

2019

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, 2019 and 2018, 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, 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, 2019 and 2018, 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, 2019 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

June 28, 2019
Osaka, Japan

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
<u>ASSETS</u>			
Current assets:			
Cash and time deposits (Notes 12 and 15)	¥ 26,909	¥ 32,509	\$ 242,447
Notes and accounts receivable - trade (Note 15):	163,963	173,401	1,477,279
Merchandise and finished goods	52,843	48,742	476,102
Work in Process	736	624	6,629
Raw materials and supplies	3,907	3,827	35,201
Other current assets	9,087	10,526	81,873
Allowance for doubtful accounts (Note 15)	(878)	(7,843)	(7,908)
Total current assets	<u>256,567</u>	<u>261,786</u>	<u>2,311,623</u>
Property, plant and equipment:			
Land	2,908	2,852	26,204
Buildings and structures	15,187	14,673	136,832
Machinery and equipment	16,126	15,766	145,289
Construction in progress	816	219	7,348
Other property, plant and equipment	3,496	3,214	31,507
	<u>38,533</u>	<u>36,724</u>	<u>347,180</u>
Less accumulated depreciation	(25,060)	(24,216)	(225,786)
Property, plant and equipment, net	<u>13,473</u>	<u>12,508</u>	<u>121,394</u>
Investments and other assets:			
Investment securities (Notes 4, 7 and 15):	86,394	69,185	778,391
Long-term loans receivable (Note 15):	572	237	5,150
Intangible assets	3,223	3,147	29,040
Net defined benefit asset (Note 11)	2,893	3,136	26,069
Deferred tax assets (Note 6)	984	800	8,861
Other assets	10,077	2,639	90,800
Allowance for doubtful accounts (Note 15)	(7,669)	(696)	(69,099)
Total investments and other assets	<u>96,474</u>	<u>78,448</u>	<u>869,212</u>
Total assets	<u>¥ 366,514</u>	<u>¥ 352,742</u>	<u>\$ 3,302,229</u>

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable - trade (Note 15):	¥ 109,778	¥ 107,853	\$ 989,081
Short-term loans payable (Notes 10 and 15)	43,619	55,187	393,001
Income taxes payable	2,271	3,853	20,463
Accrued expenses	1,168	1,176	10,528
Provision for bonuses	1,245	1,188	11,220
Other current liabilities	6,537	6,429	58,891
Total current liabilities	<u>164,618</u>	<u>175,686</u>	<u>1,483,184</u>
Long-term liabilities:			
Long-term loans payable (Notes 10 and 15)	13,659	16,807	123,065
Deferred tax liabilities (Note 6)	19,936	14,330	179,621
Provision for directors' retirement benefits	31	37	278
Provision for management board incentive plan trust	37	-	334
Provision for loss on guarantees	19	209	167
Net defined benefit liability (Note 11)	1,794	1,404	16,167
Other non-current liabilities	1,723	1,333	15,520
Total non-current liabilities	<u>37,199</u>	<u>34,120</u>	<u>335,152</u>
Contingent liabilities (Note 19)			
Net assets			
Shareholders' equity (Note 16)			
Common stock:			
Authorized - 200,000,000 shares			
Issued - 63,499,227 shares in 2019 and 63,499,227 shares in 2018	9,364	9,364	84,373
Capital surplus	7,752	7,709	69,848
Retained earnings (Note 20)	97,882	87,196	881,901
Treasury stock, at cost: (Note 17)			
2,402,417 shares in 2019 and 3,002,502 shares in 2018	(3,729)	(2,749)	(33,603)
Total shareholders' equity	<u>111,269</u>	<u>101,520</u>	<u>1,002,519</u>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	48,827	37,253	439,926
Deferred gains (losses) on hedges	(93)	20	(842)
Foreign currency translation adjustments	3,248	2,591	29,260
Remeasurements of defined benefit plans	(278)	20	(2,501)
Total accumulated other comprehensive income	<u>51,704</u>	<u>39,884</u>	<u>465,843</u>
Non-controlling interests	1,724	1,532	15,531
Total net assets	<u>164,697</u>	<u>142,936</u>	<u>1,483,893</u>
Total liabilities and net assets	<u>¥ 366,514</u>	<u>¥ 352,742</u>	<u>\$ 3,302,229</u>

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
Net sales	¥ 634,741	¥ 621,137	\$ 5,718,901
Cost of sales	587,483	576,283	5,293,116
Gross profit	47,258	44,854	425,785
Selling, general and administrative expenses (Note 9)	33,226	38,891	299,362
Operating income	14,032	5,963	126,423
Other income (expenses):			
Interest and dividend income	1,637	1,391	14,748
Interest expenses (Note 10)	(1,858)	(1,702)	(16,738)
Foreign exchange gains (losses)	(333)	64	(2,998)
Share of profit of entities accounted for using equity method	270	335	2,434
Impairment loss (Note 8)	(289)	(750)	(2,602)
Gain on sales of investment securities	5,120	8,384	46,128
Loss on valuation of investment securities	(345)	(681)	(3,107)
Other, net	562	323	5,059
Income before income taxes	18,796	13,327	169,347
Income taxes (Note 6)			
Income taxes - current	5,764	6,467	51,926
Income taxes - deferred	(230)	(322)	(2,070)
Net income	13,262	7,182	119,491
Net income attributable to non-controlling interests	365	438	3,292
Net income attributable to owners of parent	¥ 12,897	¥ 6,744	\$ 116,199
Amounts per share:			U.S. dollars (Note 1)
	2019	2018	2019
Basic net income per share	¥ 211.36	¥ 109.92	\$ 1.90
Cash dividends per share applicable to the year	48.00	40.00	0.43

