

Note: This is an excerpt translation of the “Yukashoken-Houkokusho” for the convenience of overseas stakeholders. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. RIKEN TECHNOS CORPORATION assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Consolidated Financial Statements

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

Business year: From April 1, 2018
(90th term) to March 31, 2019

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, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	14,790,082	*1 17,550,326
Notes and accounts receivable - trade	*4 25,200,204	*4 26,020,053
Merchandise and finished goods	6,343,924	6,918,874
Work in process	650,566	785,762
Raw materials and supplies	5,195,751	5,222,601
Other	1,316,124	1,408,509
Allowance for doubtful accounts	(112,531)	(96,701)
Total current assets	53,384,121	57,809,424
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,990,627	23,783,479
Accumulated depreciation	(13,185,738)	(13,661,099)
Buildings and structures, net	9,804,889	10,122,379
Machinery, equipment and vehicles	49,545,762	51,070,338
Accumulated depreciation	(40,319,412)	(41,526,892)
Machinery, equipment and vehicles, net	9,226,349	9,543,445
Land	6,458,132	6,409,088
Leased assets	395,278	413,901
Accumulated depreciation	(366,531)	(377,795)
Leased assets, net	28,746	36,105
Construction in progress	1,336,417	699,155
Other	5,710,286	5,903,207
Accumulated depreciation	(4,969,008)	(5,200,613)
Other, net	741,278	702,593
Total property, plant and equipment	27,595,814	27,512,767
Intangible assets		
Goodwill	291,959	100,221
Leased assets	11,995	7,998
Other	2,147,153	1,696,276
Total intangible assets	2,451,107	1,804,497
Investments and other assets		
Investment securities	6,571,580	5,734,433
Long-term loans receivable	54,286	48,255
Retirement benefit asset	563,405	565,739
Deferred tax assets	443,347	421,434
Other	806,311	1,315,119
Allowance for doubtful accounts	(3,770)	(3,770)
Total investments and other assets	8,435,162	8,081,213
Total non-current assets	38,482,084	37,398,478
Total assets	91,866,206	95,207,902

(Thousands of yen)

	As of March 31, 2018		As of March 31, 2019	
Liabilities				
Current liabilities				
Notes and accounts payable - trade	*4	17,727,414	*4	18,306,323
Short-term loans payable	*3	6,490,266	*3	8,144,431
Current portion of long-term loans payable		443,906		712,703
Current portion of bonds		—		800,000
Lease obligations		11,739		15,572
Income taxes payable		569,420		712,389
Provision for bonuses		656,720		677,135
Provision for bonuses for directors (and other officers)		70,422		103,007
Other		2,850,672		2,505,573
Total current liabilities		28,820,563		31,977,136
Non-current liabilities				
Bonds payable		1,170,000		—
Long-term loans payable		4,396,471	*1	4,120,063
Lease obligations		29,452		30,691
Deferred tax liabilities		1,021,590		944,178
Provision for retirement benefits for directors (and other officers)		—		141,291
Provision for executive officer incentive plan trust		93,575		158,100
Retirement benefit liability		1,116,690		959,810
Asset retirement obligations		314,607		323,044
Other		49,054		75,117
Total non-current liabilities		8,191,441		6,752,298
Total liabilities		37,012,004		38,729,434
Net assets				
Shareholders' equity				
Capital stock		8,514,018		8,514,018
Capital surplus		7,297,981		7,371,821
Retained earnings		28,937,991		31,223,798
Treasury shares		(828,559)		(488,720)
Total shareholders' equity		43,921,432		46,620,918
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		3,219,427		2,571,083
Foreign currency translation adjustment		442,192		44,410
Remeasurements of defined benefit plans		(409,332)		(294,312)
Total accumulated other comprehensive income		3,252,287		2,321,182
Non-controlling interests		7,680,481		7,536,367
Total net assets		54,854,201		56,478,468
Total liabilities and net assets		91,866,206		95,207,902

