

Consolidated Financial Statements

(Pursuant to Article 24, Paragraph 1 of the
Japanese Financial Instruments and Exchange Act)

Business year:	From April 1, 2015
(87th term)	to March 31, 2016

RIKEN TECHNOS CORPORATION

2-101, Kanda-Awajicho, Chiyoda-ku, Tokyo, Japan

Consolidated Financial Statements and Others

(1) Consolidated Financial Statements

a. Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	14,122,970	14,207,006
Notes and accounts receivable - trade	24,573,477	22,774,907
Merchandise and finished goods	6,086,232	5,708,516
Work in process	568,699	490,340
Raw materials and supplies	4,458,751	4,326,334
Deferred tax assets	405,695	403,630
Other	1,207,283	1,111,525
Allowance for doubtful accounts	(182,489)	(154,949)
Total current assets	51,240,620	48,867,312
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,455,205	19,569,424
Accumulated depreciation	(11,502,246)	(11,880,534)
Buildings and structures, net	7,952,958	7,688,889
Machinery, equipment and vehicles	46,774,996	45,917,319
Accumulated depreciation	(37,895,838)	(38,374,912)
Machinery, equipment and vehicles, net	8,879,157	7,542,407
Land	6,676,193	6,470,110
Leased assets	483,811	479,916
Accumulated depreciation	(423,320)	(456,016)
Leased assets, net	60,490	23,900
Construction in progress	242,555	3,557,754
Other	5,241,479	5,304,955
Accumulated depreciation	(4,740,482)	(4,798,006)
Other, net	500,996	506,949
Total property, plant and equipment	24,312,351	25,790,011
Intangible assets		
Goodwill	949,710	675,115
Leased assets	9,477	5,410
Other	2,587,095	2,856,866
Total intangible assets	3,546,283	3,537,392
Investments and other assets		
Investment securities	5,380,565	4,509,526
Long-term loans receivable	14,897	7,928
Net defined benefit asset	401,807	334,377
Deferred tax assets	215,149	595,303
Other	979,609	519,968
Allowance for doubtful accounts	(4,582)	(4,332)
Total investments and other assets	6,987,447	5,962,772
Total non-current assets	34,846,082	35,290,176
Total assets	86,086,702	84,157,489

(Thousands of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,090,214	16,836,244
Short-term loans payable	*2 6,876,617	*2 7,186,504
Current portion of long-term loans payable	1,495,668	502,435
Lease obligations	39,382	19,933
Income taxes payable	420,050	457,872
Provision for bonuses	584,129	610,062
Provision for directors' bonuses	29,200	29,200
Other	2,822,313	2,441,709
Total current liabilities	29,357,575	28,083,962
Non-current liabilities		
Bonds payable	4,000,000	4,000,000
Long-term loans payable	2,172,766	2,886,697
Lease obligations	36,760	14,701
Deferred tax liabilities	1,886,168	882,230
Net defined benefit liability	3,028,830	1,093,272
Asset retirement obligations	260,594	305,721
Other	120,321	144,062
Total non-current liabilities	11,505,441	9,326,687
Total liabilities	40,863,017	37,410,649
Net assets		
Shareholders' equity		
Capital stock	8,514,018	8,514,018
Capital surplus	6,545,430	6,562,944
Retained earnings	23,152,869	25,026,282
Treasury shares	(1,960,025)	(1,941,701)
Total shareholders' equity	36,252,293	38,161,544
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,272,399	1,701,299
Foreign currency translation adjustment	1,388,454	856,000
Remeasurements of defined benefit plans	(453,433)	(604,435)
Total accumulated other comprehensive income	3,207,420	1,952,864
Non-controlling interests	5,763,971	6,632,430
Total net assets	45,223,685	46,746,839
Total liabilities and net assets	86,086,702	84,157,489

b. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	91,938,556	90,589,081
Cost of sales	*1, *3 77,927,140	*1, *3 74,439,165
Gross profit	14,011,415	16,149,915
Selling, general and administrative expenses	*2, *3 10,358,548	*2, *3 11,065,113
Operating income	3,652,867	5,084,802
Non-operating income		
Interest income	31,726	30,693
Dividend income	112,052	127,902
Foreign exchange gains	238,667	—
Other	190,347	94,359
Total non-operating income	572,794	252,955
Non-operating expenses		
Interest expenses	95,870	110,657
Bond issuance cost	18,332	—
Foreign exchange losses	—	284,556
Other	48,603	10,830
Total non-operating expenses	162,806	406,045
Ordinary income	4,062,854	4,931,712
Extraordinary income		
Gain on sales of non-current assets	*4 19,570	*4 3,995
Gain on sales of investment securities	800	6,038
Total extraordinary income	20,370	10,034
Extraordinary losses		
Loss on sales of non-current assets	*5 6,881	*5 6,557
Loss on retirement of non-current assets	*6 145,688	*6 45,380
Impairment loss	—	*7 555,339
Other	6,545	—
Total extraordinary losses	159,115	607,277
Profit before income taxes	3,924,110	4,334,470
Income taxes - current	1,283,979	1,517,345
Income taxes - deferred	(31,392)	(933,718)
Total income taxes	1,252,586	583,626
Profit	2,671,524	3,750,843
Profit attributable to non-controlling interests	771,225	1,268,843
Profit attributable to owners of parent	1,900,298	2,482,000

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit	2,671,524	3,750,843
Other comprehensive income		
Valuation difference on available-for-sale securities	824,975	(571,099)
Foreign currency translation adjustment	1,871,203	(843,030)
Remeasurements of defined benefit plans, net of tax	137,422	(151,001)
Total other comprehensive income	*1 2,833,601	*1 (1,565,131)
Comprehensive income	5,505,126	2,185,711
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,051,060	1,262,081
Comprehensive income attributable to non-controlling interests	1,454,065	923,630

c. Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,514,018	6,537,420	21,736,639	(1,974,742)	34,813,336
Cumulative effects of changes in accounting policies			63,139		63,139
Restated balance	8,514,018	6,537,420	21,799,778	(1,974,742)	34,876,475
Changes of items during period					
Change in treasury shares of parent arising from transactions with non-controlling shareholders					—
Dividends of surplus			(538,791)		(538,791)
Profit attributable to owners of parent			1,900,298		1,900,298
Purchase of treasury shares				(1,410)	(1,410)
Disposal of treasury shares		8,009		16,127	24,137
Other			(8,416)		(8,416)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	8,009	1,353,090	14,717	1,375,817
Balance at end of current period	8,514,018	6,545,430	23,152,869	(1,960,025)	36,252,293

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,447,423	200,091	(590,856)	1,056,658	5,087,338	40,957,333
Cumulative effects of changes in accounting policies						63,139
Restated balance	1,447,423	200,091	(590,856)	1,056,658	5,087,338	41,020,472
Changes of items during period						
Change in treasury shares of parent arising from transactions with non-controlling shareholders						—
Dividends of surplus						(538,791)
Profit attributable to owners of parent						1,900,298
Purchase of treasury shares						(1,410)
Disposal of treasury shares						24,137
Other						(8,416)
Net changes of items other than shareholders' equity	824,975	1,188,363	137,422	2,150,762	676,632	2,827,395
Total changes of items during period	824,975	1,188,363	137,422	2,150,762	676,632	4,203,212
Balance at end of current period	2,272,399	1,388,454	(453,433)	3,207,420	5,763,971	45,223,685

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,514,018	6,545,430	23,152,869	(1,960,025)	36,252,293
Cumulative effects of changes in accounting policies					—
Restated balance	8,514,018	6,545,430	23,152,869	(1,960,025)	36,252,293
Changes of items during period					
Change in treasury shares of parent arising from transactions with non-controlling shareholders		10,550			10,550
Dividends of surplus			(599,172)		(599,172)
Profit attributable to owners of parent			2,482,000		2,482,000
Purchase of treasury shares				(203)	(203)
Disposal of treasury shares		6,962		18,527	25,490
Other			(9,414)		(9,414)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	17,513	1,873,413	18,323	1,909,250
Balance at end of current period	8,514,018	6,562,944	25,026,282	(1,941,701)	38,161,544