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
Net income	¥ 13,262	¥ 7,182	\$ 119,491
Other comprehensive income (Note 13):			
Valuation difference on available-for-sale securities	11,702	(8,464)	105,431
Deferred gains (losses) on hedges	(90)	18	(809)
Foreign currency translation adjustment	690	(306)	6,215
Remeasurements of defined benefit plans, net of tax	(297)	295	(2,677)
Share of other comprehensive income of entities accounted for using equity method	(122)	143	(1,098)
Total other comprehensive income	<u>11,883</u>	<u>(8,314)</u>	<u>107,062</u>
Comprehensive income	<u>¥ 25,145</u>	<u>¥ (1,132)</u>	<u>\$ 226,553</u>
Comprehensive income attributable to:			
Owners of parent	¥ 24,722	¥ (1,558)	\$ 222,738
Non-controlling interests	423	426	3,815

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years ended March 31, 2019 and 2018

	Millions of yen									
	2019					2018				
	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, 2018	¥ 9,364	¥ 7,709	¥ 87,196	¥ (2,749)	¥ 37,253	¥ 20	¥ 2,591	¥ 20	¥ 1,532	¥ 142,936
Net income attributable to owners of parent	-	-	12,897	-	-	-	-	-	-	12,897
Dividends of surplus	-	-	(2,446)	-	-	-	-	-	-	(2,446)
Purchase of treasury stock	-	-	-	(937)	-	-	-	-	-	(937)
Disposal of treasury stock	-	43	-	121	-	-	-	-	-	164
Acquisition of treasury shares by stock benefit trust	-	-	-	(164)	-	-	-	-	-	(164)
Change of scope of consolidation	-	-	235	-	-	-	-	-	-	235
Net changes in items other than shareholders' equity	-	-	-	-	11,574	(113)	657	(298)	192	12,012
Balance at March 31, 2019	¥ 9,364	¥ 7,752	¥ 97,882	¥ (3,729)	¥ 48,827	¥ (93)	¥ 3,248	¥ (278)	¥ 1,724	¥ 164,697
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)
Disposal of treasury stock	-	-	-	-	-	-	-	-	-	-
Acquisition of treasury shares by stock benefit trust	-	-	-	-	-	-	-	-	-	-
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

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)

	2019									
	Shareholders' equity		Accumulated other comprehensive income			Non-controlling interests		Total		
	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
Balance at April 1, 2018	\$ 84,373	\$ 69,452	\$ 785,621	\$ (24,770)	\$ 335,640	\$ 182	\$ 23,345	\$ 176	\$ 13,811	\$ 1,287,830
Net income attributable to owners of parent	-	-	116,199	-	-	-	-	-	-	116,199
Dividends of surplus	-	-	(22,036)	-	-	-	-	-	-	(22,036)
Purchase of treasury stock	-	-	-	(8,437)	-	-	-	-	-	(8,437)
Disposal of treasury stock	-	396	-	1,088	-	-	-	-	-	1,484
Acquisition of treasury shares by stock benefit trust	-	-	-	(1,484)	-	-	-	-	-	(1,484)
Change of scope of consolidation	-	-	2,117	-	-	-	-	-	-	2,117
Net changes in items other than shareholders' equity	-	-	-	-	104,286	(1,024)	5,915	(2,677)	1,720	108,220
Balance at March 31, 2019	\$ 84,373	\$ 69,848	\$ 881,901	\$ (33,603)	\$ 439,976	\$ (842)	\$ 29,260	\$ (2,501)	\$ 15,531	\$ 1,483,893

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
Cash flows from operating activities:			
Income before income taxes	¥ 18,796	¥ 13,327	\$ 169,347
Adjustments to reconcile income before income taxes to cash provided by operating activities:			
Depreciation and amortization	2,413	2,336	21,743
Impairment loss	289	750	2,602
Increase (decrease) in allowance for doubtful accounts	321	6,196	2,896
Interest and dividend income	(1,637)	(1,391)	(14,748)
Interest expenses	1,858	1,702	16,738
Share of (profit) loss of entities accounted for using equity method	(270)	(335)	(2,434)
Increase (decrease) in provision for loss on guarantees	(191)	(109)	(1,716)
Loss (gain) on sales of investment securities	(5,120)	(8,384)	(46,128)
Loss (gain) on valuation of investment securities	345	681	3,107
Decrease (increase) in notes and accounts receivable - trade	11,276	(16,238)	101,597
Decrease (increase) in inventories	(3,138)	(5,311)	(28,270)
Decrease (increase) in other current assets	1,200	(2,251)	10,816
Decrease (increase) in other non-current assets	(7,496)	113	(67,536)
Increase (decrease) in notes and accounts payable - trade	737	20,203	6,638
Increase (decrease) in other current liabilities	69	667	621
Other, net	524	16	4,706
Subtotal	19,976	11,972	179,979
Interest and dividend income received	1,721	1,543	15,508
Interest expenses paid	(1,884)	(1,677)	(16,976)
Income taxes paid	(7,302)	(5,878)	(65,791)
Net cash provided by (used in) operating activities	12,511	5,960	112,720
Cash flows from investing activities:			
Payments into time deposits	(3,936)	(2,914)	(35,467)
Proceeds from withdrawal of time deposits	3,276	4,030	29,515
Purchase of property, plant and equipment	(2,611)	(2,024)	(23,528)
Proceeds from sales of property, plant and equipment	93	35	841
Purchase of intangible assets	(830)	(477)	(7,476)
Purchase of investment securities	(419)	(2,433)	(3,773)
Proceeds from sales of investment securities	5,396	9,201	48,615
Purchase of shares of subsidiaries	(49)	(89)	(446)
Net decrease (increase) in short-term loans receivable	173	(432)	1,555
Payments of long-term loans receivable	(376)	(216)	(3,391)
Collection of long-term loans receivable	98	420	883
Other, net	(71)	(14)	(626)
Net cash provided by (used in) investing activities	744	5,087	6,702

See accompanying Notes to Consolidated Financial Statements.

