industry segment. Leased assets and idle assets were grouped independently. The Companies reduced the book value of the asset groups in the above tables to the recoverable amounts and recognized impairment loss of ¥714 million due to the book value exceeding future cash flow as a result of a decrease in the profitability of the consolidated subsidiary. The recoverable amounts were determined based on the estimated utility value that discounted future cash flow by 17.46%.

9. Research and development expenses

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Research and development expenses	¥ 15	¥ 36	\$ 138

10. Short-term loans payable and long-term loans payable

Short-term loans payable at March 31, 2018 and 2017 consisted of bank loans bearing interest at average annual rates of 2.63% and 2.18%, respectively. Long-term loans payable due within one year at March 31, 2018 and 2017 consisted of bank loans bearing interest at average annual rates of 1.38% and 1.63%, respectively.

(a) Long-term loans payable at March 31, 2018 and 2017 consisted of the follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Unsecured loans from banks and insurance companies, due through 2025	¥ 25,724	¥ 27,822	\$ 242,131
Less amounts due within one year	(8,917)	(8,547)	(83,935)
Total	¥ 16,807	¥ 19,275	\$ 158,196

(b) The aggregate annual maturities of long-term loans payable at March 31, 2018 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2018	2018
2020	¥ 6,529	\$ 61,454
2021	4,709	44,328
2022	2,000	18,825
2023	553	5,202
2024 and thereafter	3,016	28,387
Total	¥ 16,807	\$ 158,196

(c) In order to achieve more efficient and flexible financing, the Company has concluded line-of-credit agreements with 6 banks. The status of these lines of credit at March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Lines of credit	¥ 22,749	¥ 23,463	\$ 214,127
Credit utilized	-	-	-

11. Retirement and pension plans

(a) Defined benefit pension plans

(1) The change in the retirement benefit obligation for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Balance at the beginning of the year	¥ 9,148	¥ 8,750	\$ 86,110
Service cost	514	451	4,840
Interest cost	59	55	556
Actuarial differences	(102)	188	(957)
Retirement benefits paid	(349)	(311)	(3,282)
Others	(26)	15	(253)
Balance at the end of the year	¥ 9,244	¥ 9,148	\$ 87,014

(2) The change in plan assets for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Balance at the beginning of the year	¥ 10,678	¥ 9,961	\$ 100,508
Expected return on plan assets	249	238	2,343
Actuarial differences	178	609	1,675
Contributions by the Company and its consolidated subsidiaries	164	79	1,547
Retirement benefits paid	(294)	(209)	(2,769)
Others	2	(0)	18
Balance at the end of the year	¥ 10,977	¥ 10,678	\$ 103,322

(3) The following table sets forth the funded status of the plans and the amounts recognized in the Company's and its consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Funded projected benefit obligations	¥ 8,218	¥ 8,275	\$ 77,347
Plan assets	(10,977)	(10,678)	(103,322)
Subtotal	(2,759)	(2,403)	(25,975)
Unfunded projected benefit obligations	1,027	874	9,667
Net amount of liability and asset in consolidated balance sheet	(1,732)	(1,529)	(16,308)
Liabilities (net defined benefit liability)	1,404	1,192	13,214
Assets (net defined benefit asset)	(3,136)	(2,721)	(29,522)
Net amount of liability and asset in consolidated balance sheet	¥ (1,732)	¥ (1,529)	\$ (16,308)

(4) The components of retirement benefit expense for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Service cost	¥ 513	¥ 452	\$ 4,840
Interest cost	59	55	556
Expected return on plan assets	(249)	(238)	(2,343)
Amortization of actuarial differences	148	61	1,389
Amortization of prior service cost	(0)	(0)	(4)
Retirement benefit expense	¥ 471	¥ 330	\$ 4,438

(5) Actuarial differences and prior service cost included in other comprehensive income for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Prior service cost	¥ 5	¥ (0)	\$ 43
Actuarial differences	421	483	3,973
Total	¥ 426	¥ 483	\$ 4,016