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,272,399	1,388,454	(453,433)	3,207,420	5,763,971	45,223,685
Cumulative effects of changes in accounting policies						—
Restated balance	2,272,399	1,388,454	(453,433)	3,207,420	5,763,971	45,223,685
Changes of items during period						
Change in treasury shares of parent arising from transactions with non-controlling shareholders						10,550
Dividends of surplus						(599,172)
Profit attributable to owners of parent						2,482,000
Purchase of treasury shares						(203)
Disposal of treasury shares						25,490
Other						(9,414)
Net changes of items other than shareholders' equity	(571,099)	(532,454)	(151,001)	(1,254,555)	868,458	(386,096)
Total changes of items during period	(571,099)	(532,454)	(151,001)	(1,254,555)	868,458	1,523,154
Balance at end of current period	1,701,299	856,000	(604,435)	1,952,864	6,632,430	46,746,839

d. Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	3,924,110	4,334,470
Depreciation	2,979,340	3,265,614
Impairment loss	—	555,339
Amortization of goodwill	275,697	274,595
Increase (decrease) in provision for bonuses	(38,882)	26,089
Increase in provision for directors' bonuses	2,200	—
Increase (decrease) in allowance for doubtful accounts	3,616	(11,685)
Increase (decrease) in net defined benefit liability	96,093	(1,897,137)
Interest and dividend income	(143,779)	(158,596)
Interest expenses	95,870	110,657
Gain on sales of investment securities	(800)	(6,038)
Loss (gain) on sales of property, plant and equipment	(12,689)	2,561
Loss on retirement of non-current assets	145,688	45,380
Decrease (increase) in notes and accounts receivable - trade	(1,700,706)	1,513,988
Decrease in inventories	452,389	354,412
Decrease in notes and accounts payable - trade	(232,335)	(20,083)
Increase in accrued consumption taxes	88,801	23,427
Other, net	(119,299)	(218,928)
Subtotal	5,815,317	8,194,066
Interest and dividend income received	143,520	157,222
Interest expenses paid	(91,828)	(114,325)
Income taxes paid	(1,491,213)	(1,411,148)
Net cash provided by operating activities	4,375,795	6,825,814
Cash flows from investing activities		
Payments into time deposits	(108,371)	(121,529)
Proceeds from withdrawal of time deposits	504,042	—
Purchase of property, plant and equipment	(3,312,849)	(5,621,776)
Proceeds from sales of property, plant and equipment	30,220	12,536
Purchase of intangible assets	(1,498,044)	(616,109)
Purchase of investment securities	(1,307)	(8,203)
Proceeds from sales of investment securities	11,000	30,107
Payments of loans receivable	(1,000)	—
Collection of loans receivable	5,593	6,218
Other, net	(101,549)	(288,431)
Net cash used in investing activities	(4,472,266)	(6,607,188)

(Thousands of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(657,245)	430,130
Proceeds from long-term loans payable	480,000	1,210,000
Repayments of long-term loans payable	(351,098)	(1,484,806)
Proceeds from issuance of bonds	4,000,000	—
Repayments of lease obligations	(86,706)	(33,989)
Proceeds from share issuance to non-controlling shareholders	6,928	693,226
Proceeds from sales of treasury shares	16,127	18,527
Purchase of treasury shares	(1,410)	(203)
Cash dividends paid	(537,169)	(597,879)
Cash dividends paid to non-controlling interests	(780,748)	(761,512)
Net cash provided by (used in) financing activities	2,088,676	(526,506)
Effect of exchange rate change on cash and cash equivalents	290,392	(229,161)
Net increase (decrease) in cash and cash equivalents	2,282,598	(537,041)
Cash and cash equivalents at the beginning of the year	11,698,768	13,981,367
Cash and cash equivalents at the end of the year	*1 13,981,367	*1 13,444,325

Notes to Consolidated Financial Statements

Significant Matters in Preparing Consolidated Financial Statements

1. Basis of presentation of consolidated financial statements

The accompanying consolidated financial statements of RIKEN TECHNOS CORPORATION (the “Company”) and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (“IFRS”).

In addition, amounts are rounded down to the nearest thousand yen.

2. Scope of consolidation

(a) Number of consolidated subsidiaries: 20 as of March 31, 2015 and 2016

Names of principal consolidated subsidiaries are as follows:

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

Company name
SHINKO ELECTRIC WIRE CO., LTD.
KYOEI PLASTIC MFG CO., LTD.
RIKEN TECHNOS INTERNATIONAL CORPORATION
RIKEN CHEMICAL PRODUCTS CORPORATION
RIKEN FABRO CORPORATION
RIKEN (THAILAND) CO., LTD.
RIKEN ELASTOMERS (THAILAND) CO., LTD.
RIKEN TECHNOS INTERNATIONAL (THAILAND) CO., LTD.
PT. RIKEN INDONESIA
SHANGHAI RIKEN TECHNOS CORPORATION
RIKEN TECHNOS (JIANG SU) CORPORATION
RIKEN (SHANGHAI) CORPORATION
RIKEN TECHNOS INTERNATIONAL PTE. LTD.
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION
RIKEN VIETNAM CO., LTD.
RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD.
RIKEN U.S.A. CORPORATION
RIMTEC CORPORATION
RIKEN ELASTOMERS CORPORATION
RIKEN TECHNOS EUROPE B.V.

RIKEN TECHNOS INTERNATIONAL PTE.LTD., RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD., RIKEN TECHNOS INTERNATIONAL (THAILAND) CO., LTD. and RIKEN VIETNAM CO., LTD. were newly established, and therefore, are included in the scope of consolidation from the fiscal year ended March 31, 2015.

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

Company name
SHINKO ELECTRIC WIRE CO., LTD.
KYOEI PLASTIC MFG CO., LTD.
RIKEN TECHNOS INTERNATIONAL CORPORATION
RIKEN CHEMICAL PRODUCTS CORPORATION
RIKEN FABRO CORPORATION
RIKEN (THAILAND) CO., LTD.
RIKEN ELASTOMERS (THAILAND) CO., LTD.
RIKEN TECHNOS INTERNATIONAL (THAILAND) CO., LTD.
PT. RIKEN INDONESIA
SHANGHAI RIKEN TECHNOS CORPORATION
RIKEN TECHNOS (JIANG SU) CORPORATION
RIKEN (SHANGHAI) CORPORATION
RIKEN TECHNOS INTERNATIONAL PTE. LTD.
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION

RIKEN VIETNAM CO., LTD.
 RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD.
 RIKEN U.S.A. CORPORATION
 RIMTEC CORPORATION
 RIKEN ELASTOMERS CORPORATION
 RIKEN TECHNOS EUROPE B.V.

(b) The Company has no unconsolidated subsidiaries.

3. Application of equity method

The Company has no associates.

4. Fiscal year-end of consolidated subsidiaries

The consolidated subsidiaries whose balance sheet date is different from the consolidated balance sheet date are as follows:

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

Company name	Balance sheet date
SHINKO ELECTRIC WIRE CO., LTD.	December 31 *1
KYOEI PLASTIC MFG CO., LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL CORPORATION	December 31 *1, *2
RIKEN CHEMICAL PRODUCTS CORPORATION	December 31 *1
RIKEN FABRO CORPORATION	December 31 *1
RIKEN (THAILAND) CO., LTD.	December 31 *1
RIKEN ELASTOMERS (THAILAND) CO., LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL (THAILAND) CO., LTD.	December 31 *1
PT. RIKEN INDONESIA	December 31 *1
SHANGHAI RIKEN TECHNOS CORPORATION	December 31 *1
RIKEN TECHNOS (JIANG SU) CORPORATION	December 31 *1
RIKEN (SHANGHAI) CORPORATION	December 31 *1
RIKEN TECHNOS INTERNATIONAL PTE. LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION	December 31 *1
RIKEN VIETNAM CO., LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD.	December 31 *1
RIKEN U.S.A. CORPORATION	December 31 *1
RIMTEC CORPORATION	December 31 *1
RIKEN ELASTOMERS CORPORATION	December 31 *1
RIKEN TECHNOS EUROPE B.V.	December 31 *1

*1. The financial statements as of the balance sheet date of the consolidated subsidiaries are used. However, for major transactions that occurred between that date and the consolidated balance sheet date, the necessary adjustments are made in the consolidated financial statements.

*2. RIKEN TECHNOS INTERNATIONAL CORPORATION changed its company name from KANEKON CO., LTD. on July 1, 2014.

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

Company name	Balance sheet date
SHINKO ELECTRIC WIRE CO., LTD.	December 31 *1
KYOEI PLASTIC MFG CO., LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL CORPORATION	December 31 *1
RIKEN CHEMICAL PRODUCTS CORPORATION	December 31 *1
RIKEN FABRO CORPORATION	December 31 *1
RIKEN (THAILAND) CO., LTD.	December 31 *1
RIKEN ELASTOMERS (THAILAND) CO., LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL (THAILAND) CO., LTD.	December 31 *1
PT. RIKEN INDONESIA	December 31 *1
SHANGHAI RIKEN TECHNOS CORPORATION	December 31 *1
RIKEN TECHNOS (JIANG SU) CORPORATION	December 31 *1
RIKEN (SHANGHAI) CORPORATION	December 31 *1
RIKEN TECHNOS INTERNATIONAL PTE. LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION	December 31 *1
RIKEN VIETNAM CO., LTD.	December 31 *1
RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD.	December 31 *1
RIKEN U.S.A. CORPORATION	December 31 *1

RIMTEC CORPORATION
RIKEN ELASTOMERS CORPORATION
RIKEN TECHNOS EUROPE B.V.

December 31 *1
December 31 *1
December 31 *1

*1. The financial statements as of the balance sheet date of the consolidated subsidiaries are used. However, for major transactions that occurred between that date and the consolidated balance sheet date, the necessary adjustments are made in the consolidated financial statements.

5. Accounting policies

(a) Valuation methods for significant assets

i) Securities

(1) Held-to-maturity bonds

Stated at amortized cost (straight-line method).

(2) Available-for-sale securities

With market value

Stated at fair value based on market price and other fair values as of the balance sheet date (unrealized gains and losses, net of applicable taxes, are reported in a separate component of net assets, and costs of securities sold are determined by the moving-average method).