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

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	94,601,133	97,813,960
Cost of sales	*1, *3 77,338,818	*1, *3 80,072,066
Gross profit	17,262,315	17,741,893
Selling, general and administrative expenses	*2, *3 11,863,007	*2, *3 11,980,097
Operating profit	5,399,307	5,761,796
Non-operating income		
Interest income	27,951	39,452
Dividend income	130,168	150,972
Foreign exchange gains	–	9,504
Other	131,819	158,709
Total non-operating income	289,939	358,638
Non-operating expenses		
Interest expenses	183,078	216,402
Foreign exchange losses	74,337	–
Other	21,395	34,515
Total non-operating expenses	278,811	250,918
Ordinary profit	5,410,435	5,869,515
Extraordinary income		
Gain on sales of non-current assets	5,899	5,253
Gain on sales of investment securities	98,096	292,203
Gain on bargain purchase	–	19,487
Total extraordinary income	103,996	316,944
Extraordinary losses		
Loss on sales of non-current assets	13,247	1,742
Loss on retirement of non-current assets	*4 31,658	*4 23,616
Loss on sales of investment securities	3,000	–
Environmental expenses	–	25,587
Total extraordinary losses	47,905	50,946
Profit before income taxes	5,466,525	6,135,514
Income taxes - current	1,705,974	1,708,244
Income taxes - deferred	(161,966)	55,860
Total income taxes	1,544,008	1,764,104
Profit	3,922,517	4,371,409
Profit attributable to non-controlling interests	1,384,395	1,310,487
Profit attributable to owners of parent	2,538,121	3,060,922

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	3,922,517	4,371,409
Other comprehensive income		
Valuation difference on available-for-sale securities	433,796	(648,969)
Foreign currency translation adjustment	(34,140)	(638,621)
Remeasurements of defined benefit plans, net of tax	122,357	115,020
Total other comprehensive income	*1 522,013	*1 (1,172,570)
Comprehensive income	4,444,530	3,198,839
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,029,549	2,129,817
Comprehensive income attributable to non-controlling interests	1,414,980	1,069,021

c. Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(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	6,670,465	27,137,248	(3,108,532)	39,213,200
Changes of items during period					
Change in ownership interest of parent due to transactions with non-controlling interests		55,571			55,571
Dividends of surplus			(718,511)		(718,511)
Profit attributable to owners of parent			2,538,121		2,538,121
Purchase of treasury shares				(137,692)	(137,692)
Disposal of treasury shares		571,944		2,417,665	2,989,610
Other			(18,867)		(18,867)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	627,515	1,800,743	2,279,973	4,708,231
Balance at end of current period	8,514,018	7,297,981	28,937,991	(828,559)	43,921,432

	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	2,785,333	502,996	(527,469)	2,760,859	7,222,277	49,196,337
Changes of items during period						
Change in ownership interest of parent due to transactions with non-controlling interests						55,571
Dividends of surplus						(718,511)
Profit attributable to owners of parent						2,538,121
Purchase of treasury shares						(137,692)
Disposal of treasury shares						2,989,610
Other						(18,867)
Net changes of items other than shareholders' equity	434,093	(60,803)	118,137	491,427	458,204	949,631
Total changes of items during period	434,093	(60,803)	118,137	491,427	458,204	5,657,863
Balance at end of current period	3,219,427	442,192	(409,332)	3,252,287	7,680,481	54,854,201

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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	7,297,981	28,937,991	(828,559)	43,921,432
Changes of items during period					
Change in ownership interest of parent due to transactions with non-controlling interests					–
Dividends of surplus			(771,686)		(771,686)
Profit attributable to owners of parent			3,060,922		3,060,922
Purchase of treasury shares				(215)	(215)
Disposal of treasury shares		69,246		340,053	409,300
Other		4,593	(3,428)		1,164
Net changes of items other than shareholders' equity					
Total changes of items during period	–	73,840	2,285,807	339,838	2,699,486
Balance at end of current period	8,514,018	7,371,821	31,223,798	(488,720)	46,620,918