INABATA & CO., LTD. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	¥ (10,328)	¥ 851	\$ (93,054)
Proceeds from long-term loans payable	3,666	5,326	33,034
Repayments of long-term loans payable	(9,385)	(7,499)	(84,560)
Purchase of treasury stock	(1,101)	(680)	(9,921)
Disposal of treasury stock	165	-	1,484
Cash dividends paid	(2,454)	(2,591)	(22,106)
Dividends paid to non-controlling interests	(233)	(264)	(2,095)
Other - net	124	(44)	1,108
Net cash provided by (used in) financing activities	<u>(19,546)</u>	<u>(4,901)</u>	<u>(176,110)</u>
Effect of exchange rate change on cash and cash equivalents	(55)	(32)	(494)
Net increase (decrease) in cash and cash equivalents	<u>(6,346)</u>	<u>6,114</u>	<u>(57,182)</u>
Cash and cash equivalents at beginning of year	29,236	22,936	263,411
Increase in cash and cash equivalents resulting from change of scope of consolidation	122	186	1,101
Cash and cash equivalents at end of year (Note 12)	<u>¥ 23,012</u>	<u>¥ 29,236</u>	<u>\$ 207,330</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, 2019, which was ¥110.99 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 44 (43 in 2018) 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 2018) 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) Provision for management board incentive plan trust

To prepare for the payment of the Company's shares, etc. to the director, allowance for board benefit trust is recorded by the Company's executive share benefit provision at the expected amount of obligations on stock-based compensation to Directors.

(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) 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.

(r) Reclassifications

Certain reclassifications of the accompanying consolidated financial statements as of and for the years ended March 31, 2018 have been made to conform to the 2019 presentation. These reclassifications had no impact on the previously reported results of operations or retained earnings.

(s) 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

(Accounting standards and guidance issued, but not yet adopted)

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 30, 2018 (“Statement No. 29”))
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 30, 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 have yet to estimate the effects of these new standards on the consolidated financial statements.

(Changes in presentation method)

- Changes due to adoption of “Partial Amendments to Accounting Standard for Tax Effect Accounting”

Upon application of “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018 (hereinafter, “Statement No. 28”)) from the beginning of the current fiscal period, the Company and its domestic subsidiaries changed the presentation of deferred tax assets and deferred tax liabilities, such that deferred tax assets and deferred tax liabilities are classified as part of ‘investments and other assets’ and ‘non-current liabilities’, respectively.

As a result, deferred tax assets classified as “current assets” decreased by ¥849 million, deferred tax assets classified as “investments and other assets” increased by ¥208 million, other current liabilities classified as “current liabilities” decreased by ¥0 million and deferred tax liabilities classified as “non-current liabilities” decreased by ¥640 million in the consolidated balance sheet as of March 31, 2018.

Furthermore, due to the effect of offsetting deferred tax assets and deferred tax liabilities by the same taxable entity, total assets and total liabilities each decreased by ¥640 million in the consolidated balance sheet as of March 31, 2018.

(Additional information)

- Performance-based Stock Compensation Plan for Directors

The Company has introduced a performance-based stock compensation plan, “Board Benefit Trust,” (the “Plan”) for Directors in the year ended March 31, 2019 with a view to increase their consciousness to contribute to performance improvement and corporate value increase in the medium- and long-term by clarifying the linkage between compensation for Directors and the Company’s financial performance and stock value and sharing not only benefits of an increase in the Company’s equity value but risks of its decline.

(a) Overview of Transaction

The Plan is a performance-based stock compensation plan where a trust (a trust established under the Plan is referred to as the “Trust”) acquired the Company’s stock using money contributed by the Company and provides Directors with the Company’s stock and money equivalent to the amount of the Company’s stock as converted using fair value (the “Company’s Stock, etc.”) in accordance with the Rules for Stock Compensation Granted to Directors established by the Company. The timing of Directors receiving the Company’s Stock, etc. is at their retirement from Directors in principle.

(b) Company’s Stock Remaining in Trust

The Company has recorded the Company’s stock remaining in the Trust at carrying value in the Trust (excluding the amount of ancillary expenses) as treasury stock under net assets section. As of March 31, 2019, the carrying value of such treasury stock was ¥165 million (\$1,484 thousand), and the number of such treasury stock was 100,000 shares.

4. Securities

(a) The following summarizes information on securities with fair values at March 31, 2019 and 2018.

(1) Trading securities:

At March 31, 2019 and 2018, there were no trading securities with fair market values.

(2) Available-for-sale securities at March 31, 2019 and 2018:

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

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Equity securities:			
Acquisition costs	¥ 5,700	¥ 6,513	\$ 51,352
Book values	75,184	58,178	677,393
Differences	¥ 69,484	¥ 51,665	\$ 626,041
Bonds:			
Acquisition costs	¥ 10	¥ 10	\$ 90
Book values	10	10	91
Differences	¥ 0	¥ 0	\$ 1

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

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Equity securities:			
Acquisition costs	¥ 829	¥ 134	\$ 7,466
Book values	725	120	6,529
Differences	¥ (104)	¥ (14)	\$ (937)
Others:			
Acquisition costs	¥ -	¥ -	\$ -
Book values	-	-	-
Differences	¥ -	¥ -	\$ -

Unlisted equity securities in amount of ¥6,105 million (\$55,007 thousand) and ¥6,052 million at March 31, 2019 and 2018, 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, 2019 and 2018:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Total sales of available-for-sale securities:	¥ 5,396	¥ 9,107	\$ 48,615
Amount of related gains	5,120	8,384	46,128
Amount of related losses	0	-	0

(c) The loss on valuation of investment securities at March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Loss on valuation of investment securities	¥ 345	¥ 681	\$ 3,107