Without market value

Stated at cost determined by the moving-average method.

ii) Derivatives

Stated at fair value.

iii) Inventories

Inventories of the Company and domestic consolidated subsidiaries are mainly stated at cost determined by the moving-average method (the carrying amounts in the consolidated balance sheets are written down due to a decline in profitability). Inventories of overseas consolidated subsidiaries are mainly stated at the lower of cost or market, determined by the average method.

(b) Depreciation and amortization of significant assets

i) Property, plant and equipment (excluding leased assets)

The Company and domestic consolidated subsidiaries mainly apply the declining-balance method. However, buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings) are depreciated by the straight-line method. Overseas consolidated subsidiaries apply the straight-line method.

The estimated useful lives of major items are as follows:

Buildings and structures	3 to 47 years
Machinery, equipment and vehicles	4 to 10 years

ii) Intangible assets (excluding leased assets)

The Company and domestic consolidated subsidiaries apply the straight-line method.

Internal use software is amortized by the straight-line method over its estimated useful life as internally determined (five years).

iii) Leased assets

The Company and domestic consolidated subsidiaries apply the straight-line method assuming the lease periods as useful lives with no residual value.

(c) Significant allowances

i) Allowance for doubtful accounts

To cover losses from bad debts for notes and accounts receivable - trade, loans receivable and others, an allowance for doubtful accounts is provided based on historical experience of bad debts for general receivables. For specific receivables, such as highly doubtful receivables, the collectibility is individually considered and the estimated amount of uncollectible accounts is provided as the allowance.

- ii) Provision for bonuses
To cover bonus payments to employees, a provision for bonuses is provided in the amount to be paid for services rendered by employees during the fiscal year based mainly on the estimated amount of future bonus payment.
 - iii) Provision for directors' bonuses
To cover bonus payments to directors, the Company records a provision for directors' bonuses in the amount of the portion applicable to the fiscal year, based on the estimated amount of future bonus payment.
- (d) Method of recognizing retirement benefits
- i) Method of attributing estimated retirement benefits to periods
For the purpose of attributing estimated retirement benefits to periods up to the end of the current fiscal year in the calculation of retirement benefit obligations, the benefit formula method is applied.
 - ii) Method of amortizing actuarial differences and past service cost
Past service cost is amortized by the straight-line method over a certain term within the average remaining service period of the eligible employees (13 years).
With regard to actuarial differences, the amount is amortized by the straight-line method over a certain term within the average remaining service period of the eligible employees (13 years) for each applicable fiscal year, and expensed from the year following the year in which the gain or loss is recognized.
 - iii) Method of accounting for unrecognized actuarial differences and unrecognized past service cost
Unrecognized actuarial differences and unrecognized past service cost are recognized in remeasurements of defined benefit plans under accumulated other comprehensive income in net assets after adjusting for tax effects.
 - iv) Application of simplified accounting method at small companies
Some consolidated subsidiaries apply a simplified accounting method in which the net defined benefit liability and retirement benefit expenses are calculated by using a method in which the amount of retirement benefits to be paid in cases where all eligible employees retired at the fiscal year-end date is regarded as retirement benefit obligations.
- (e) Significant hedge accounting
- i) Hedge accounting
For foreign currency-denominated monetary receivables and others that have been hedged by forward exchange contracts, the allocation method is used. For interest rate swap contracts, the Company and its domestic consolidated subsidiaries apply the method in which the amount paid or received under the swap contract is added to or deducted from the interest on the hedged assets and liabilities (the exceptional accrual method), in cases where the requirements for the method are satisfied.
 - ii) Hedging instruments and hedged items
 - Hedging instruments
Forward exchange contracts and interest rate swap contracts
 - Hedged items
Foreign currency-denominated accounts receivable - trade related to exports of finished goods and interest on loans payable
 - iii) Hedging policy
Forward exchange contracts are only used within the scope of actual need in order to hedge the risk of fluctuations in foreign exchange rates. Interest rate swap contracts are used to hedge the interest rate fluctuation risk. Entering into derivative transactions for trading or speculative purposes is prohibited.
 - iv) Assessment of hedge effectiveness
An assessment of hedge effectiveness is omitted for forward exchange contracts to which the allocation method is applied and interest rate swap contracts that satisfy the requirements for the

exceptional accrual method.

(f) Method and period for amortization of goodwill

Goodwill is amortized evenly over the period, not exceeding 20 years, during which the goodwill has an effect. However, when the amount of goodwill is insignificant, it is charged to income at the date of occurrence.

(g) Scope of cash and cash equivalents in consolidated statements of cash flows

Funds (cash and cash equivalents) in the consolidated statements of cash flows consist of cash on hand, readily available deposits, and highly liquid short-term investments with original maturities of three months or less that are subject to an insignificant risk of changes in value.

(h) Other significant matters in preparing consolidated financial statements

i) Accounting for deferred assets

Bond issuance cost is expensed as paid.

ii) Accounting for consumption taxes

Transactions subject to consumption tax and local consumption tax are recorded at amounts exclusive of taxes.

Changes in Accounting Policies

Effective from the current fiscal year, the Company has applied the “Revised Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), the “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. As a result, the accounting treatment for any changes in the Company’s ownership interests in a subsidiary in the case of subsidiaries under ongoing control of the Company was changed to the one in which it is recorded as capital surplus, and the corresponding accounting for acquisition-related costs was changed to the one in which they are recognized as expenses when incurred. Furthermore, for business combinations carried out on or after the beginning of the current fiscal year, the accounting method was changed to the one in which adjustments to provisional amounts of purchase price allocation during measurement period is recognized in the fiscal year to which the date of business combination belongs. In addition, the presentation method of “net income” and other related items was changed, and the presentation of “minority interests” was changed to “non-controlling interests.” To reflect these changes, the Company has reclassified its financial statements for the previous fiscal year.

The Company has applied the Revised Accounting Standard for Business Combinations, etc. prospectively from the beginning of the current fiscal year in line with the transitional measures provided for in Paragraph 58-2 (4) of the Revised Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Revised Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Revised Accounting Standard for Business Divestitures.

As a result of the change, for the current fiscal year, operating income and ordinary income increased by 4,593 thousand yen and profit before income taxes decreased by 10,550 thousand yen. In addition, capital surplus as of the end of the current fiscal year increased by 10,550 thousand yen.

Furthermore, in the consolidated statement of cash flows for the current fiscal year, the presentation method for cash flows from purchase or sales of shares of subsidiaries was changed to one in which cash flows associated with purchase or sales of shares of subsidiaries that do not result in change of scope of consolidation are classified in the section of cash flows from financing activities, and payments of acquisition-related costs of shares of subsidiaries that result in change of scope of consolidation or payments for purchase or sales of shares of subsidiaries that do not result in change of scope of consolidation are classified in the section of cash flows from operating activities.

In consolidated statements of changes in net assets, capital surplus at the end of the current fiscal year increased by 10,550 thousand yen. The effect on per share information is stated in the relevant section.

Standards Issued But Not Yet Effective

- “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016)

(1) Overview

Regarding the treatment of the recoverability of deferred tax assets, a review was conducted following the framework of the Japanese Institute of Certified Public Accountants Audit Committee Report No. 66 “Audit Treatment on Determining the Recoverability of Deferred Tax Assets,” whereby companies are categorized into five categories and deferred tax assets are calculated based on each of these categories.

- Treatment of companies that do not satisfy any of the category requirements for (Category 1) through (Category 5)
- Category requirements for (Category 2) and (Category 3)
- Treatment related to future deductible temporary differences which cannot be scheduled in companies that qualify as (Category 2)
- Treatment related to the reasonable estimable period of future pre-adjusted taxable income in companies that qualify as (Category 3)
- Treatment in cases that companies that satisfy the category requirements for (Category 4) but qualify as (Category 2) or (Category 3)

(2) Scheduled date for application

The Company expects to adopt the guidance from the beginning of the fiscal year ending March 31, 2017.

(3) Effects of application of the guidance

The effects are currently under evaluation.

Change in Presentation

Not applicable.

Additional Information

(Transactions of delivering the Company’s own stock to employees etc. through trusts)

For the purpose of welfare benefits for employees, the Company conducts transactions of delivering its own stock to the employee stockholding association through trusts.

(1) Overview of transactions

These transactions are conducted as the incentive plan under which the benefits of a rise in the Company’s stock price are passed along to all the employees who are members of the “RIKEN TECHNOS Employee Stockholding Association” (hereinafter referred to as the “Stockholding Association”).

A trust bank as the trustee of this plan acquires shares in the Company that are expected to be acquired by the Stockholding Association, en bloc in advance, and sells those shares in the Company to the Stockholding Association as needed when it acquires the shares.

If the amount equivalent to gain on sales of shares was accumulated in trust assets by the termination of this trust through the sale of shares to the Stockholding Association, the accumulated amount is distributed as residual assets to the members of the Company’s employee Stockholding Association who satisfy eligibility requirements for beneficiaries.

The Company has guaranteed loans that the trust bank received to acquire shares in the Company. Therefore, if there is the remaining loan amount that is equivalent to loss on sales of shares in the Company due to a decline in the Company’s stock price at the time of termination of the trust, the Company is required to pay the remaining loan amount under the guarantee agreement.