	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	3,219,427	442,192	(409,332)	3,252,287	7,680,481	54,854,201
Changes of items during period						
Change in ownership interest of parent due to transactions with non-controlling interests						–
Dividends of surplus						(771,686)
Profit attributable to owners of parent						3,060,922
Purchase of treasury shares						(215)
Disposal of treasury shares						409,300
Other						1,164
Net changes of items other than shareholders' equity	(648,343)	(397,781)	115,020	(931,104)	(144,114)	(1,075,218)
Total changes of items during period	(648,343)	(397,781)	115,020	(931,104)	(144,114)	1,624,267
Balance at end of current period	2,571,083	44,410	(294,312)	2,321,182	7,536,367	56,478,468

d. Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	5,466,525	6,135,514
Depreciation	3,434,252	3,657,027
Amortization of goodwill	191,577	199,201
Gain on bargain purchase	–	(19,487)
Increase (decrease) in provision for bonuses	33,146	21,477
Increase (decrease) in provision for bonuses for directors (and other officers)	7,322	32,584
Increase (decrease) in allowance for doubtful accounts	(16,975)	(10,978)
Increase (decrease) in retirement benefit liability	(48,175)	(136,041)
Increase (decrease) in provision for executive officer incentive plan trust	76,164	64,525
Increase (decrease) in provision for retirement benefits for directors (and other officers)	–	775
Interest and dividend income	(158,119)	(190,424)
Interest expenses	183,078	216,402
Loss (gain) on sales of investment securities	(95,096)	(292,203)
Loss (gain) on sales of property, plant and equipment	7,347	(3,511)
Loss on retirement of non-current assets	31,658	23,616
Decrease (increase) in notes and accounts receivable - trade	(1,460,571)	(407,027)
Decrease (increase) in inventories	(1,074,829)	(783,689)
Increase (decrease) in notes and accounts payable - trade	836,017	290,318
Increase (decrease) in accrued consumption taxes	(203,006)	140,797
Other, net	(124,997)	(130,550)
Subtotal	7,085,319	8,808,326
Interest and dividend income received	156,546	188,996
Interest expenses paid	(184,213)	(211,962)
Income taxes paid	(1,386,099)	(1,467,653)
Net cash provided by (used in) operating activities	5,671,553	7,317,707
Cash flows from investing activities		
Payments into time deposits	(243,532)	(27,768)
Proceeds from withdrawal of time deposits	242,057	134,732
Purchase of property, plant and equipment	(3,421,810)	(3,610,130)
Proceeds from sales of property, plant and equipment	13,838	9,904
Purchase of intangible assets	(154,343)	(212,510)
Purchase of investment securities	(676)	(986)
Proceeds from sales of investment securities	193,772	302,650
Payments of loans receivable	(1,000)	–
Collection of loans receivable	5,108	3,043
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(83,041)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	235,764
Other, net	(255,411)	15,390
Net cash provided by (used in) investing activities	(3,621,996)	(3,232,951)

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(70,228)	1,036,900
Proceeds from long-term loans payable	–	100,000
Repayments of long-term loans payable	(313,307)	(565,248)
Redemption of bonds	–	(130,000)
Repayments of lease obligations	(18,967)	(13,875)
Proceeds from sales of treasury shares	161,923	–
Purchase of treasury shares	(196)	(215)
Cash dividends paid	(716,911)	(770,008)
Dividends paid to non-controlling interests	(909,264)	(1,219,954)
Net cash provided by (used in) financing activities	(1,866,952)	(1,562,401)
Effect of exchange rate change on cash and cash equivalents	103,487	(142,195)
Net increase (decrease) in cash and cash equivalents	286,091	2,380,158
Cash and cash equivalents at beginning of period	14,369,863	14,655,955
Cash and cash equivalents at end of period	*1 14,655,955	*1 17,036,114

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: 21 as of March 31, 2018

23 as of March 31, 2019

I.M.I Co., Ltd. and m.d.l Co., Ltd. have been included in the scope of consolidation from the fiscal year ended March 31, 2019 in conjunction with the acquisition of the companies’ shares on October 1, 2018.

RIKEN TECHNOS INDIA PVT. LTD. has been included in the scope of consolidation from the fiscal year ended March 31, 2019 following the company being newly established effective January 4, 2019.

RIKEN TECHNOS INTERNATIONAL (THAILAND) CO., LTD. has been removed from the scope of consolidation from the fiscal year ended March 31, 2019 due to the completion of the liquidation of the company.