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, 2019			
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	¥ -	¥ (1)	¥ (1)
	Euro	3	-	0	0
	Buying:				
	U.S. dollars	208	-	1	1
	Japanese yen	362	-	(0)	(0)
	Total	<u>¥ 641</u>	<u>¥ -</u>	<u>¥ (0)</u>	<u>¥ (0)</u>

		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	<u>¥ 977</u>	<u>¥ -</u>	<u>¥ (2)</u>	<u>¥ (2)</u>

		Thousands of U.S. dollars			
		March 31, 2019			
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	\$ 610	\$ -	\$ (7)	\$ (7)
	Euro	30	-	2	2
	Buying:				
	U.S. dollars	1,872	-	5	5
	Japanese yen	3,265	-	(1)	(1)
	Total	<u>\$ 5,777</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (1)</u>

(2) Interest rate related

		Millions of yen			
		March 31, 2019			
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)	¥ 333	¥ 333	¥ (4)	¥ (4)
	Total	¥ 333	¥ 333	¥ (4)	¥ (4)

		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	¥ 319	¥ 319	¥ 4	¥ 4

		Thousands of U.S. dollars			
		March 31, 2019			
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	\$ (36)	\$ (36)
	Total	\$ 3,000	\$ 3,000	\$ (36)	\$ (36)

(3) Stock related

There were no stock-related derivative transactions at March 31, 2019 and 2018.

(b) Derivative transactions for which hedge accounting is applied

(1) Currency related

		Millions of yen			
		March 31, 2019			
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		¥ 956	¥ -	¥ (7)
	Euro	Accounts	2	-	0
	Swiss franc	receivable	2	-	(0)
	China yuan	- trade	26	-	(0)
	Thai baht		44	-	0
	Buying:				
	U.S. dollars		8,400	4,569	(88)
	Euro	Accounts	600	-	(15)
	China yuan	payable	64	-	(0)
	Thai baht	- trade	399	-	(1)
	Currency swaps:	Long-term loans payable	495	495	(9)
	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars		¥ 4,851	¥ -	
	G.B. pound		95	-	
	Euro	Accounts	311	-	
	Swiss franc	receivable	2	-	
	China yuan	- trade	139	-	
	Thai baht		68	-	(*2)
	Buying:				
	U.S. dollars		2,724	-	
	G.B. pound	Accounts	15	-	
	Euro	payable	72	-	
	China yuan	- trade	34	-	
	Thai baht		115	-	
	Total		<u>¥ 19,414</u>	<u>¥ 5,064</u>	<u>¥ (120)</u>

		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 receivable	11	-	0
	China yuan	- trade	166	-	(2)
	Thai baht		90	-	(1)
Deferral hedge accounting (*1)	Philippine Peso		4	-	0
	Buying:				
	U.S. dollars		6,508	-	(104)
	G.B. pound	Accounts payable	8	-	0
	Euro	- trade	320	-	(4)
	China yuan		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 receivable	2,770	-	
	China yuan	- trade	92	-	
	Thai baht		73	-	
	Philippine Peso		8	-	(*2)
	Buying:				
	U.S. dollars		4,313	-	
	G.B. pound	Accounts payable	7	-	
	Euro	- trade	60	-	
	Thai baht		72	-	
	Total		<u>¥ 26,098</u>	<u>¥ 509</u>	<u>¥ 19</u>

		Thousands of U.S. dollars			
		March 31, 2019			
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		\$ 8,613	\$ -	\$ (62)
	Euro	Accounts	14	-	0
	Swiss franc	receivable	19	-	(0)
	China yuan	- trade	234	-	(1)
Deferral hedge accounting (*1)	Thai baht		396	-	1
	Buying:				
	U.S. dollars		75,686	41,167	(797)
	Euro	Accounts	5,403	-	(132)
	China yuan	payable	576	-	(1)
	Thai baht	- trade	3,591	-	(5)
	Currency swaps:	Long-term loans payable	4,464	4,464	(82)
	Forward foreign exchange contracts:				
	Selling:				
	U.S. dollars		\$ 43,710	\$ -	
	G.B. pound		852	-	
	Euro	Accounts	2,799	-	
Allocation method for forward foreign exchange contracts, etc.	Swiss franc	receivable	16	-	
	China yuan	- trade	1,255	-	
	Thai baht		610	-	(*2)
	Buying:				
	U.S. dollars		24,542	-	
	G.B. pound	Accounts	132	-	
	Euro	payable	652	-	
	China yuan	- trade	306	-	
	Thai baht		1,039	-	
	Total		<u>\$ 174,909</u>	<u>\$ 45,631</u>	<u>\$ (1,079)</u>

(*1) Fair values are based on year-end forward rates and prices presented by principal financial institutions at March 31, 2019 and 2018, 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 and account payable - trade disclosed in Note 15, “Financial instruments”.

(2) Interest rate related

		Millions of yen March 31, 2019			
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	¥ 495	-	(6)
Special method	Interest rate swaps:				
	(Pay fixed rate, receive floating rate)	Long-term loans payable	2,388	1,888	(*2)
	Total		<u>¥ 2,883</u>	<u>1,888</u>	<u>(6)</u>

		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	(*2)
	Total		<u>¥ 5,748</u>	<u>¥ 2,859</u>	<u>¥ (28)</u>

		Thousands of U.S. dollars March 31, 2019			
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	\$ 4,464	-	(54)
Special method	Interest rate swaps:				
	(Pay fixed rate, receive floating rate)	Long-term loans payable	21,516	17,010	(*2)
	Total		<u>\$ 25,980</u>	<u>17,010</u>	<u>(54)</u>

(*1) Fair values are based on year-end forward rates and prices presented by principal financial institutions at March 31, 2019 and 2018, respectively.

(*2) 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 30.6% and 30.9% for the years ended March 31, 2019 and 2018, respectively.