(2) Method of accounting for these transactions

The Company applies Paragraph 20 of the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015) and continues to apply the previously employed method.

(3) Shares in the Company held by the trust

In the trust, the book value of the shares in the Company held by the trust was 113,595 thousand yen as of the end of the previous fiscal year and 95,067 thousand yen as of the end of the current fiscal year. These shares were recorded as treasury shares in shareholders’ equity.

The number of these shares was 359 thousand shares at the end of the previous fiscal year and 301 thousand shares at the end of the current fiscal year. The average number of these shares outstanding during the period was 385 thousand shares in the previous fiscal year and 331 thousand shares in the current fiscal year. In the calculation of per share information, these shares are included in treasury shares that are deducted.

Notes to Consolidated Balance Sheets

1. Notes endorsed

	(Thousands of yen)	
	As of March 31, 2015	As of March 31, 2016
Notes endorsed	46,689	5,040

*2. Overdraft agreements and unused overdraft facility balance

To efficiently secure equipment funds, the Company and its domestic consolidated subsidiaries have entered into overdraft agreements with banks with which they do business. The unused balance of these prescribed limit agreements at the fiscal year-end is as follows:

	(Thousands of yen)	
	As of March 31, 2015	As of March 31, 2016
Total overdraft facility limit	12,930,000	13,030,000
Outstanding borrowings within the limit	4,295,000	4,415,000
Unused balance	8,635,000	8,615,000

Notes to Consolidated Statements of Income

*1. The inventory balance at the fiscal year-end is presented after book values were written down due to a decline in profitability of assets and the following losses (gains) on valuation of inventories are included in cost of sales.

	(Thousands of yen)	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	40,923	94,313

*2. Main components of selling, general and administrative expenses are as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Freightage expenses	2,962,861	2,841,238
Commission fees	794,311	946,333
Salaries and bonuses	2,225,496	2,393,057
Provision for bonuses	141,182	112,236
Retirement benefit expenses	156,340	160,474
Provision for directors' bonuses	29,200	29,200
Provision of allowance for doubtful accounts	(17,730)	(27,683)
Research and development expenses	881,094	953,465

*3. Research and development expenses included in selling, general and administrative expenses and cost of sales are as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	1,261,725	1,301,308

*4. The breakdown of gain on sales of non-current assets is as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Machinery, equipment and vehicles	19,552	3,995
Other	17	—
Total	19,570	3,995

*5. The breakdown of loss on sales of non-current assets is as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Buildings and structures	2,794	1,608
Machinery, equipment and vehicles	20	1,139
Land	3,014	3,000
Other	1,051	809
Total	6,881	6,557

*6. The breakdown of loss on retirement of non-current assets is as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Buildings and structures	23,119	27,789
Machinery, equipment and vehicles	120,261	3,131
Other	2,307	14,459
Total	145,688	45,380

*7. The breakdown of impairment loss is as follows:

In the current fiscal year, the Company recognized impairment loss for the following asset group.

Location	Application	Type	Impairment loss (Thousands of yen)
Ota City, Gunma Prefecture	Business-use assets	Machinery, equipment, vehicles, etc.	555,339

As for business-use assets of Gunma factory, the Company determined that the original business plan was not expected to be achieved in a short time. Consequently, the book value of relevant assets was reduced to the recoverable amount, and resulting decrease was recognized as impairment loss (555,339 thousand yen) under extraordinary losses.

The impairment loss consists of 32,692 thousand yen on buildings and structures, 428,488 thousand yen on machinery, equipment and vehicles, 71,900 thousand yen on land, and 22,258 thousand yen on other.

The recoverable amount was measured by the fair value less cost to sell. Considering recoverability of each asset, the fair value less cost to sell of assets which were determined to have no actual value was assessed as zero.

Notes to Consolidated Statements of Comprehensive Income

*1. Reclassification adjustments and tax effects related to other comprehensive income

	(Thousands of yen)	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Valuation difference on available-for-sale securities:		
Amount arising during the period	1,093,033	(828,746)
Reclassification adjustments	(800)	(6,038)
Before tax effect adjustments	1,092,233	(834,785)
Tax effect amount	(267,258)	263,685
Valuation difference on available-for-sale securities	824,975	(571,099)
Foreign currency translation adjustment:		
Amount arising during the period	1,871,203	(843,030)
Remeasurements of defined benefit plans, net of tax		
Amount arising during the period	56,375	(461,490)
Reclassification adjustments	162,912	145,225
Before tax effect adjustments	219,287	(316,264)
Tax effect amount	(81,864)	165,263
Remeasurements of defined benefit plans, net of tax	137,422	(151,001)
Total other comprehensive income	2,833,601	(1,565,131)

Notes to Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

1. Type and total number of issued shares and type and number of treasury shares

(Thousands of shares)

	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year
Issued shares				
Common stock	66,113	–	–	66,113
Total	66,113	–	–	66,113
Treasury shares				
Common stock (Notes)	6,258	2	51	6,209
Total	6,258	2	51	6,209

- (Notes)
1. The Company resolved at the Board of Directors meeting held on October 24, 2011 to introduce the “Stock Benefit Trust (Employee Stockholding Association Purchase-type)” and transferred 591 thousand shares of treasury shares to Trust Account E as of March 14, 2012. However, since the Company and Trust Account E are recognized as a unit, assets and liabilities including shares in the Company as well as expenses and income of Trust Account E are included in the consolidated balance sheets, the consolidated statements of income and the consolidated statements of changes in net assets. The number of treasury shares includes 359 thousand shares in the Company that were held by Trust Account E at the end of the current fiscal year.
 2. The increase of 2 thousand shares of treasury shares of common stock is due to the purchase of shares less than one unit.
 3. The decrease of 51 thousand shares of treasury shares of common stock is due to the sale of the shares from Trust Account E to the Company’s employee stockholding association.

2. Subscription rights to shares and treasury subscription rights to shares

Not applicable.

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary general meeting of shareholders held on June 20, 2014	Common stock	299,278	5	March 31, 2014	June 23, 2014

(Note) Total dividends do not include 2,055 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Board of Directors meeting held on November 10, 2014	Common stock	239,513	4	September 30, 2014	December 3, 2014

(Note) Total dividends do not include 1,543 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

(2) Dividends whose cut-off date is in the current fiscal year and whose effective date is in the following fiscal year

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Source of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary general meeting of shareholders held on June 19, 2015	Common stock	299,519	Retained earnings	5	March 31, 2015	June 22, 2015

(Note) Total dividends do not include 1,799 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

1. Type and total number of issued shares and type and number of treasury shares

(Thousands of shares)				
	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year
Issued shares				
Common stock	66,113	—	—	66,113
Total	66,113	—	—	66,113
Treasury shares				
Common stock (Notes)	6,209	0	58	6,151
Total	6,209	0	58	6,151

(Notes) 1. The Company resolved at the Board of Directors meeting held on October 24, 2011 to introduce the “Stock Benefit Trust (Employee Stockholding Association Purchase-type)” and transferred 591 thousand shares of treasury shares to Trust Account E as of March 14, 2012. However, since the Company and Trust Account E are recognized as a unit, assets and liabilities including shares in the Company as well as expenses and income of Trust Account E are included in the consolidated balance sheets, the consolidated statements of income and the consolidated statements of changes in net assets. The number of treasury shares includes 301 thousand shares in the Company that were held by Trust Account E at the end of the current fiscal year.

2. The increase of 0 thousand shares of treasury shares of common stock is due to the purchase of shares less than one unit.

3. The decrease of 58 thousand shares of treasury shares of common stock is due to the sale of the shares from Trust Account E to the Company’s employee stockholding association.

2. Subscription rights to shares and treasury subscription rights to shares

Not applicable.

3. Dividends

(1) Dividends paid

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary general meeting of shareholders held on June 19, 2015	Common stock	299,519	5	March 31, 2015	June 22, 2015

(Note) Total dividends do not include 1,799 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Board of Directors meeting held on November 6, 2015	Common stock	299,652	5	September 30, 2015	December 2, 2015

(Note) Total dividends do not include 1,665 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

- (2) Dividends whose cut-off date is in the current fiscal year and whose effective date is in the following fiscal year

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Source of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Ordinary general meeting of shareholders held on June 24, 2016	Common stock	299,810	Retained earnings	5	March 31, 2016	June 27, 2016

(Note) Total dividends do not include 1,506 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

Notes to Consolidated Statements of Cash Flows

- *1. Reconciliation between “Cash and cash equivalents at the end of the year” in the consolidated statements of cash flows and “Cash and deposits” in the consolidated balance sheets

	(Thousands of yen)	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash and deposits	14,122,970	14,207,006
Time deposits with maturities over 3 months	(141,603)	(762,680)
Cash and cash equivalents	13,981,367	13,444,325

Lease Transactions

(As Lessee)

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

(1) Details of leased assets

i) Property, plant and equipment

Mainly, production equipment and others in the compound business

ii) Intangible assets

Software

(2) Depreciation method for leased assets

The depreciation method for leased assets is as stated in “5. Accounting policies (b) Depreciation and amortization of significant assets” under “Significant Matters in Preparing Consolidated Financial Statements.”