Names of principal consolidated subsidiaries are as follows:

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

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

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

Company name
RIKEN CABLE TECHNOLOGY CO., LTD.
KYOEI PLASTIC MFG CO., LTD.
RIKEN TECHNOS INTERNATIONAL CORPORATION
RIKEN CHEMICAL PRODUCTS CORPORATION
RIKEN FABRO CORPORATION
I.M.I Co., Ltd.
m.d.l Co., Ltd.
RIKEN (THAILAND) CO., LTD.
RIKEN ELASTOMERS (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 TECHNOS INDIA PVT. LTD.
RIKEN U.S.A. CORPORATION
RIKEN AMERICAS 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, 2018 (from April 1, 2017 to March 31, 2018)

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
RIKEN AMERICAS 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.

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

Company name	Balance sheet date
RIKEN CABLE TECHNOLOGY 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
I.M.I Co., Ltd.	December 31 *1
m.d.l Co., Ltd.	December 31 *1
RIKEN (THAILAND) CO., LTD.	December 31 *1
RIKEN ELASTOMERS (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 TECHNOS INDIA PVT. LTD.	December 31 *1
RIKEN U.S.A. CORPORATION	December 31 *1
RIKEN AMERICAS 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.

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), and facilities attached to buildings and structures acquired on or after April 1, 2016 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 bonuses for directors (and other officers)

To cover bonus payments to Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers, the Company records a provision for bonuses for directors (and other officers) in the amount of the portion applicable to the fiscal year, based on the estimated amount of future bonus payment.

iv) Provision for retirement benefits for directors (and other officers)

To cover retirement benefits payments to Directors (and other officers), some consolidated subsidiaries record the necessary payment amount at the end of the fiscal year based on internal rules.

v) Provision for executive officer incentive plan trust

To cover provision of shares in the Company to Directors and Executive Officers, the Company records a provision for executive officer incentive plan trust based on the estimated amount of share provision obligations as of the end of the current fiscal year.

(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 retirement 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.

Accounting Standards Issued but Not Yet Applied

“Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 30, 2018)

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

(1) Overview

It is a comprehensive accounting standard for revenue recognition. Revenue is recognized by applying the following five steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard and the implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of adoption of the accounting standards

The Company is currently assessing the effect of the adoption of the accounting standard and the implementation guidance on its consolidated financial statements.

Additional Information

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

(1) Board Benefit Trust (BBT)

In accordance with the resolution at the 87th Ordinary General Meeting of Shareholders held on June 24, 2016, the Company introduced a new stock-based compensation plan "Board Benefit Trust (BBT)" on September 14, 2016, for the purpose of raising awareness of Directors who execute business (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers toward their contributions to improving the mid- to long-term corporate performance and increasing the corporate value as well as making Directors who do not execute business (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members contribute to increasing the mid- to long-term corporate value through supervision or audit.

(a) Overview of transactions

Based on the officers' stock benefit plan which was established in advance, the Company and its group companies (the "Group") grant points to Directors etc. (Directors and Executive Officers). At the time of their retirement, the Group provides shares in the Company to the Directors etc. who satisfy requirements for beneficiaries in proportion to the points which the Group has granted to them. With regard to the shares which will be provided to Directors etc. in the future, a trust bank acquires the Company's treasury shares through third-party allotment by using the money contributed by the Company. Such shares are managed as trust assets separately.

(b) Shares in the Company remaining at the trust

The shares in the Company remaining at the trust are recorded as the treasury shares in net assets with the book value (excluding associated costs) at the trust. The book value and number of these treasury shares as of the end of the previous fiscal year were 209,960 thousand yen and 476 thousand shares, respectively, while those as of the end of the current fiscal year were 209,960 thousand yen and 476 thousand shares, respectively.

(c) Book value of loans payable recorded due to the application of the gross method

Not applicable.

(2) Stock Benefit Trust (Employee Stockholding Association Purchase-type)

For the purpose of promoting welfare benefits for employees and giving incentives pertaining to the improvement of corporate value of the Company, the Company introduced "Stock Benefit Trust (Employee Stockholding Association Purchase-type)" (hereinafter referred to as the "Plan"), pursuant to the resolution at the Board of Directors meeting held on May 24, 2017.