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

	2019	2018
Statutory tax rate	30.6%	30.9%
Share of (profit) loss of entities accounted for using equity method	(0.4)	(0.8)
Expenses not deductible for income tax purposes	1.5	1.7
Dividends and other income deductible for income tax purposes	(5.4)	(5.8)
Net adjustment resulting from elimination of dividend income	4.6	3.9
Unrealized tax benefits, such as those on prior losses of consolidated subsidiaries	(0.3)	5.7
Unrealized tax benefits related to allowance for doubtful accounts	1.0	15.3
Different tax rates applied at foreign subsidiaries	(2.7)	(2.4)
Income taxes for prior periods	0.6	(1.4)
Foreign source taxes	0.8	0.4
Decrease in deferred tax assets (liabilities) resulting from changes in statutory tax rates	0.0	0.0
Other, net	(0.9)	(1.3)
Effective tax rate	<u>29.4%</u>	<u>46.1%</u>

(b) Significant components of the Companies' deferred tax assets and liabilities at March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Deferred tax assets:			
Allowance for doubtful accounts	¥ 449	¥ 2,581	\$ 4,042
Loss carryforwards	4,625	1,038	41,668
Net defined benefit liability	855	765	7,707
Directors' retirement benefits	34	24	309
Unrealized profit on inventories	211	238	1,898
Unrealized profit on property, plant and equipment	492	399	4,435
Depreciation	195	271	1,756
Write-down of golf club memberships	12	12	109
Write-down of investment securities	456	451	4,107
Write-down of inventories	149	104	1,344
Provision for bonuses	326	320	2,941
Enterprise taxes payable	117	182	1,054
Provision for loss on guarantees	6	64	51
Other	1,084	906	9,761
Total deferred tax assets	<u>9,011</u>	<u>7,355</u>	<u>81,182</u>
Valuation allowance	(6,005)	(4,658)	(54,107)
Net deferred tax assets	<u>3,006</u>	<u>2,697</u>	<u>27,075</u>
Deferred tax liabilities:			
Gain on securities contributed to employee retirement benefit trust	(662)	(662)	(5,961)
Net defined benefit asset	(350)	(432)	(3,154)
Valuation difference on available-for-sale securities	(20,808)	(14,962)	(187,474)
Other	(138)	(171)	(1,246)
Total deferred tax liabilities	<u>(21,958)</u>	<u>(16,227)</u>	<u>(197,835)</u>
Net deferred tax liabilities	<u>¥ (18,952)</u>	<u>¥ (13,530)</u>	<u>\$ (170,760)</u>

7. Pledged assets

At March 31, 2019 and 2018, the following assets were pledged as security for trading transactions:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Investment securities	¥ 17,276	¥ 10,699	\$ 155,652

8. Impairment loss

Impairment loss on non-current assets for the year ended March 31, 2019 consisted of the following:

Use	Type of assets	Location	Millions of yen	Thousands of U.S. dollars
			2019	2019
Production facilities for plastic compounds	Buildings	Dongguan CHINA	¥ 174	\$ 1,567
	Machinery and equipment		74	663
	Others		41	372
	Total	¥ 289	\$ 2,602	

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 ¥289 million (\$2,602 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 determined based on the estimated utility value that discounted future cash flow by 3.01%.

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.

9. Research and development expenses

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Research and development expenses	¥ 43	¥ 15	\$ 388

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

Short-term loans payable at March 31, 2019 and 2018 consisted of bank loans bearing interest at average annual rates of 2.95% and 2.63%, respectively. Long-term loans payable due within one year at March 31, 2019 and 2018 consisted of bank loans bearing interest at average annual rates of 1.43% and 1.38%, respectively.

(a) Long-term loans payable at March 31, 2019 and 2018 consisted of the follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Unsecured loans from banks and insurance companies, due through 2025	¥ 20,435	¥ 25,724	\$ 184,113
Less amounts due within one year	(6,776)	(8,917)	(61,048)
Total	¥ 13,659	¥ 16,807	\$ 123,065

(b) The aggregate annual maturities of long-term loans payable at March 31, 2019 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2019	2019
2021	¥ 4,483	\$ 40,386
2022	3,030	27,303
2023	1,530	13,788
2024	1,600	14,416
2025 and thereafter	3,016	27,172
Total	¥ 13,659	\$ 123,065

(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, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Lines of credit	¥ 23,319	¥ 22,749	\$ 210,098
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, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Balance at the beginning of the year	¥ 9,244	¥ 9,148	\$ 83,290
Service cost	526	514	4,738
Interest cost	66	59	595
Actuarial differences	(85)	(102)	(764)
Retirement benefits paid	(416)	(349)	(3,751)
Others	8	(26)	74
Balance at the end of the year	¥ 9,343	¥ 9,244	\$ 84,182

(2) The change in plan assets for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Balance at the beginning of the year	¥ 10,977	¥ 10,678	\$ 98,901
Expected return on plan assets	258	249	2,327
Actuarial differences	(597)	178	(5,380)
Contributions by the Company and its consolidated subsidiaries	164	164	1,473
Retirement benefits paid	(358)	(294)	(3,229)
Others	(2)	2	(8)
Balance at the end of the year	¥ 10,442	¥ 10,977	\$ 94,084

(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
	2019	2018	2019
Funded projected benefit obligations	¥ 8,230	¥ 8,218	\$ 74,150
Plan assets	(10,442)	(10,977)	(94,084)
Subtotal	(2,212)	(2,759)	(19,934)
Unfunded projected benefit obligations	1,113	1,027	10,032
Net amount of liability and asset in consolidated balance sheet	(1,099)	(1,732)	(9,902)
Liabilities (net defined benefit liability)	1,794	1,404	16,167
Assets (net defined benefit asset)	(2,893)	(3,136)	(26,069)
Net amount of liability and asset in consolidated balance sheet	¥ (1,099)	¥ (1,732)	\$ (9,902)