(6) Unrecognized actuarial differences and unrecognized prior service cost included in accumulated other comprehensive income at March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Unrecognized prior service cost	¥ (25)	¥ (21)	\$ (241)
Unrecognized actuarial differences	(3)	419	(24)
Total	¥ (28)	¥ 398	\$ (265)

(7) The allocation of plan assets by major category as a percentage of total plan assets at the fair value at March 31, 2018 and 2017 was as follows:

	2018	2017
Bonds	43.9%	43.4%
Equity securities	53.5	53.7
Cash and time deposits	2.2	2.6
Others	0.4	0.3
Total	100.0%	100.0%

Note: 1. The expected long-term rate of return on plan assets is determined with consideration for both the present and future portfolio allocation and the expected long-term rate of return on multiple plan assets at present and in the future.

2. Total plan assets include securities contributed to the retirement benefit trust (32.1% at March 31, 2018 and 33.2% at March 31, 2017).

(8) The assumptions used in accounting for the above plans were as follows:

	2018	2017
Discount rate	Mainly 0.4%	Mainly 0.4%
Expected long-term rate of return on plan assets	Mainly 3.0%	Mainly 3.0%

(b) Defined contribution pension plans

The required contribution to the defined contribution pension plans for the years ended March 31, 2018 and 2017 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Contribution to defined contribution pension plans by the Company and its consolidated subsidiaries	¥ 91	¥ 89	\$ 853

12. Cash and time deposits

The reconciliation of cash and time deposits in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows at March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Cash and time deposits	¥ 32,509	¥ 27,366	\$ 305,994
Time deposits with maturities of more three months	(3,273)	(4,430)	(30,806)
Cash and cash equivalents	¥ 29,236	¥ 22,936	\$ 275,188

13. Other comprehensive income

Amounts reclassified to net income (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Valuation difference on available-for-sale securities:			
Increase (decrease) during the year	¥ (4,732)	¥ 23,498	\$ (44,545)
Reclassification adjustments	(8,329)	(3,809)	(78,400)
Amount before tax effect	(13,061)	19,689	(122,945)
Tax effect	4,597	(6,019)	43,266
Subtotal, net of tax effect	(8,464)	13,670	(79,679)
Deferred gains (losses) on hedges:			
Increase (decrease) during the year	13	115	124
Reclassification adjustments	-	-	-
Amount before tax effect	13	115	124
Tax effect	5	(39)	43
Subtotal, net of tax effect	18	76	167
Foreign currency translation adjustment:			
Increase (decrease) during the year	(306)	(374)	(2,876)
Reclassification adjustments	-	14	-
Amount before tax effect	(306)	(360)	(2,876)
Tax effect	-	-	-
Subtotal, net of tax effect	(306)	(360)	(2,876)
Remeasurements of defined benefit plans, net of tax:			
Increase (decrease) during the year	353	418	3,328
Reclassification adjustments	73	65	688
Amount before tax effect	426	483	4,016
Tax effect	(131)	(146)	(1,236)
Subtotal, net of tax effect	295	337	2,780
Share of other comprehensive income of entities accounted for using equity method:			
Increase (decrease) during the year	143	106	1,349
Reclassification adjustments	-	-	-
Subtotal	143	106	1,349
Total other comprehensive income	¥ (8,314)	¥ 13,829	\$ (78,259)

14. Segment information

(a) General information about reportable segments

Inabata Group's reportable segments represent the group's component divisions for which separate financial information is available. This information is regularly evaluated by the Board of Directors in deciding how to allocate management resources and in assessing performance. Inabata Group is primarily engaged in the trading of merchandise, the manufacture and sale of various products and the provision of services in Japan and abroad and operates its business in line with a comprehensive strategy regarding merchandise, products and services for domestic and international markets. For effective business management purposes, Inabata Group has segmented its corporate sales and marketing functions into 5 divisions (reportable segments) based on merchandise, products and target markets/industries, namely: IT & Electronics, Chemicals, Life Industry, Plastics and Housing & Eco Materials.