(a) Overview of transactions

The Plan is an 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 the Plan acquires shares in the Company that are expected to be acquired by the Stockholding Association over the five years after the establishment of the trust, 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 by the trust bank 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 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.

(b) Shares in the Company remaining at the trust

The shares in the Company remaining at the trust are recorded as the treasury shares in net assets with the book value (excluding associated costs) at the trust. The book value and number of these treasury

shares as of the end of the previous fiscal year were 115,390 thousand yen and 209 thousand shares, respectively, while those as of the end of the current fiscal year were 79,750 thousand yen and 145 thousand shares, respectively.

- (c) Book value of loans payable recorded due to the application of the gross method
82,800 thousand yen as of the end of the current fiscal year

(Changes in Reportable Segments)

The Group 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 products that the business division handles. Accordingly, the Group had classified the reportable segments in consideration of product categories based on business divisions and subsidiaries, and had three reportable segments: “compound,” “film,” and “food wrapping film.”

In conjunction with the launch of the new three-year mid-term management plan in April 2019, in order to accurately capture the market needs which are changing at a faster pace than ever, from the fiscal year ending March 31, 2020 the Group will change the reportable segments from the previous product-based segments of “compound,” “film,” and “food wrapping film,” to the following four market-based segments.

Transportation (automobile, railroad, and shipping markets, etc.)

Daily Life & Healthcare (healthcare, materials for daily life, and food wrapping film markets, etc.)

Electronics (energy, communications, and IT equipment markets, etc.)

Building & Construction (housing, buildings, construction materials, and civil engineering markets, etc.)

Amounts of net sales, segment profit (loss), segment assets, segment liabilities and other items by reportable segment for the fiscal year ended March 31, 2019 under the new reportable segments are currently being calculated.

Notes to Consolidated Balance Sheets

*1. Pledged assets and secured liabilities

Assets pledged as collateral and secured liabilities are as follows:

	(Thousands of yen)	
	As of March 31, 2018	As of March 31, 2019
Cash and deposits	–	100,000

	(Thousands of yen)	
	As of March 31, 2018	As of March 31, 2019
Long-term loans payable	–	100,000

2. Notes endorsed

	(Thousands of yen)	
	As of March 31, 2018	As of March 31, 2019
Notes endorsed	1,110	2,215

*3. 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, 2018	As of March 31, 2019
Total overdraft facility limit	11,130,000	12,180,000
Outstanding borrowings within the limit	3,927,500	4,715,000
Unused balance	7,202,500	7,465,000

*4. The notes maturing on the balance sheet date are accounted for as if they were settled on the maturity date.

As the balance sheet date fell on a holiday of financial institutions, the following notes matured on the balance sheet date were accounted for as if they were settled on the maturity date.

	(Thousands of yen)	
	As of March 31, 2018	As of March 31, 2019
Notes receivable - trade	862,874	905,865
Notes payable - trade	1,789	3,678

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, 2018	Fiscal year ended March 31, 2019
330,435	(10,119)

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

(Thousands of yen)		
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Freightage expenses	3,039,433	3,065,186
Commission fees	934,598	921,486
Salaries and bonuses	2,311,598	2,305,457
Provision for bonuses	159,300	196,938
Retirement benefit expenses	262,533	210,956
Provision for bonuses for directors (and other officers)	70,422	103,007
Provision of allowance for doubtful accounts	(13,527)	(12,381)
Research and development expenses	1,004,609	1,075,130

*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, 2018	Fiscal year ended March 31, 2019
1,396,251	1,470,428

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

(Thousands of yen)		
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Buildings and structures	26,028	6,937
Machinery, equipment and vehicles	4,666	15,753
Other	962	926
Total	31,658	23,616

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, 2018	Fiscal year ended March 31, 2019
Valuation difference on available-for-sale securities:		
Amount arising during the period	731,466	(926,956)
Reclassification adjustments	(98,096)	–
Before tax effect adjustments	633,370	(926,956)
Tax effect amount	(199,574)	277,987
Valuation difference on available-for-sale securities	433,796	(648,969)
Foreign currency translation adjustment:		
Amount arising during the period	(30,145)	(639,106)
Reclassification adjustments	–	317
Before tax effect adjustments	(30,145)	(638,789)
Tax effect amount	(3,994)	167
Foreign currency translation adjustment	(34,140)	(638,621)
Remeasurements of defined benefit plans, net of tax		
Amount arising during the period	35,924	54,624
Reclassification adjustments	136,160	111,158
Before tax effect adjustments	172,085	165,782
Tax effect amount	(49,728)	(50,762)
Remeasurements of defined benefit plans, net of tax	122,357	115,020
Total other comprehensive income	522,013	(1,172,570)