(4) The components of retirement benefit expense for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Service cost	¥ 525	¥ 513	\$ 4,738
Interest cost	66	59	595
Expected return on plan assets	(258)	(249)	(2,327)
Amortization of actuarial differences	85	148	762
Amortization of prior service cost	(0)	(0)	(3)
Retirement benefit expense	¥ 418	¥ 471	\$ 3,765

(5) Actuarial differences and prior service cost included in other comprehensive income for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Prior service cost	¥ (0)	¥ 5	\$ (3)
Actuarial differences	(428)	421	(3,854)
Total	¥ (428)	¥ 426	\$ (3,857)

(6) Unrecognized actuarial differences and unrecognized prior service cost included in accumulated other comprehensive income at March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Unrecognized prior service cost	¥ (25)	¥ (25)	\$ (228)
Unrecognized actuarial differences	425	(3)	3,832
Total	¥ 400	¥ (28)	\$ 3,604

(7) The allocation of plan assets by major category as a percentage of total plan assets at the fair value at March 31, 2019 and 2018 was as follows:

	2019	2018
Bonds	46.7%	43.9%
Equity securities	50.3	53.5
Cash and time deposits	2.7	2.2
Others	0.3	0.4
Total	100.0%	100.0%

Notes: 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 (28.2% at March 31, 2019 and 32.1% at March 31, 2018).

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

	2019	2018
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, 2019 and 2018 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Contribution to defined contribution pension plans by the Company and its consolidated subsidiaries	¥ 87	¥ 91	\$ 785

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, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Cash and time deposits	¥ 26,909	¥ 32,509	\$ 242,447
Time deposits with maturities of more three months	(3,897)	(3,273)	(35,117)
Cash and cash equivalents	<u>¥ 23,012</u>	<u>¥ 29,236</u>	<u>\$ 207,330</u>

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, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Valuation difference on available-for-sale securities:			
Increase (decrease) during the year	¥ 22,559	¥ (4,732)	\$ 203,255
Reclassification adjustments	(5,017)	(8,329)	(45,204)
Amount before tax effect	17,542	(13,061)	158,051
Tax effect	(5,840)	4,597	(52,620)
Subtotal, net of tax effect	<u>11,702</u>	<u>(8,464)</u>	<u>105,431</u>
Deferred gains (losses) on hedges:			
Increase (decrease) during the year	(117)	13	(1,052)
Reclassification adjustments	-	-	-
Amount before tax effect	(117)	13	(1,052)
Tax effect	27	5	243
Subtotal, net of tax effect	<u>(90)</u>	<u>18</u>	<u>(809)</u>
Foreign currency translation adjustment:			
Increase (decrease) during the year	690	(306)	6,215
Reclassification adjustments	-	-	-
Amount before tax effect	690	(306)	6,215
Tax effect	-	-	-
Subtotal, net of tax effect	<u>690</u>	<u>(306)</u>	<u>6,215</u>
Remeasurements of defined benefit plans, net of tax:			
Increase (decrease) during the year	(528)	353	(4,758)
Reclassification adjustments	100	73	901
Amount before tax effect	(428)	426	(3,857)
Tax effect	131	(131)	1,180
Subtotal, net of tax effect	<u>(297)</u>	<u>295</u>	<u>(2,677)</u>
Share of other comprehensive income of entities accounted for using equity method:			
Increase (decrease) during the year	(122)	143	(1,098)
Reclassification adjustments	-	-	-
Subtotal	<u>(122)</u>	<u>143</u>	<u>(1,098)</u>
Total other comprehensive income	<u>¥ 11,883</u>	<u>¥ (8,314)</u>	<u>\$ 107,062</u>

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, 2019 and 2018 were as follows:

	Millions of yen							
	Year ended March 31, 2019							
	IT & Electronics	Chemicals	Life Industry	Plastics	Housing & Eco Materials	Others	Elimination & Corporate	Consolidated
Net sales:								
Outside customers	¥ 217,904	53,417	39,047	300,095	24,105	173	-	634,741
Intersegment	-	-	-	-	-	-	-	-
Total	217,904	53,417	39,047	300,095	24,105	173	-	634,741
Segment income (loss)	¥ 4,819	1,380	1,310	6,343	45	136	-	14,033
Total assets	¥ 86,483	32,269	20,526	132,267	10,685	425	83,859	366,514
Depreciation and amortization	¥ 440	204	246	1,447	76	-	-	2,413
Amortization of goodwill	-	-	-	3	-	-	-	3
Investments in equity method affiliates	2,064	1,162	-	788	-	-	-	4,014
Increases in tangible and intangible assets	¥ 467	205	194	1,936	13	-	626	3,441

	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	¥ 91,758	¥ 32,311	¥ 20,571	¥ 127,771	¥ 10,762	¥ 400	¥ 69,169	¥ 352,742
Depreciation and amortization	¥ 397	¥ 190	¥ 249	¥ 1,427	¥ 73	¥ -	¥ -	¥ 2,336
Amortization of goodwill	3	-	-	3	-	-	-	6
Investments in equity method subsidiary and affiliates	1,990	1,288	-	760	-	-	-	4,038
Increases in tangible and intangible assets	¥ 171	¥ 79	¥ 161	¥ 1,642	¥ 10	¥ -	¥ 438	¥ 2,501