The major merchandise, products and services covered by each reportable segment are as follows:

IT & Electronics:	Semiconductor manufacturing equipment Electronic materials, including parts Dyes for printing Raw materials for copying
Chemicals:	Motor parts and raw materials Raw materials for plastic resin Dyestuffs
Life Industry:	Pharmaceutical and agricultural chemicals and bulk raw materials Raw materials for insecticides Raw materials for toiletries Raw and processed agricultural products Raw and processed marine products
Plastics:	General purpose plastics Engineering plastics
Housing & Eco Materials:	Lumber Composite materials Wooden building materials Residential housing equipment

(b) Basis of measurement for reportable segment profit and loss, segment assets, segment liabilities and other material items

Accounting methods applied to the reportable business segments are generally the same as those described in Note 2, "Summary of significant accounting policies." Segment income derives from operating income. Inter-segment profits and transfers are based on prevailing market prices.

(c) Information about reportable segment profit and loss, segment assets, segment liabilities and other material items for the years ended March 31, 2018 and 2017 were as follows:

		Millions of yen						
		Year ended March 31, 2018						
	IT & Electronics	Chemicals	Life Industry	Plastics	Housing & Eco Materials	Others	Elimination & Corporate	Consolidated
Net sales:								
Outside customers	¥ 214,964	¥ 51,581	¥ 42,392	¥ 286,901	¥ 25,137	¥ 162	¥ -	¥ 621,137
Intersegment	-	-	-	-	-	-	-	-
Total	214,964	51,581	42,392	286,901	25,137	162	-	621,137
Segment income (loss)	¥ (2,046)	¥ 260	¥ 1,921	¥ 5,541	¥ 157	¥ 130	¥ -	¥ 5,963
Total assets	¥ 91,771	¥ 32,319	¥ 20,576	¥ 127,823	¥ 10,762	¥ 400	¥ 69,731	¥ 353,382
Depreciation and amortization	¥ 397	¥ 190	¥ 249	¥ 1,427	¥ 73	¥ -	¥ -	¥ 2,336
Amortization of goodwill	3	-	-	3	-	-	-	6
Investments in equity method affiliates	1,990	1,288	-	760	-	-	-	4,038
Increases in tangible and intangible assets	¥ 171	¥ 79	¥ 161	¥ 1,642	¥ 10	¥ -	¥ 438	¥ 2,501

		Millions of yen						
		Year ended March 31, 2017						
	IT & Electronics	Chemicals	Life Industry	Plastics	Housing & Eco Materials	Others	Elimination & Corporate	Consolidated
Net sales:								
Outside customers	¥ 221,024	¥ 48,047	¥ 40,434	¥ 251,886	¥ 25,064	¥ 175	¥ -	¥ 586,630
Intersegment	-	-	-	-	-	-	-	-
Total	221,024	48,047	40,434	251,886	25,064	175	-	586,630
Segment income (loss)	¥ 3,992	¥ 1,003	¥ 1,821	¥ 5,397	¥ 261	¥ 143	¥ -	¥ 12,617
Total assets	¥ 95,295	¥ 28,894	¥ 22,429	¥ 112,384	¥ 10,153	¥ 397	¥ 70,595	¥ 340,147
Depreciation and amortization	¥ 374	¥ 176	¥ 227	¥ 1,211	¥ 63	¥ 16	¥ -	¥ 2,067
Amortization of goodwill	3	-	-	1	-	-	-	4
Investments in equity method subsidiary and affiliates	1,905	1,127	-	634	-	-	-	3,666
Increases in tangible and intangible assets	¥ 178	¥ 150	¥ 191	¥ 1,574	¥ 4	¥ -	¥ 335	¥ 2,432