Notes to Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

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)	8,079	0	6,074	2,005
Total	8,079	0	6,074	2,005

- (Notes)
- The Company resolved at the Board of Directors meeting held on August 29, 2016 to introduce the “Board Benefit Trust (BBT)” and transferred 476 thousand shares of treasury shares to Trust Account E as of September 14, 2016. 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 476 thousand shares in the Company that were held by Trust Account E at the beginning and the end of the current fiscal year.
 - The Company resolved at the Board of Directors meeting held on May 24, 2017 to introduce the “Stock Benefit Trust (Employee Stockholding Association Purchase-type)” and transferred 250 thousand shares of treasury shares to Trust Account E as of June 12, 2017. 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 209 thousand shares in the Company that were held by Trust Account E at the end of the current fiscal year.
 - The increase of 0 thousand shares of treasury shares of common stock is due to the purchase of shares less than one unit.
 - The decrease of 6,074 thousand shares of treasury shares of common stock is due to a decrease of 6,034 thousand shares through conversion of convertible bond-type bonds with subscription rights to shares, and the sale of 40 thousand 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 23, 2017	Common stock	348,203	6	March 31, 2017	June 26, 2017

(Note) Total dividends do not include 2,856 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, 2017	Common stock	370,307	6	September 30, 2017	December 4, 2017

(Note) Total dividends do not include 4,255 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 22, 2018	Common stock	384,647	Retained earnings	6	March 31, 2018	June 25, 2018

(Note) Total dividends do not include 4,115 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, 2019 (from April 1, 2018 to March 31, 2019)

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)	2,005	0	862	1,144
Total	2,005	0	862	1,144

- (Notes)
- The Company resolved at the Board of Directors meeting held on August 29, 2016 to introduce the “Board Benefit Trust (BBT)” and transferred 476 thousand shares of treasury shares to Trust Account E as of September 14, 2016. 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 467 thousand shares in the Company that were held by Trust Account E at the beginning and the end of the current fiscal year.
 - The Company resolved at the Board of Directors meeting held on May 24, 2017 to introduce the “Stock Benefit Trust (Employee Stockholding Association Purchase-type)” and transferred 250 thousand shares of treasury shares to Trust Account E as of June 12, 2017. 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 145 thousand shares in the Company that were held by Trust Account E at the end of the current fiscal year.
 - The increase of 0 thousand shares of treasury shares of common stock is due to the purchase of shares less than one unit.
 - The decrease of 862 thousand shares of treasury shares of common stock is due to a decrease of 788 thousand shares through conversion of convertible bond-type bonds with subscription rights to shares, the sale of 64 thousand shares from Trust Account E to the Company’s employee stockholding association, and the payment of 8 thousand shares from Trust Account E in conjunction with the retirement of Directors and other officers.

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 22, 2018	Common stock	384,647	6	March 31, 2018	June 25, 2018

(Note) Total dividends do not include 4,115 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 October 31, 2018	Common stock	387,039	6	September 30, 2018	December 3, 2018

(Note) Total dividends do not include 3,898 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 21, 2019	Common stock	519,756	Retained earnings	8	March 31, 2019	June 24, 2019

(Note) Total dividends do not include 4,902 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 end of period” in the consolidated statements of cash flows and “Cash and deposits” in the consolidated balance sheets

	(Thousands of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash and deposits	14,790,082	17,550,326
Time deposits with maturities over 3 months	(134,126)	(514,211)
Cash and cash equivalents	14,655,955	17,036,114

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, 2018	As of March 31, 2019
Within 1 year	18,842	15,651
Over 1 year	18,364	28,908
Total	37,206	44,559

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, 2018

(Thousands of yen)