	Thousands of U.S. dollars							
	Year ended March 31, 2019							
	IT & Electronics	Chemicals	Life Industry	Plastics	Housing & Eco Materials	Others	Elimination & Corporate	Consolidated
Net sales:								
Outside customers	\$ 1,963,277	481,279	351,803	2,703,801	217,182	1,559	-	5,718,901
Intersegment	-	-	-	-	-	-	-	-
Total	1,963,277	481,279	351,803	2,703,801	217,182	1,559	-	5,718,901
Segment income (loss)	\$ 43,420	12,432	11,806	57,136	401	1,228	-	126,423
Total assets	\$ 779,193	290,737	184,932	1,191,723	96,267	3,825	755,552	3,302,229
Depreciation and amortization	\$ 3,961	1,834	2,215	13,046	687	-	-	21,743
Amortization of goodwill	-	-	-	25	-	-	-	25
Investments in equity method affiliates	18,597	10,470	-	7,095	-	-	-	36,162
Increases in tangible and intangible assets	\$ 4,204	1,844	1,746	17,447	121	-	5,642	31,004

Notes: 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 ¥83,859 million (\$755,552 thousand) and ¥69,731 million for the years ended March 31, 2019 and 2018, 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 ¥626 million (\$5,642 thousand) and ¥438 million for the years ended March 31, 2019 and 2018, 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.

5. Upon application of “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) from the beginning of the current fiscal period, the Company changed the presentation. Segment assets for the previous fiscal year were figured after the reclassification reflecting the change in presentation method are shown.

[Related information]

(a) Geographic information

(1) Net sales

Millions of yen						
Year ended March 31, 2019						
Japan	Southeast Asia	Northeast Asia	The Americas	Europe	Consolidated	
¥ 243,560	¥ 153,442	¥ 207,998	¥ 20,783	¥ 8,958	¥	¥ 634,741

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

Thousands of U.S. dollars						
Year ended March 31, 2019						
Japan	Southeast Asia	Northeast Asia	The Americas	Europe	Consolidated	
\$ 2,194,429	\$ 1,382,484	\$ 1,874,021	\$ 187,255	\$ 80,712	\$	\$ 5,718,901

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, 2019						
Japan	Southeast Asia	Northeast Asia	The Americas	Europe	Consolidated	
¥ 4,898	¥ 5,759	¥ 972	¥ 990	¥ 854	¥	¥ 13,473

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

Thousands of U.S. dollars						
Year ended March 31, 2019						
Japan	Southeast Asia	Northeast Asia	The Americas	Europe	Consolidated	
\$ 44,140	\$ 51,884	\$ 8,757	\$ 8,916	\$ 7,697	\$	\$ 121,394

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

		Millions of yen										
		Year ended March 31, 2019										
	IT & Electronics	Chemicals	Life Industry	Plastics	Housing & Eco Materials	Others	Elimination & Corporate	Consolidated				
Impairment loss	¥	-	¥	-	¥	289	¥	-	¥	-	¥	289

		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

		Thousands of U.S. dollars										
		Year ended March 31, 2019										
	IT & Electronics	Chemicals	Life Industry	Plastics	Housing & Eco Materials	Others	Elimination & Corporate	Consolidated				
Impairment loss	\$	-	\$	-	\$	2,602	\$	-	\$	-	\$	2,602

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

		Millions of yen										
		Year ended March 31, 2019										
	IT & Electronics	Chemicals	Life Industry	Plastics	Housing & Eco Materials	Others	Elimination & Corporate	Consolidated				
Amortization	¥	-	¥	-	¥	3	¥	-	¥	-	¥	3
Unamortized balance		-		-		8		-		-		8

		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

		Thousands of U.S. dollars										
		Year ended March 31, 2019										
	IT & Electronics	Chemicals	Life Industry	Plastics	Housing & Eco Materials	Others	Elimination & Corporate	Consolidated				
Amortization	\$	-	\$	-	\$	25	\$	-	\$	-	\$	25
Unamortized balance		-		-		69		-		-		69

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, 2019 and 2018 were as follows:

	Millions of yen		
	March 31, 2019		
	Book values	Fair values	Differences
Cash and time deposits	¥ 26,909	¥ 26,909	¥ -
Notes and accounts receivable – trade	163,963		
Allowance for doubtful accounts (*1)	(566)		
	163,397	163,397	-
Investment securities			
Available-for-sale securities	75,919	75,919	-
Long-term loans receivable	572	573	1
Total Assets	¥ 266,797	¥ 266,798	¥ 1
Notes and accounts payable – trade	¥ 109,778	¥ 109,778	¥ -
Short-term loans payable (*2)	43,619	43,619	-
Long-term loans payable	13,659	13,787	(128)
Total Liabilities	¥ 167,056	¥ 167,184	¥ (128)
Derivative transactions (*3)			
Derivative transactions for which hedge accounting is not applied	¥ (4)	¥ (4)	¥ -
Derivative transactions for which hedge accounting is applied	(126)	(126)	-
Total Derivative Transactions	¥ (130)	¥ (130)	¥ -

	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	-
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)	¥ -

	Thousands of U.S. dollars		
	March 31, 2019		
	Book values	Fair values	Differences
Cash and time deposits	\$ 242,447	\$ 242,447	\$ -
Notes and accounts receivable – trade	1,477,279		
Allowance for doubtful accounts (*1)	(5,096)		
	1,472,183	1,472,183	-
Investment securities			
Available-for-sale securities	684,013	684,013	-
Long-term loans receivable	5,150	5,158	8
Total Assets	\$ 2,403,793	\$ 2,403,801	\$ 8
Notes and accounts payable – trade	\$ 989,081	\$ 989,081	\$ -
Short-term loans payable (*2)	393,001	393,001	-
Long-term loans payable	123,065	124,221	(1,156)
Total Liabilities	\$ 1,505,147	\$ 1,506,303	\$ (1,156)
Derivative transactions (*3)			
Derivative transactions for which hedge accounting is not applied	\$ (37)	\$ (37)	\$ -
Derivative transactions for which hedge accounting is applied	(1,133)	(1,133)	-
Total Derivative Transactions	\$ (1,170)	\$ (1,170)	\$ -

(*1) The balance of “Allowance for doubtful accounts” is deducted individually from the balances of “Notes and accounts receivable - trade”.