		Thousands of U.S. dollars						
		Year ended March 31, 2018						
	IT & Electronics	Chemicals	Life Industry	Plastics	Housing & Eco Materials	Others	Elimination & Corporate	Consolidated
Net sales:								
Outside customers	\$ 2,023,378	\$ 485,512	\$ 399,025	\$ 2,700,499	\$ 236,607	\$ 1,527	\$ -	\$ 5,846,548
Intersegment	-	-	-	-	-	-	-	-
Total	2,023,378	485,512	399,025	2,700,499	236,607	1,527	-	5,846,548
Segment income (loss)	\$ (19,258)	\$ 2,447	\$ 18,078	\$ 52,155	\$ 1,482	\$ 1,222	\$ -	\$ 56,126
Total assets	\$ 863,813	\$ 304,206	\$ 193,675	\$ 1,203,162	\$ 101,295	\$ 3,764	\$ 656,350	\$ 3,326,265
Depreciation and amortization	\$ 3,735	\$ 1,790	\$ 2,345	\$ 13,431	\$ 685	\$ -	\$ -	\$ 21,986
Amortization of goodwill	28	-	-	26	-	-	-	54
Investments in equity method affiliates	18,733	12,126	-	7,152	-	-	-	38,011
Increases in tangible and intangible assets	\$ 1,611	\$ 746	\$ 1,515	\$ 15,453	\$ 90	\$ -	\$ 4,122	\$ 23,537

Note: 1. "Others" includes business such as real estate rental services not included in reportable segments.

2. Corporate assets included in the Elimination & Corporate column in the amount of ¥69,731 million (\$656,350 thousand) and ¥70,595 million for the years ended March 31, 2018 and 2017, respectively, are mainly surplus funds (cash and deposits), long-term investment funds (investment securities, etc.) and assets pertaining to administrative functions of the Company.
3. An increase in capital expenditure stated in the Elimination & Corporate column in the amount of ¥438 million (\$4,122 thousand) and ¥335 million for the years ended March 31, 2018 and 2017, respectively, is attributable to the Company's administrative functions.
4. Segment income (loss) has been adjusted to be consistent with operating income in the consolidated financial statements.

[Related information]

(a) Geographic information

(1) Net sales

Millions of yen											
Year ended March 31, 2018											
	Japan		Southeast Asia		Northeast Asia		The Americas		Europe		Consolidated
¥	240,120	¥	145,360	¥	205,541	¥	19,479	¥	10,637	¥	621,137

Millions of yen											
Year ended March 31, 2017											
	Japan		Southeast Asia		Northeast Asia		The Americas		Europe		Consolidated
¥	225,038	¥	131,575	¥	201,465	¥	15,926	¥	12,626	¥	586,630

Thousands of U.S. dollars											
Year ended March 31, 2018											
	Japan		Southeast Asia		Northeast Asia		The Americas		Europe		Consolidated
\$	2,260,175	\$	1,368,221	\$	1,934,684	\$	183,347	\$	100,121	\$	5,846,548

Note: Sales amounts are based on customer locations and divided into countries and regions.

(2) Property, plant and equipment

Millions of yen											
Year ended March 31, 2018											
	Japan		Southeast Asia		Northeast Asia		The Americas		Europe		Consolidated
¥	4,784	¥	5,012	¥	909	¥	960	¥	843	¥	12,508

Millions of yen											
Year ended March 31, 2017											
	Japan		Southeast Asia		Northeast Asia		The Americas		Europe		Consolidated
¥	4,731	¥	4,918	¥	866	¥	37	¥	829	¥	11,381

Thousands of U.S. dollars											
Year ended March 31, 2018											
	Japan		Southeast Asia		Northeast Asia		The Americas		Europe		Consolidated
\$	45,027	\$	47,174	\$	8,557	\$	9,041	\$	7,933	\$	117,732

(b) Information on the amount of impairment loss on non-current assets by reportable segment