	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Cash and deposits	14,790,082	14,790,082	–
(2) Notes and accounts receivable - trade	25,200,204		
Allowance for doubtful accounts	(112,531)		
	25,087,673	25,115,590	27,917
(3) Investment securities	6,437,664	6,437,664	–
(4) Long-term loans receivable	54,286	54,286	0
Total assets	46,369,705	46,397,623	27,917
(1) Notes and accounts payable - trade	17,727,414	17,727,414	–
(2) Short-term loans payable	6,490,266	6,490,266	0
(3) Current portion of long-term loans payable	443,906	520,988	77,082
(4) Lease obligations (Current liabilities)	11,739	11,739	0
(5) Income taxes payable	569,420	569,420	–
(6) Bonds payable	1,170,000	1,173,212	3,212
(7) Long-term loans payable	4,396,471	4,206,252	(190,219)
(8) Lease obligations (Non-current liabilities)	29,452	29,452	0
Total liabilities	30,838,671	30,728,746	(109,924)
Derivative transactions	–	–	–

As of March 31, 2019

(Thousands of yen)

	Carrying amount in consolidated balance sheets	Fair value	Difference
(1) Cash and deposits	17,550,326	17,550,326	–
(2) Notes and accounts receivable - trade	26,020,053		
Allowance for doubtful accounts	(96,701)		
	25,923,351	25,934,999	11,647
(3) Investment securities	5,608,371	5,608,371	–
(4) Long-term loans receivable	48,255	48,255	0
Total assets	49,130,305	49,141,953	11,647
(1) Notes and accounts payable - trade	18,306,323	18,306,323	–
(2) Short-term loans payable	8,144,431	8,144,431	0
(3) Current portion of long-term loans payable	712,703	772,896	60,192
(4) Current portion of bonds	800,000	801,426	1,426
(5) Lease obligations (Current liabilities)	15,572	15,572	0
(6) Income taxes payable	712,389	712,389	–
(7) Long-term loans payable	4,120,063	3,934,732	(185,330)
(8) Lease obligations (Non-current liabilities)	30,691	30,691	0
Total liabilities	32,842,174	32,718,463	(123,711)
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, (6) 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, (5) 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.

(4) Current portion of bonds

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, 2018	As of March 31, 2019
Unlisted stocks	133,916	126,062

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, 2018

(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	14,784,791	–	–	–
(2) Notes and accounts receivable - trade	25,200,204	–	–	–
(3) Long-term loans receivable	–	52,722	845	717
Total	39,984,996	52,722	845	717

As of March 31, 2019

(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	17,544,780	–	–	–
(2) Notes and accounts receivable - trade	26,020,053	–	–	–
(3) Long-term loans receivable	–	46,997	658	599
Total	43,564,833	46,997	658	599

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

As of March 31, 2018

(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	6,490,266	–	–	–	–	–
(2) Bonds payable	–	1,170,000	–	–	–	–
(3) Long-term loans payable	443,906	315,964	313,464	336,882	283,042	3,147,118
(4) Lease obligations	11,739	10,549	7,262	7,071	3,281	1,286
Total	6,945,912	1,496,514	320,726	343,954	286,323	3,148,404

As of March 31, 2019

(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	8,144,431	–	–	–	–	–
(2) Bonds payable	800,000	–	–	–	–	–
(3) Long-term loans payable	712,703	644,717	624,327	525,578	497,240	1,828,199
(4) Lease obligations	15,572	13,795	10,416	4,944	1,351	183
Total	9,672,707	658,512	634,743	530,523	498,591	1,828,382

Securities

1. Available-for-sale securities

As of March 31, 2018

(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	6,437,664	2,055,295	4,382,369
Subtotal	6,437,664	2,055,295	4,382,369
Securities whose carrying amount on the consolidated balance sheets does not exceed their acquisition cost			
Stocks	–	–	–
Subtotal	–	–	–
Total	6,437,664	2,055,295	4,382,369

(Note) As unlisted stocks (133,916 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, 2019

(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	5,580,399	2,127,134	3,453,264
Subtotal	5,580,399	2,127,134	3,453,264
Securities whose carrying amount on the consolidated balance sheets does not exceed their acquisition cost			
Stocks	27,972	28,416	(444)
Subtotal	27,972	28,416	(444)
Total	5,608,371	2,155,551	3,452,820

(Note) As unlisted stocks (126,062 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, 2018 (from April 1, 2017 to March 31, 2018)

(Thousands of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Stocks	193,772	98,096	3,000

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Thousands of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Stocks	302,650	292,203	–

3. Impairment loss on securities

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

Not applicable.