(*2) At March 31, 2019 and 2018, short-term loans payables include long-term loans payable due within one year in the amount of ¥6,776 million (\$61,048 thousand) and ¥8,917 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) 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. See Note 4, “Securities,” for matters relating to 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, 2019 and 2018:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Investments in unconsolidated subsidiaries and affiliates	¥ 4,370	¥ 4,824	\$ 39,371
Available-for-sale securities			
Unlisted equity securities	6,105	6,053	55,007
Others	0	0	0
Total	¥ 10,475	¥ 10,877	\$ 94,378

The above items are not included in “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, 2019 and 2018 were as follows:

Millions of yen				
March 31, 2019				
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and time deposits	¥ 26,909	¥ -	¥ -	¥ -
Notes and accounts receivable - trade	163,699	205	60	-
Available-for-sale securities				
Bonds	-	10	-	-
Others	-	-	-	-
Long-term loans receivable	-	442	129	1
Total	¥ 190,608	¥ 657	¥ 189	¥ 1

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

Thousands of U.S. dollars				
March 31, 2019				
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and time deposits	\$ 242,447	\$ -	\$ -	\$ -
Notes and accounts receivable - trade	1,474,899	1,844	537	-
Available-for-sale securities				
Bonds	-	91	-	-
Others	-	-	-	-
Long-term loans receivable	-	3,985	1,160	5
Total	\$ 1,717,346	\$ 5,920	\$ 1,697	\$ 5

(d) Short-term loans payable and long-term loans payable with maturities at March 31, 2019 and 2018 were as follows:

Millions of yen				
March 31, 2019				
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Short-term loans payable	¥ 36,843	¥ -	¥ -	¥ -
Long-term loans payable	6,776	10,643	3,016	13,659
Total	¥ 43,619	¥ 10,643	¥ 3,016	¥ 13,659

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

Thousands of U.S. dollars				
March 31, 2019				
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Short-term loans payable	\$ 331,953	\$ -	\$ -	\$ -
Long-term loans payable	61,048	95,893	27,172	123,065
Total	\$ 393,001	\$ 95,893	\$ 27,172	\$ 123,065

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, 2019 and 2018 was as follows:

		Number of shares		
		Year ended March 31, 2019		
	April 1, 2018	Increase	Decrease	March 31, 2019
Common stock	63,499,227	-	-	63,499,227

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

17. Treasury stock

The change in treasury stock for the years ended March 31, 2019 and 2018 was as follows:

	Number of shares			
	Year ended March 31, 2019			
	April 1, 2018	Increase	Decrease	March 31, 2019
Treasury stock	2,402,417	700,085	100,000	3,002,502

1. Treasury stock at the end of the current consolidated fiscal year included 100,000 shares of the Company owned by the Board Benefit Trust (BBT trust account) for the year ended March 31, 2019.

2. The increase in treasury stock consists of 600,000 shares from the purchase of shares by resolution of the Board of Directors, 100,000 shares from the purchase of shares by the Board Benefit Trust (BBT trust account) and 85 shares from the purchase of shares of less than one voting unit for the year ended March 31, 2019.

3. The decrease in treasury stock consists of 100,000 shares from the allotment to the Board Benefit Trust (BBT trust account) for the year ended March 31, 2019.

	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.

18. Related party disclosures

The Company is an affiliate of SUMITOMO CHEMICAL COMPANY, LIMITED, which owned 22.8% and 22.6% of the Company's voting shares at March 31, 2019 and 2018, 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, 2019 and 2018, respectively.

(a) Significant transactions with related parties for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of
	2019	2018	U.S. dollars
SUMITOMO CHEMICAL COMPANY, LIMITED			2019
Net sales	¥ 5,659	¥ 5,804	\$ 50,986
Purchases	12,065	13,486	108,707
Notes and accounts receivable - trade	2,662	3,006	23,983
Notes and accounts payable - trade	2,663	2,759	23,992
Pledges of investment securities	16,022	9,513	144,358
Sales of investment securities	1,701	5,786	15,324
Gain on sales of investment securities	1,668	5,637	15,030
SUMIKA TECHNOLOGY CO., LTD			
Net sales	¥ 18,864	¥ 23,570	\$ 169,963
Notes and accounts receivable - trade	6,701	8,996	60,375
DONGWOO FINE-CHEM CO., LTD			
Net sales	¥ -	¥ 12,073	\$ -
Notes and accounts receivable - trade	-	3,003	-

(b) The Consolidated subsidiaries' significant transactions with related parties for the years ended March 31, 2019 and 2018 were as follows:

TAIWAN INABATA SANGYO CO., LTD.

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
SUMIKA TECHNOLOGY CO., LTD			
Purchases	¥ 33,439	¥ 34,104	\$ 301,281
Notes and accounts payable - trade	6,579	4,961	59,274

19. Contingent liabilities

At March 31, 2019 and 2018, the Company and its consolidated subsidiaries were contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Discounted notes receivables	¥ 801	¥ 861	\$ 7,221
Guarantees for loans of customers and others	1,565	1,188	14,098
Total	¥ 2,366	¥ 2,049	\$ 21,319

20. Subsequent events

(Cash dividends)

At the meeting of the Board of Directors of the Company held on May 9, 2019 and May 10, 2018, an appropriation of nonconsolidated retained earnings for the years ended March 31, 2019 and 2018 was duly approved as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Cash dividends - ¥28.00 (\$0.25) per share	¥ 1,702	¥ 1,226	\$ 15,336

Note: Total dividends of ¥1,702 million (\$15,336 thousand) by the resolution at the Board of Directors include dividends on the Company's stock held by the Board Benefit Trust (BBT trust account) of ¥2 million (\$25 thousand).