		Millions of yen							
		Year ended March 31, 2018							
	IT & Electronics	Chemicals	Life Industry	Plastics	Housing & Eco Materials	Others	Elimination & Corporate	Consolidated	
Impairment loss	¥ -	¥ -	¥ -	¥ 750	¥ -	¥ -	¥ -	¥ 750	

		Millions of yen							
		Year ended March 31, 2017							
	IT & Electronics	Chemicals	Life Industry	Plastics	Housing & Eco Materials	Others	Elimination & Corporate	Consolidated	
Impairment loss	¥ -	¥ -	¥ -	¥ 714	¥ -	¥ -	¥ -	¥ 714	

		Thousands of U.S. dollars							
		Year ended March 31, 2018							
	IT & Electronics	Chemicals	Life Industry	Plastics	Housing & Eco Materials	Others	Elimination & Corporate	Consolidated	
Impairment loss	\$ -	\$ -	\$ -	\$ 7,060	\$ -	\$ -	\$ -	\$ 7,060	

(c) Information on the amount of amortization and the unamortized balance of goodwill by reportable segment

		Millions of yen							
		Year ended March 31, 2018							
	IT & Electronics	Chemicals	Life Industry	Plastics	Housing & Eco Materials	Others	Elimination & Corporate	Consolidated	
Amortization	¥ 3	¥ -	¥ -	¥ 3	¥ -	¥ -	¥ -	¥ 6	
Unamortized balance	-	-	-	11	-	-	-	11	

		Millions of yen							
		Year ended March 31, 2017							
	IT & Electronics	Chemicals	Life Industry	Plastics	Housing & Eco Materials	Others	Elimination & Corporate	Consolidated	
Amortization	¥ 3	¥ -	¥ -	¥ 1	¥ -	¥ -	¥ -	¥ 4	
Unamortized balance	3	-	-	13	-	-	-	16	

		Thousands of U.S. dollars							
		Year ended March 31, 2018							
	IT & Electronics	Chemicals	Life Industry	Plastics	Housing & Eco Materials	Others	Elimination & Corporate	Consolidated	
Amortization	\$ 28	\$ -	\$ -	\$ 26	\$ -	\$ -	\$ -	\$ 54	
Unamortized balance	-	-	-	99	-	-	-	99	

15. Financial Instruments

(Fair values of financial instruments)

Book values and fair values of the financial instruments on the consolidated balance sheet at March 31, 2018 and 2017 were as follows:

	Millions of yen		
	March 31, 2018		
	Book values	Fair values	Differences
Cash and time deposits	¥ 32,509	¥ 32,509	¥ -
Notes and accounts receivable - trade	173,401		
Allowance for doubtful accounts (*1)	(6,199)		
	167,202	167,202	-
Trading securities and investment securities			
Available-for-sale securities	58,308	58,308	-
Long-term loans receivable	237	241	4
Total Assets	¥ 258,256	¥ 258,260	¥ 4
Notes and accounts payable - trade	¥ 107,853	¥ 107,853	¥ -
Short-term loans payable (*2)	55,187	55,187	-
Long-term loans payable	16,807	16,817	(10)
Total Liabilities	¥ 179,847	¥ 179,857	¥ (10)
Derivative transactions (*3)			
Derivative transactions for which hedge accounting is not applied	¥ 2	¥ 2	¥ -
Derivative transactions for which hedge accounting is applied	(9)	(9)	-
Total Derivative Transactions	¥ (7)	¥ (7)	¥ -