2. Operating lease transactions

Future lease payments under non-cancelable operating leases

	(Thousands of yen)	
	As of March 31, 2015	As of March 31, 2016
Within 1 year	17,520	14,639
Over 1 year	6,477	16,139
Total	23,998	30,778

Financial Instruments

1. Overview

(1) Policy for financial instruments

The Company and its group companies (the “Group”) procure necessary funds primarily through bank loans in light of its capital expenditure plan. The Group invests its excess funds in financial instruments with low risks, giving the highest priority to safety by reference to external ratings and others while considering liquidity. In addition, certain short-term operating funds are procured through bank loans. The Group, by policy, limits derivative transactions to hedging risks associated with substantial transactions and does not enter into them for speculative purposes.

(2) Description of financial instruments and related risks

Notes and accounts receivable - trade, which are operating receivables, involve credit risk of each customer. Operating receivables denominated in foreign currencies are exposed to exchange rate fluctuation risk.

Investment securities are exposed to market price fluctuation risk.

Notes and accounts payable - trade, which are operating payables, are primarily due within three to five months. Loans payable and finance lease obligations are primarily intended for raising funds for capital investment, and certain loans payable are for operating funds. These loans payable are exposed to interest rate fluctuation risk.

As for derivative transactions, the Group uses forward exchange contracts to hedge exchange rate fluctuation risk associated with operating receivables denominated in foreign currencies. For hedging instruments and hedged items, hedging policy, assessment of hedge effectiveness and others related to hedge accounting, please refer to “5. Accounting policies, (e) Significant hedge accounting” under “Significant Matters in Preparing Consolidated Financial Statements” described above.

(3) Risk management system related to financial instruments

1) Management of credit risk (default risk of business partners)

The Group reduces customer credit risk associated with notes and accounts receivable - trade, which are operating receivables, by monitoring customer credit in conformity with standards such as credit control regulations and by periodic review.

As for credit risk associated with issues involving transactions with repurchase/resale agreements, the Company invests in low-risk issues in conformity with its asset management regulations by reference to external ratings and others. The consolidated subsidiaries establish management systems pursuant to the system of the Company.

2) Management of market risk (exchange rate and interest rate fluctuation risks)

Certain operating receivables denominated in foreign currencies are hedged by forward exchange contracts. The Group enters into derivative transactions only with highly rated financial institutions for the purpose of hedging risks associated with substantial transactions in conformity with its asset management regulations and does not enter into derivative transactions for speculative purposes. Furthermore, officers in charge approve derivative transactions, and accounting departments execute and manage the transactions.

As for investment securities, the Group holds listed stocks mainly for the purpose of holding them for the long term, and evaluates them on a fair value basis each quarterly period and obtains the financial information of the issuers (business partners). For those other than held-to-maturity bonds, the Group consistently reviews the holding status taking into account the market conditions and relationships with business partners.

3) Management of liquidity risk associated with funds procurement (risk of failure to pay on due dates)

The departments in charge appropriately distribute funds by periodically collecting information about their account activity in an integrated manner and understanding the situation while holding some as funds on hand taking into account the necessary liquidity.

(4) Supplemental remarks on fair values of financial instruments

The fair values of financial instruments include values based on market prices as well as values that are reasonably calculated when market prices do not exist. As the calculation of those values includes variable factors, the values may vary if different assumptions and others are applied. The contract amount related to derivative transactions in “Derivative Transactions” under “Notes to Consolidated Financial Statements” does not represent market risk associated with the derivative transactions.

2. Fair values of financial instruments

The carrying amounts in the consolidated balance sheets and the fair values, and difference between them are shown below. However, items for which it is considered extremely difficult to determine the fair values are not included (See note 2).

As of March 31, 2015

(Thousands of yen)

	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Cash and deposits	14,122,970	14,122,970	—
(2) Notes and accounts receivable - trade	24,573,477		
Allowance for doubtful accounts	(182,489)		
	24,390,987	24,486,543	95,555
(3) Investment securities	4,981,122	4,981,122	—
(4) Long-term loans receivable	14,897	14,897	0
Total assets	43,509,976	43,605,532	95,555
(1) Notes and accounts payable - trade	17,090,214	17,090,214	—
(2) Short-term loans payable	6,876,617	6,876,617	0
(3) Current portion of long-term loans payable	1,495,668	1,501,564	5,895
(4) Lease obligations (Current liabilities)	39,382	39,382	0
(5) Income taxes payable	420,050	420,050	—
(6) Bonds payable	4,000,000	3,973,902	(26,097)
(7) Long-term loans payable	2,172,766	2,166,869	(5,897)
(8) Lease obligations (Non-current liabilities)	36,760	36,760	0
Total liabilities	32,131,459	32,105,361	(26,098)
Derivative transactions	—	—	—

As of March 31, 2016

(Thousands of yen)

	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Cash and deposits	14,207,006	14,207,006	—
(2) Notes and accounts receivable - trade	22,774,907		
Allowance for doubtful accounts	(154,949)		
	22,619,958	22,688,684	68,726
(3) Investment securities	4,123,525	4,123,525	—
(4) Long-term loans receivable	7,928	7,928	0
Total assets	40,958,417	41,027,144	68,726
(1) Notes and accounts payable - trade	16,836,244	16,836,244	—
(2) Short-term loans payable	7,186,504	7,186,504	0
(3) Current portion of long-term loans payable	502,435	507,622	5,186
(4) Lease obligations (Current liabilities)	19,933	19,933	0
(5) Income taxes payable	457,872	457,872	—
(6) Bonds payable	4,000,000	4,032,968	32,968
(7) Long-term loans payable	2,886,697	2,889,156	2,458
(8) Lease obligations (Non-current liabilities)	14,701	14,701	0
Total liabilities	31,904,390	31,945,004	40,613
Derivative transactions	—	—	—

(Notes) 1. Method of measurement of fair values of financial instruments and matters concerning securities and derivative transactions

Assets

(1) Cash and deposits, (2) Notes and accounts receivable - trade

The fair values are based on the book values since these assets are settled in a short period of time and their fair values approximate their book values.

(3) Investment securities

The fair values of stocks and others are based on the prices on exchanges, while those of bonds are based on the prices on exchanges or prices provided by counterparty financial institutions and others. For information on securities by holding purpose, please refer to "Securities" under "Notes to Consolidated Financial Statements."

(4) Long-term loans receivable

The fair value is calculated based on the present value by discounting the total amount of principal and interest using an interest rate that is assumed to be applied to a new loan.

Liabilities

(1) Notes and accounts payable - trade, (5) Income taxes payable

The fair values are based on the book values since these liabilities are settled in a short period of time and their fair values approximate their book values.

(2) Short-term loans payable, (4) Lease obligations (Current liabilities), (8) Lease obligations (Non-current liabilities)

The fair values are calculated based on the present value by discounting the total amount of principal and interest using an interest rate that is assumed to be applied to a similar new borrowing or lease transaction.

(3) Current portion of long-term loans payable, (7) Long-term loans payable

The fair values are calculated based on the present value by discounting the total amount of principal and interest using an interest rate that is assumed to be applied to a similar new borrowing. Long-term loans payable with variable interest rates meet certain criteria to adopt the exceptional accrual method for interest rate swaps, and the fair values of the loans payable are calculated by discounting the total amounts of principal and interest that are accounted for with the interest rate swaps using interest rates that are reasonably estimated for similar borrowings.

(6) Bonds payable

The fair value of bonds payable issued by the Company is calculated based on the present value by discounting the total amount of principal and interest using an interest rate that takes into consideration remaining maturities of the Company's bonds payable and associated credit risk.

Derivative transactions

Please refer to "Derivative Transactions" under "Notes to Consolidated Financial Statements."

2. Financial instruments for which it is considered extremely difficult to determine fair values

(Thousands of yen)

Category	As of March 31, 2015	As of March 31, 2016
Unlisted stocks	399,443	386,001

As unlisted stocks have no market prices and it is considered to be extremely difficult to determine their fair values, they are not included in "(3) Investment securities."

3. Expected redemption amounts of monetary receivables and securities with maturity dates subsequent to the consolidated balance sheet date

As of March 31, 2015

(Thousands of yen)

	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
(1) Cash and deposits	14,111,370	—	—	—
(2) Notes and accounts receivable - trade	24,573,477	—	—	—
(3) Long-term loans receivable	—	12,002	1,843	1,051
Total	38,684,847	12,002	1,843	1,051

As of March 31, 2016

(Thousands of yen)

	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
(1) Cash and deposits	14,202,295	–	–	–
(2) Notes and accounts receivable - trade	22,774,907	–	–	–
(3) Long-term loans receivable	–	5,762	1,222	943
Total	36,977,203	5,762	1,222	943

4. Projected repayment amounts of loans payable, bonds payable and lease obligations subsequent to the consolidated balance sheet date

As of March 31, 2015

(Thousands of yen)

	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
(1) Short-term loans payable	6,876,617	–	–	–	–	–
(2) Bonds payable	–	–	–	–	4,000,000	–
(3) Long-term loans payable	1,495,668	491,573	249,012	39,025	31,538	1,361,617
(4) Lease obligations	39,382	20,448	8,615	5,876	1,733	86
Total	8,411,667	512,022	257,627	44,901	4,033,272	1,361,703

As of March 31, 2016

(Thousands of yen)

	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
(1) Short-term loans payable	7,186,504	–	–	–	–	–
(2) Bonds payable	–	–	–	4,000,000	–	–
(3) Long-term loans payable	502,435	286,681	189,700	182,213	179,727	2,048,376
(4) Lease obligations	19,933	11,494	2,497	623	86	–
Total	7,708,873	298,175	192,197	4,182,837	179,813	2,048,376

Securities

1. Available-for-sale securities

As of March 31, 2015

(Thousands of yen)

	Carrying amount on the consolidated balance sheets	Acquisition cost	Unrealized gain (loss)
Securities whose carrying amount on the consolidated balance sheets exceeds their acquisition cost			
Stocks	4,972,698	1,893,336	3,079,361
Subtotal	4,972,698	1,893,336	3,079,361
Securities whose carrying amount on the consolidated balance sheets does not exceed their acquisition cost			
Stocks	8,424	10,308	(1,884)
Subtotal	8,424	10,308	(1,884)
Total	4,981,122	1,903,644	3,077,477

(Note) As unlisted stocks (399,443 thousand yen reported on the consolidated balance sheets) have no market prices and it is considered to be extremely difficult to determine their fair values, they are not included in the table above of "Available-for-sale securities."