	Millions of yen		
	March 31, 2017		
	Book values	Fair values	Differences
Cash and time deposits	¥ 27,366	¥ 27,366	¥ -
Notes and accounts receivable - trade	157,375		
Allowance for doubtful accounts (*1)	(1,068)		
	156,307	156,307	-
Trading securities and investment securities			
Available-for-sale securities	71,869	71,869	-
Long-term loans receivable	660		
Allowance for doubtful accounts (*1)	(126)		
	534	551	17
Total Assets	¥ 256,076	¥ 256,093	¥ 17
Notes and accounts payable - trade	¥ 87,777	¥ 87,777	¥ -
Short-term loans payable (*2)	51,801	51,801	-
Long-term loans payable	19,275	19,417	(142)
Total Liabilities	¥ 158,853	¥ 158,995	¥ (142)
Derivative transactions (*3)			
Derivative transactions for which hedge accounting is not applied	¥ 98	¥ 98	¥ -
Derivative transactions for which hedge accounting is applied	(22)	(22)	-
Total Derivative Transactions	¥ 76	¥ 76	¥ -

	Thousands of U.S. dollars		
	March 31, 2018		
	Book values	Fair values	Differences
Cash and time deposits	\$ 305,994	\$ 305,994	\$ -
Notes and accounts receivable - trade	1,632,167		
Allowance for doubtful accounts (*1)	(58,355)		
	1,573,812	1,573,812	-
Trading securities and investment securities			
Available-for-sale securities	548,837	548,837	-
Long-term loans receivable	2,235	2,273	38
Total Assets	<u>\$ 2,430,878</u>	<u>\$ 2,430,916</u>	<u>\$ 38</u>
Notes and accounts payable - trade	\$ 1,015,183	\$ 1,015,183	\$ -
Short-term loans payable (*2)	519,460	519,460	-
Long-term loans payable	158,196	158,286	(90)
Total Liabilities	<u>\$ 1,692,839</u>	<u>\$ 1,692,929</u>	<u>\$ (90)</u>
Derivative transactions (*3)			
Derivative transactions for which hedge accounting is not applied	\$ 19	\$ 19	\$ -
Derivative transactions for which hedge accounting is applied	(85)	(85)	-
Total Derivative Transactions	<u>\$ (66)</u>	<u>\$ (66)</u>	<u>\$ -</u>

(*1) The balance of "Allowance for doubtful accounts" is deducted individually from the balances of "Notes and accounts receivable - trade" and "Long-term loans receivable."

(*2) At March 31, 2018 and 2017, short-term loans payables include long-term loans payable due within one year in the amount of ¥8,917 million (\$83,935 thousand) and ¥8,547 million, respectively.

(*3) Net receivables and payables generated from derivative transactions are shown above. Items that represent net payables are shown in parentheses.

(a) Methods used to calculate fair values of financial instruments and matters relating to securities and derivative transactions

Assets

(1) Cash and time deposits

Because "Cash and time deposits" are short-term and their book values approximate the fair value, these instruments are stated at book value.

(2) Notes and accounts receivable - trade

Because "Notes and accounts receivable - trade" are short-term and their book values approximate the fair value, these instruments are stated at book value. The fair value of doubtful receivables is calculated using the amounts deemed recoverable because of collateral, guarantees, etc.

(3) Trading securities and investment securities

The fair value of equity securities is equivalent to the quoted market price, if available. The fair value of bonds is calculated using the present value as determined by discounting the total amount of principal and interest at a rate determined by taking into account the current maturity and credit risks. Because negotiable deposits are short-term and their book values approximate the fair value, these instruments are stated at book value. See Note 4, "Securities," for matters relating to trading securities and investment securities based on holding purposes.

(4) Long-term loans receivable

For long-term loans receivable at floating interest rates, market interest rates are reflected over a short period. As such, they are stated at book value because the book value approximates fair value unless the borrower's credit status has become materially different after such loans were made. The fair value of long-term loans receivable at fixed interest rates is the present value of future cash flows of the receivables. The receivables are categorized into certain periods and divided into groups according to credit risk. Future cash flows are calculated for each group and discounted by a rate that is the sum of an appropriate index rate, such as the long-term prime rate, and the credit spread. The fair value of doubtful receivables is calculated using the amounts deemed recoverable because of collateral, guarantees, etc.