As of March 31, 2016

(Thousands of yen)

	Carrying amount on the consolidated balance sheets	Acquisition cost	Unrealized gain (loss)
Securities whose carrying amount on the consolidated balance sheets exceeds their acquisition cost			
Stocks	4,110,765	1,873,629	2,237,135
Subtotal	4,110,765	1,873,629	2,237,135
Securities whose carrying amount on the consolidated balance sheets does not exceed their acquisition cost			
Stocks	12,760	13,420	(660)
Subtotal	12,760	13,420	(660)
Total	4,123,525	1,887,049	2,236,475

(Note) As unlisted stocks (386,001 thousand yen reported on the consolidated balance sheets) have no market prices and it is considered to be extremely difficult to determine their fair values, they are not included in the table above of "Available-for-sale securities."

2. Available-for-sale securities that were sold during the fiscal year

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Thousands of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Stocks	11,000	800	—

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Thousands of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Stocks	30,107	6,038	—

3. Impairment loss on securities

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

Not applicable.

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

Not applicable.

Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

Not applicable.

2. Derivative transactions to which hedge accounting is applied

(1) Currency-related transactions

As of March 31, 2015

(Thousands of yen)

Hedge accounting method	Type of derivative transaction	Principal hedged item	Contract amount	Contract amount due after 1 year	Fair value
Allocation method for forward exchange contracts	Forward exchange contracts Sell: USD	Accounts receivable - trade	139,742	—	(Note)

(Note) Since items subject to the allocation method for forward exchange contracts are accounted for together with the accounts receivable - trade that are the hedged items, the fair values thereof are included in the fair values of the corresponding accounts receivable - trade.

As of March 31, 2016

(Thousands of yen)

Hedge accounting method	Type of derivative transaction	Principal hedged item	Contract amount	Contract amount due after 1 year	Fair value
Allocation method for forward exchange contracts	Forward exchange contracts Sell: USD	Accounts receivable - trade	79,550	—	(Note)

(Note) Since items subject to the allocation method for forward exchange contracts are accounted for together with the accounts receivable - trade that are the hedged items, the fair values thereof are included in the fair values of the corresponding accounts receivable - trade.

(2) Interest rate-related transactions

As of March 31, 2015

(Thousands of yen)

Hedge accounting method	Type of derivative transaction	Principal hedged item	Contract amount	Contract amount due after 1 year	Fair value
Exceptional accrual method for interest rate swaps	Interest rate swap contracts Receive floating / Pay fixed	Long-term loans payable	1,239,080	210,400	(Note)

(Note) Since items subject to the exceptional accrual method for interest rate swaps are accounted for together with the long-term loans payable that are the hedged items, the fair values thereof are included in the fair values of the corresponding long-term loans payable.

As of March 31, 2016

(Thousands of yen)

Hedge accounting method	Type of derivative transaction	Principal hedged item	Contract amount	Contract amount due after 1 year	Fair value
Exceptional accrual method for interest rate swaps	Interest rate swap contracts Receive floating / Pay fixed	Long-term loans payable	210,400	181,720	(Note)

(Note) Since items subject to the exceptional accrual method for interest rate swaps are accounted for together with the long-term loans payable that are the hedged items, the fair values thereof are included in the fair values of the corresponding long-term loans payable.

Retirement Benefits

1. Summary of retirement benefit plans adopted

To cover retirement benefits to employees, the Company and its consolidated subsidiaries have adopted funded and unfunded defined-benefit plans.

Under the defined-benefit corporate pension plans, all of which are funded plans, lump-sum benefits or pensions are paid based on salary and service period.

Under the retirement lump-sum payment plans, all of which are unfunded plans, lump-sum benefits are paid as retirement benefits based on salary and service period. A retirement benefit trust has been established for the retirement lump-sum payment plans, all of which are unfunded plans, since May 2015.

For defined-benefit corporate pension plans and retirement lump-sum payment plans held by some consolidated subsidiaries, net defined benefit liability and retirement benefit expenses are calculated by a simplified method.

2. Defined-benefit plans

- (1) Reconciliation between balance of retirement benefit obligations at the beginning of period and that at the end of period

	(Thousands of yen)	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Retirement benefit obligations at the beginning of period	5,628,809	5,750,597
Cumulative effects of changes in accounting policies	(111,178)	—
Restated balance	5,517,631	5,750,597
Service cost	352,431	315,882
Interest cost	52,943	47,832
Actuarial differences	72,643	146,064
Retirement benefits paid	(286,505)	(236,013)
Other	41,452	(102,262)
Retirement benefit obligations at the end of period	5,750,597	5,922,099

- (2) Reconciliation between balance of plan assets at the beginning of period and that at the end of period

	(Thousands of yen)	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Plan assets at the beginning of period	2,769,888	3,123,574
Expected return on plan assets	192,315	281,666
Actuarial differences	116,135	(312,694)
Contribution by employer	100,160	108,249
Retirement benefits paid	(90,706)	(40,074)
Establishment of retirement benefit trust	—	2,000,000
Other	35,780	2,482
Plan assets at the end of period	3,123,574	5,163,205

- (3) Reconciliation between balance of retirement benefit obligations and plan assets at the end of period and that of net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheets

	(Thousands of yen)	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Retirement benefit obligations from funded plans	2,721,766	4,835,487
Plan assets	(3,123,574)	(5,163,205)
	(401,807)	(327,717)
Retirement benefit obligations on unfunded plans	3,028,830	1,086,612
Net amount of liability and asset recorded in consolidated balance sheets	2,627,022	758,894
Net defined benefit asset	(401,807)	(334,377)
Net defined benefit liability	3,028,830	1,093,272
Net amount of liability and asset recorded in consolidated balance sheets	2,627,022	758,894

(4) Retirement benefit expenses

	(Thousands of yen)	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Service cost	352,431	315,882
Interest cost	52,943	47,832
Expected return on plan assets	(192,315)	(281,666)
Amortization of actuarial differences	178,415	145,112
Amortization of past service cost	(2,619)	(2,619)
Retirement benefit expenses on defined-benefit plans	388,855	224,541

(5) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans (before deducting tax effect) are as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Past service cost	2,619	2,619
Actuarial differences	(221,906)	313,645
Total	(219,287)	316,264

(6) Remeasurements of defined benefit plans (Accumulated other comprehensive income)

The components of remeasurements of defined benefit plans (before deducting tax effect) are as follows:

	(Thousands of yen)	
	As of March 31, 2015	As of March 31, 2016
Unrecognized past service cost	(7,857)	(5,238)
Unrecognized actuarial differences	562,787	876,433
Total	554,930	871,195

(7) Plan assets

i) Main components of plan assets

The ratios of components to total plan assets by major category are as follows:

	As of March 31, 2015	As of March 31, 2016
Bonds	21.5%	13.7%
Stocks	26.1%	15.3%
Cash and deposits	0.5%	0.2%
Insurance assets (general accounts)	12.4%	7.6%
Investment trust	—	38.5%
Shared operating assets	39.5%	24.7%
Total	100.0%	100.0%

(Note) Total plan assets includes the retirement benefit trust established for the retirement lump-sum payment plans, which accounts for 38.5% of the total amount, as of March 31, 2016.

ii) Method for establishing long-term expected rate of return on plan assets

To establish the long-term expected rate of return on plan assets, the current and forecasted allocation of plan assets and the current and expected future long-term rate of return from the various assets constituting the plan assets are taken into consideration.