Liabilities

(1) Notes and accounts payable - trade and (2) Short-term loans payable

Because “Notes and accounts payable - trade” and “Short-term loans payable” are short-term and their book values approximate the fair value, these instruments are stated at book value.

(3) Long-term loans payable

The fair value of long-term loans payable is calculated by discounting the total amount of principal and interest at a rate that is assumed to be applied when a similar loan is newly borrowed. A part of the long-term loans payable is subject to currency swaps. The fair value of these long-term loans payable is determined by discounting the future cash flows that were accounted for as a single item with the related currency swaps at the rate that is assumed to apply if a similar new loan was taken out.

Derivative Transactions

See Note 5, “Derivatives.”

(b) The following table summarizes book values of financial instruments with no fair values at March 31, 2018 and 2017:

	Millions of yen		Thousands of
	2018	2017	U.S. dollars
Investments in unconsolidated subsidiaries and affiliates	¥ 4,824	¥ 5,048	\$ 45,408
Available-for-sale securities			
Unlisted equity securities	6,053	4,252	56,972
Others	0	5	0
Total	¥ 10,877	¥ 9,305	\$ 102,380

The above items are not included in “Trading securities and investment securities” because the absence of a market value makes it impossible to estimate future cash flows and extremely difficult to determine the fair value.

(c) Financial instruments with maturities at March 31, 2018 and 2017 were as follows:

Millions of yen				
March 31, 2018				
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and time deposits	¥ 32,509	¥ -	¥ -	¥ -
Notes and accounts receivable - trade	172,953	372	76	-
Available-for-sale securities				
Bonds	-	10	-	-
Others	-	-	-	-
Long-term loans receivable	-	234	2	1
Total	¥ 205,462	¥ 616	¥ 78	¥ 1

Millions of yen				
March 31, 2017				
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and time deposits	¥ 27,366	¥ -	¥ -	¥ -
Notes and accounts receivable - trade	157,017	128	230	-
Available-for-sale securities				
Bonds	-	-	-	-
Others	68	-	-	-
Long-term loans receivable	-	659	0	1
Total	¥ 184,451	¥ 787	¥ 230	¥ 1

Thousands of U.S. dollars				
March 31, 2018				
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and time deposits	\$ 305,994	\$ -	\$ -	\$ -
Notes and accounts receivable - trade	1,627,951	3,503	713	-
Available-for-sale securities				
Bonds	-	95	-	-
Others	-	-	-	-
Long-term loans receivable	-	2,213	15	7
Total	\$ 1,933,945	\$ 5,811	\$ 728	\$ 7

(d) Short-term loans payable and long-term loans payable with maturities at March 31, 2018 and 2017 were as follows:

Millions of yen				
March 31, 2018				
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Short-term loans payable	¥ 46,270	¥ -	¥ -	¥ -
Long-term loans payable	8,917	13,791	3,016	16,807
Total	¥ 55,187	¥ 13,791	¥ 3,016	¥ 16,807

Millions of yen				
March 31, 2017				
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Short-term loans payable	¥ 43,254	¥ -	¥ -	¥ -
Long-term loans payable	8,547	15,759	3,516	19,275
Total	¥ 51,801	¥ 15,759	¥ 3,516	¥ 19,275

Thousands of U.S. dollars				
March 31, 2018				
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Short-term loans payable	\$ 435,525	\$ -	\$ -	\$ -
Long-term loans payable	83,935	129,809	28,387	158,196
Total	\$ 519,460	\$ 129,809	\$ 28,387	\$ 158,196

16. Shareholders' equity

The Japanese Corporate Law (the "Law") became effective on May 1, 2006, replacing the Japanese Commercial Code (the "Code"). The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock, they were available for distribution by resolution of the shareholders' meeting. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

The change in common stock for the years ended March 31, 2018 and 2017 was as follows:

		Number of shares		
		Year ended March 31, 2018		
	April 1, 2017	Increase	Decrease	March 31, 2018
Common stock	63,499,227	-	-	63,499,227

		Number of shares		
		Year ended March 31, 2017		
	April 1, 2016	Increase	Decrease	March 31, 2017
Common stock	63,499,227	-	-	63,499,227

17. Treasury stock

The change in treasury stock for the years ended March 31, 2018 and 2017 was as follows:

	Number of shares			
	Year ended March 31, 2018			
	April 1, 2017	Increase	Decrease	March 31, 2018
Treasury stock	2,002,305	400,112	-	2,402,417

The increase in treasury stock consists of 400,000 shares from the purchase of shares by resolution of the Board of Directors and 112 shares from the purchase of shares of less than one voting unit for the year ended March 31, 2018.

	Number of shares			
	Year ended March 31, 2017			
	April 1, 2016	Increase	Decrease	March 31, 2017
Treasury stock	1,402,268	600,037	-	2,002,305

The increase in treasury stock consists of 600,000 shares from the purchase of shares by resolution of the Board of Directors and 37 shares from the purchase of shares of less than one voting unit for the year ended March 31, 2017.

18. Related party disclosures

The Company is an affiliate of SUMITOMO CHEMICAL COMPANY, LIMITED, which owned 22.6% and 22.4% of the Company's voting shares at March 31, 2018 and 2017, respectively.

SUMIKA TECHNOLOGY CO., LTD., DONGWOO FINE-CHEM CO., LTD. and SUMIKA ELECTRONIC MATERIALS (WUXI) CO., LTD. are subsidiaries of SUMITOMO CHEMICAL COMPANY, LIMITED.

The Company controlled 15% and 15% of the voting shares of SUMIKA TECHNOLOGY CO., LTD. at March 31, 2018 and 2017, respectively.

(a) Significant transactions with related parties for the years ended March 31, 2018 and 2017 were as follows:

	Millions of yen		Thousands of
	2018	2017	U.S. dollars
SUMITOMO CHEMICAL COMPANY, LIMITED			2018
Net sales	¥ 5,804	¥ 5,894	\$ 54,628
Purchases	13,486	11,199	126,938
Notes and accounts receivable - trade	3,006	2,815	28,291
Notes and accounts payable - trade	2,759	1,678	25,966
Pledges of investment securities	9,513	11,189	89,539
Sales of investment securities	5,786	3,306	54,459
Gain on sales of investment securities	5,637	3,237	53,057
SUMIKA TECHNOLOGY CO., LTD			
Net sales	¥ 23,570	¥ 22,236	\$ 221,852
Notes and accounts receivable - trade	8,996	8,700	84,681
DONGWOO FINE-CHEM CO., LTD			
Net sales	¥ 12,073	¥ 12,737	\$ 113,636
Notes and accounts receivable - trade	3,003	2,728	28,264

- (b) The Consolidated subsidiaries' significant transactions with related parties for the years ended March 31, 2018 and 2017 were as follows:

TAIWAN INABATA SANGYO CO., LTD.

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
SUMIKA TECHNOLOGY CO., LTD			
Purchases	¥ 34,104	¥ 37,937	\$ 321,011
Notes and accounts payable - trade	4,961	5,422	46,694

19. Contingent liabilities

At March 31, 2018 and 2017, the Company and its consolidated subsidiaries were contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Discounted notes receivables	¥ 861	¥ 738	\$ 8,104
Guarantees for loans of customers and others	1,188	3,919	11,185
Total	¥ 2,049	¥ 4,657	\$ 19,289

20. Subsequent events

(Cash dividends)

At the meeting of the Board of Directors of the Company held on May 10, 2018 and May 11, 2017, an appropriation of nonconsolidated retained earnings for the years ended March 31, 2018 and 2017 was duly approved as follows:

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
Cash dividends - ¥20.00 (\$0.19) per share	¥ 1,226	¥ 1,357	\$ 11,538