(8) Calculation basis for actuarial assumptions

The main calculation bases for actuarial assumptions are as follows:

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Discount rate	0.36%	—%
Long-term expected rate of return	7.20%	8.00%
Expected rate of salary increase	3.80%	3.80%

Income Taxes

1. Significant components of deferred tax assets and liabilities

	As of March 31, 2015	(Thousands of yen) As of March 31, 2016
Deferred tax assets		
Allowance for doubtful accounts	51,924	49,341
Net defined benefit liability	804,383	946,689
Impairment loss	426,696	582,599
Provision for bonuses	182,735	167,673
Loss on valuation of investment securities	208,432	196,849
Asset retirement obligations	36,065	47,421
Loss carryforward	227,976	212,257
Other	430,381	474,449
Subtotal of deferred tax assets	2,368,596	2,677,281
Valuation allowance	(1,592,542)	(770,106)
Total deferred tax assets	776,053	1,907,175
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(816,402)	(536,415)
Net defined benefit asset	(130,817)	(175,915)
Reserve for advanced depreciation of non-current assets	(174,178)	(141,135)
Reserve for special depreciation	(40,607)	(30,734)
Property, plant and equipment (asset retirement obligations)	(17,755)	(33,383)
Reserved profit of overseas consolidated subsidiaries	(378,559)	(380,420)
Other	(483,056)	(492,467)
Total deferred tax liabilities	(2,041,377)	(1,790,471)
Net deferred tax assets (liabilities)	(1,265,323)	116,704

(Note) The net deferred tax assets (liabilities) as of March 31, 2015 and March 31, 2016 are included in the items below of the consolidated balance sheets.

	As of March 31, 2015	(Thousands of yen) As of March 31, 2016
Current assets – Deferred tax assets	405,695	403,630
Non-current assets – Deferred tax assets	215,149	595,303
Non-current liabilities – Deferred tax liabilities	(1,886,168)	(882,230)

2. Reconciliation between the effective statutory tax rate and the effective tax rate

	As of March 31, 2015	As of March 31, 2016
Effective statutory tax rate	36.0%	33.1%
Adjustments		
Expenses not deductible permanently such as entertainment expenses	0.8	0.7
Income not taxable permanently such as dividends income	(1.1)	(1.0)
Foreign withholding taxes	1.5	1.9
Change in valuation allowance	(0.2)	(16.7)
Tax rate differences from overseas consolidated subsidiaries	(5.9)	(6.8)
Other	0.8	2.2
Effective tax rate	31.9	13.5

(Change in Presentation)

Foreign withholding taxes, which was included in “other” in the previous fiscal year, is presented as a separate line item in the current fiscal year because its importance has increased. In order to reflect this change, the note for the previous fiscal year has been reclassified.

As a result, “other” of 2.3% presented in the previous fiscal year, has been reclassified into “foreign withholding taxes” of 1.5% and “other” of 0.8%.

3. Amendment to deferred tax assets and liabilities due to change in corporation tax rates

On March 29, 2016, the “Act for Partial Amendment of the Income Tax Act, etc.” and the “Act for Partial Amendment of the Local Tax Act, etc.” were passed at the National Diet, and as a result, the effective statutory tax rate used for calculating deferred tax assets and liabilities for the current fiscal year (limited to temporary differences expected to be realized or settled on or after April 1, 2016) was changed from the previous rate of 33.10% and 32.34% to 30.86% for temporary differences expected to be realized or settled during the period from April 1, 2016 to March 31, 2018, and to 30.62% for temporary differences expected to be realized or settled on or after April 1, 2018, respectively.

As a result of this change in effective statutory tax rates, the amount of deferred tax assets (amount net of deferred tax liabilities) decreased by 11,782 thousand yen, the amount of income taxes - deferred decreased by 54,531 thousand yen, the amount of valuation difference on available-for-sale securities increased by 28,574 thousand yen, the amount of retained earnings increased by 9,136 thousand yen, and the amount of remeasurements of defined benefit plans increased by 5,037 thousand yen.

Segment Information and Others

Segment Information

1. Summary of reportable segments

The Group’s reportable segments are components of the Group for which separate financial information is available and that are evaluated regularly by the Board of Directors to determine allocation of management resources and assess performance.

The Company has business divisions by product at the head office. Each business division plans its own domestic and overseas comprehensive strategies and conducts business activities for the product that the division handles.

Accordingly, the Group has classified the reportable segments in consideration of product categories based on business divisions and subsidiaries and has three reportable segments, “compound,” “film” and “food wrapping film.”

The “compound” segment is engaged in the manufacturing and sales of mixed synthetic resins, which are mostly pellet-type, as intermediate materials of plastic molding. The “film” segment is engaged in the manufacturing and sales of films processed from base film of synthetic resins and those products with decorative and functionality. The “food wrapping film” segment is mainly engaged in the manufacturing and sales of thin synthetic resin films for food packaging.

2. Method for calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

Accounting policies of reported business segments are mostly consistent with those disclosed in “Significant Matters in Preparing Consolidated Financial Statements.”

Segment profit is calculated on an operating income basis.

Intersegment sales and transfers are based on actual market prices.

3. Information about net sales, profit or loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the consolidated financial statements (Note 3)
	Compound	Film	Food wrapping film	Total				
Net sales								
(1) Sales to external customers	62,908,065	13,919,134	11,484,048	88,311,247	3,627,308	91,938,556	–	91,938,556
(2) Intersegment sales or transfers	242,825	791	–	243,616	695,359	938,976	(938,976)	–
Total	63,150,890	13,919,926	11,484,048	88,554,864	4,322,667	92,877,532	(938,976)	91,938,556
Segment profit (loss)	4,214,560	(546,356)	68,489	3,736,693	82,919	3,819,612	(166,744)	3,652,867
Segment assets	42,185,247	10,340,768	7,843,987	60,370,003	2,310,904	62,680,907	23,405,795	86,086,702
Segment liabilities	19,509,002	3,373,305	4,509,916	27,392,225	1,184,927	28,577,152	12,285,864	40,863,017
Others								
Depreciation	1,469,471	709,150	311,024	2,489,647	53,494	2,543,141	436,198	2,979,340
Amortization of goodwill	85,534	–	177,162	262,697	13,000	275,697	–	275,697
Extraordinary income	6,450	–	800	7,250	–	7,250	13,119	20,370
Extraordinary losses	9,658	25,957	1,197	36,812	40	36,852	122,262	159,115
[Impairment loss]	[–]	[–]	[–]	[–]	[–]	[–]	[–]	[–]
Increase in property, plant and equipment and intangible assets	1,866,329	1,143,294	365,829	3,375,453	23,322	3,398,775	1,223,353	4,622,128

(Notes) 1. The “Other” category is the business segment that is not included in the reportable segments, and represents the manufacturing and sales of synthetic resin molding products and electric wire as well as the purchase and sales of merchandise.

2. The adjustment to segment profit (loss) represents negative 166,744 thousand yen in inter-segment eliminations.

The adjustment to segment assets represents negative 10,444,006 thousand yen in inter-segment eliminations and 33,849,801 thousand yen in corporate assets. The corporate assets mainly include funds to manage surplus assets (cash and deposits), long-term investment funds (investment securities) and assets related to the administration division.

The adjustment to segment liabilities represents negative 1,175,141 thousand yen in inter-segment eliminations and 13,461,006 thousand yen in corporate liabilities. The corporate liabilities mainly include loans payable that are not attributable to the reportable segments and liabilities related to the administration division.

3. Segment profit (loss) is adjusted to operating income in the consolidated statements of income.

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Thousands of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the consolidated financial statements (Note 3)
	Compound	Film	Food wrapping film	Total				
Net sales								
(1) Sales to external customers	63,889,493	12,006,439	11,184,703	87,080,636	3,508,444	90,589,081	—	90,589,081
(2) Intersegment sales or transfers	228,665	—	—	228,665	1,746,756	1,975,422	(1,975,422)	—
Total	64,118,159	12,006,439	11,184,703	87,309,302	5,255,201	92,564,503	(1,975,422)	90,589,081
Segment profit (loss)	5,333,726	(725,350)	582,141	5,190,517	66,133	5,256,650	(171,848)	5,084,802
Segment assets	41,802,491	9,347,753	7,846,731	58,996,976	3,254,364	62,251,340	21,906,148	84,157,489
Segment liabilities	19,451,751	2,669,862	4,349,817	26,471,431	2,331,349	28,802,781	8,607,868	37,410,649
Others								
Depreciation	1,593,188	694,454	283,512	2,571,156	50,736	2,621,893	643,721	3,265,614
Amortization of goodwill	84,472	—	177,162	261,635	12,960	274,595	—	274,595
Extraordinary income	3,919	—	76	3,995	—	3,995	6,038	10,034
Extraordinary losses	3,926	559,360	11,321	574,608	—	574,608	32,668	607,277
[Impairment loss]	[—]	[555,339]	[—]	[555,339]	[—]	[555,339]	[—]	[555,339]
Increase in property, plant and equipment and intangible assets	4,410,684	353,268	159,701	4,923,655	40,122	4,963,777	1,146,880	6,110,658

(Notes) 1. The “Other” category is the business segment that is not included in the reportable segments, and represents the manufacturing and sales of synthetic resin molding products and electric wire as well as the purchase and sales of merchandise.

2. The adjustment to segment profit (loss) represents negative 171,848 thousand yen in inter-segment eliminations. The adjustment to segment assets represents negative 10,996,554 thousand yen in inter-segment eliminations and 32,902,702 thousand yen in corporate assets. The corporate assets mainly include funds to manage surplus assets (cash and deposits), long-term investment funds (investment securities) and assets related to the administration division.

The adjustment to segment liabilities represents negative 1,184,883 thousand yen in inter-segment eliminations and 9,792,751 thousand yen in corporate liabilities. The corporate liabilities mainly include loans payable that are not attributable to the reportable segments and liabilities related to the administration division.

3. Segment profit (loss) is adjusted to operating income in the consolidated statements of income.

Related Information

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

1. Information by product and service

(Thousands of yen)

	Compound	Film	Food wrapping film	Other	Total
Sales to external customers	62,908,065	13,919,134	11,484,048	3,627,308	91,938,556

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	Thailand	North America	China	Europe	Other regions	Total
51,222,247	8,420,899	12,487,297	7,739,318	2,448,560	9,620,232	91,938,556

(Note) Net sales are segmented by country or region based on customer location.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Thailand	North America	China	Europe	Other regions	Total
13,322,315	4,222,391	3,434,265	1,302,178	751	2,030,448	24,312,351

3. Information by major customer

This information has been omitted as there is no major external customer that accounts for 10% or more of the net sales recorded on the consolidated statements of income.

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

1. Information by product and service

(Thousands of yen)

	Compound	Film	Food wrapping film	Other	Total
Sales to external customers	63,889,493	12,006,439	11,184,703	3,508,444	90,589,081

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	Thailand	North America	China	Europe	Other regions	Total
48,265,396	9,053,166	13,520,686	7,499,486	1,124,412	11,125,932	90,589,081

(Note) Net sales are segmented by country or region based on customer location.

(2) Property, plant and equipment

(Thousands of yen)

Japan	Thailand	North America	China	Europe	Other regions	Total
12,393,482	3,482,981	4,398,196	1,752,600	454	3,762,295	25,790,011

3. Information by major customer

This information has been omitted as there is no major external customer that accounts for 10% or more of the net sales recorded on the consolidated statements of income.

Information about Impairment Loss on Non-current Assets by Reportable Segment

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

This information has been omitted as identical information is disclosed in segment information.

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

This information has been omitted as identical information is disclosed in segment information.

Information about Amortization of Goodwill and Balance of Unamortized Goodwill by Reportable Segment

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Thousands of yen)

	Reportable segment				Other	Total	Adjustment	Amount recorded on the consolidated financial statements
	Compound	Film	Food wrapping film	Total				
Balance as of March 31, 2015	100,478	–	797,232	897,710	52,000	949,710	–	949,710

(Note) Amortization of goodwill has been omitted, as identical information is disclosed in segment information.

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Thousands of yen)

	Reportable segment				Other	Total	Adjustment	Amount recorded on the consolidated financial statements
	Compound	Film	Food wrapping film	Total				
Balance as of March 31, 2016	16,005	–	620,069	636,075	39,040	675,115	–	675,115

(Note) Amortization of goodwill has been omitted, as identical information is disclosed in segment information.

Information about Gain on Negative Goodwill by Reportable Segment

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

Not applicable.

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

Not applicable.

Information on Related Parties

Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

Not applicable.

Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

Not applicable.

Per Share Information

(Yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net assets per share	658.72	669.00
Basic profit attributable to owners of parent per share	31.74	41.41
Diluted profit attributable to owners of parent per share	31.36	36.25

- (Notes)
1. The basis used for calculating net assets per share, basic profit attributable to owners of parent per share and diluted profit attributable to owners of parent per share is as follows.
 2. As stated in Changes in Accounting Policies, the Revised Accounting Standard for Business Combinations, and some revised accounting standards have been applied. As a result, basic profit attributable to owners of parent per share and diluted profit attributable to owners of parent per share for the current fiscal year decreased by 0.18 yen and 0.15 yen, respectively.

(Note) The basis for calculation is as follows:

1. Net assets per share

	As of March 31, 2015	As of March 31, 2016
Total net assets (Thousands of yen)	45,223,685	46,746,839
Deduction from total net assets (Thousands of yen)	5,763,971	6,632,430
[Of the above, non-controlling interests (Thousands of yen)]	[5,763,971]	[6,632,430]
Net assets related to common stock (Thousands of yen)	39,459,713	40,114,409
Number of treasury shares of common stock (Shares)	6,209,865	6,151,654
Number of shares of common stock outstanding used for calculation of net assets per share (Shares)	59,903,954	59,962,165

(Note) Because shares in the Company held by Trust Account E are recognized as treasury shares in the consolidated financial statements, the number of those shares has been deducted from the number of shares of common stock outstanding at the fiscal year-end used for the calculation of net assets per share.

2. Profit attributable to owners of parent per share

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit attributable to owners of parent (Thousands of yen)	1,900,298	2,482,000
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent regarding common stock (Thousands of yen)	1,900,298	2,482,000
Average number of shares of common stock outstanding during the period (Shares)	59,879,330	59,931,850
Diluted profit attributable to owners of parent per share		
Adjustment on profit attributable to owners of parent	—	—
[Of the above, interest expenses (net of corresponding tax amount) (Thousands of yen)]	—	—
Increase in common stock (Shares)	710,732	8,528,784
[Of the above, convertible bond-type bonds with subscription rights to shares (Shares)]	710,732	8,528,784
[Of the above, subscription rights to shares (Shares)]	—	—
Outline of potential shares that were not used in calculating diluted profit attributable to owners of parent per share because they have no dilutive effects	—	

(Note) Because shares in the Company held by Trust Account E are recognized as treasury shares in the consolidated financial statements, the number of those shares has been deducted from the average number of shares of common stock outstanding during the period used for the calculation of profit attributable to owners of parent per share.

Significant Subsequent Events

Not applicable.

e. Consolidated Supporting Schedules

Detailed Statement of Bonds

Company name	Type of bond	Date of issuance	Balance as of April 1, 2015 (Thousands of yen)	Balance as of March 31, 2016 (Thousands of yen)	Interest rate (%)	Collateral	Date of maturity
RIKEN TECHNOS CORPORATION	Yen-denominated convertible bonds with stock acquisition rights due 2020 (Note 1)	March 19, 2015	4,000,000	4,000,000	—	None	March 19, 2020
Total	—	—	4,000,000	4,000,000	—	—	—

(Notes) 1. The information about the bonds with stock acquisition rights is as provided below.

Type of bond	Yen-denominated convertible bonds with stock acquisition rights due 2020
Shares to be issued	Common stock
Issue price per stock acquisition right (Yen)	Without contribution
Issue price per share (Yen)	469
Total issue value (Thousands of yen)	4,000,000
Total issue value of shares issued upon exercise of stock acquisition rights (Thousands of yen)	—
Granting ratio of stock acquisition rights (%)	100
Exercise period of stock acquisition rights	From March 31, 2015 to February 27, 2020 (at the close of bank operations in the local time of the location where the exercise request is received)

(Note) When there is a request from a bond holder intending to exercise the stock acquisition rights, in place of the redemption of the full amount of the bonds to which the stock acquisition rights are attached, it is deemed that the full amount to be paid in upon exercise of the stock acquisition rights has been paid in. In addition, when stock acquisition rights are exercised, it is deemed that the said request has been received.

2. Amounts of redemption for five years after the consolidated balance sheet date are as follows:

(Thousands of yen)

Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
—	—	—	4,000,000	—

Detailed Statement of Loans Payable

Category	Balance as of April 1, 2015 (Thousands of yen)	Balance as of March 31, 2016 (Thousands of yen)	Average interest rate (%)	Repayment period
Short-term loans payable	6,876,617	7,186,504	1.2	–
Current portion of long-term loans payable	1,495,668	502,435	0.5	–
Current portion of lease obligations	39,382	19,933	–	–
Long-term loans payable (excluding current portion)	2,172,766	2,886,697	0.3	2017 – 2039
Lease obligations (excluding current portion)	36,760	14,701	–	2017 – 2020
Other interest-bearing debt	–	–	–	–
Total	10,621,195	10,610,273	–	–

(Notes) 1. Method of calculating average interest rates

Average interest rates are calculated using the average outstanding balance during the period.

2. The amount of lease obligations in the consolidated balance sheets includes the interest equivalent.

3. Repayment of long-term loans payable and lease obligations scheduled within five years after the balance sheet date are as follows:

(Thousands of yen)				
Category	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
Long-term loans payable	286,681	189,700	182,213	179,727
Lease obligations	11,494	2,497	623	86

Detailed Statement of Asset Retirement Obligations

As the amount of asset retirement obligations as of April 1, 2015 and March 31, 2016 is not more than 1% of the total amount of liabilities and net assets as of the same dates, this information is omitted pursuant to the provisions of Article 92-2 of the Ordinance on Consolidated Financial Statements.

(2) Others

Quarterly information for the fiscal year ended March 31, 2016

(Year-to-date period)	1st quarter	2nd quarter	3rd quarter	Fiscal year ended March 31, 2016
Net sales (Thousands of yen)	22,239,778	44,628,022	67,434,128	90,589,081
Profit before income taxes (Thousands of yen)	892,944	1,938,876	3,316,847	4,334,470
Profit attributable to owners of parent (Thousands of yen)	362,752	760,934	1,477,218	2,482,000
Basic profit attributable to owners of parent per share (Yen)	6.05	12.70	24.65	41.41

(Three-month period)	1st quarter	2nd quarter	3rd quarter	4th quarter
Basic profit attributable to owners of parent per share (Yen)	6.05	6.64	11.95	16.76