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018

(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	53,176	–	(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, 2019

Not applicable.

(2) Interest rate-related transactions

As of March 31, 2018

(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	2,124,349	1,841,306	(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, 2019

(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	1,808,805	1,530,578	(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, retirement 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, 2018	Fiscal year ended March 31, 2019
Retirement benefit obligations at the beginning of period	5,970,671	6,023,207
Service cost	425,014	360,886
Interest cost	32,738	32,981
Actuarial differences	(90,336)	(214,454)
Retirement benefits paid	(313,045)	(342,497)
Increase from newly consolidated subsidiaries	–	57,035
Other	(1,835)	(31,409)
Retirement benefit obligations at the end of period	6,023,207	5,885,749

(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, 2018	Fiscal year ended March 31, 2019
Plan assets at the beginning of period	5,403,887	5,469,922
Expected return on plan assets	133,766	141,476
Actuarial differences	(88,155)	(133,850)
Contribution by employer	173,524	171,610
Retirement benefits paid	(159,556)	(151,232)
Other	6,455	(6,248)
Plan assets at the end of period	5,469,922	5,491,677

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

	(Thousands of yen)	
	As of March 31, 2018	As of March 31, 2019
Retirement benefit obligations from funded plans	2,867,872	2,940,821
Plan assets	(3,418,433)	(3,438,543)
	(550,561)	(497,721)
Retirement benefit obligations on unfunded plans	1,103,846	891,793
Net amount of liability and asset recorded in consolidated balance sheets	553,285	394,071
Retirement benefit asset	(563,405)	(565,739)
Retirement benefit liability	1,116,690	959,810
Net amount of liability and asset recorded in consolidated balance sheets	553,285	394,071

(4) Retirement benefit expenses

	(Thousands of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Service cost	425,014	360,886
Interest cost	32,738	32,981
Expected return on plan assets	(133,766)	(141,476)
Amortization of actuarial differences	172,523	85,178
Amortization of past service cost	(2,619)	–
Other	(21,749)	378
Retirement benefit expenses on defined-benefit plans	472,140	337,948

(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, 2018	Fiscal year ended March 31, 2019
Past service cost	2,619	–
Actuarial differences	(174,704)	(165,782)
Total	(172,085)	(165,782)

(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, 2018	As of March 31, 2019
Unrecognized past service cost	–	–
Unrecognized actuarial differences	589,985	424,203
Total	589,985	424,203

(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, 2018	As of March 31, 2019
Bonds	10.1%	10.1%
Stocks	16.1%	16.5%
Cash and deposits	5.0%	5.1%
Insurance assets (general accounts)	7.4%	7.5%
Investment trust	37.5%	37.4%
Shared operating assets	23.8%	23.5%
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 37.5% and 37.4% of the total amount as of March 31, 2018 and March 31, 2019, respectively.

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 basis for actuarial assumptions are as follows:

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Discount rate	0.02%	0.00%
Long-term expected rate of return	4.20%	3.80%
Expected rate of salary increase	3.80%	3.80%

Income Taxes

1. Significant components of deferred tax assets and liabilities

	As of March 31, 2018	(Thousands of yen) As of March 31, 2019
Deferred tax assets		
Allowance for doubtful accounts	35,089	30,814
Retirement benefit liability	881,788	878,795
Impairment loss	418,561	359,383
Provision for bonuses	183,227	192,239
Loss on valuation of investment securities	196,849	192,262
Asset retirement obligations	49,033	51,056
Net operating losses carryforward (Note)	66,162	11,353
Other	512,140	565,000
Subtotal of deferred tax assets	2,342,854	2,280,906
Valuation allowance related to net operating losses carryforward (Note)	(6,363)	(4,838)
Valuation allowance related to total deductible temporary difference, etc.	(509,003)	(515,429)
Subtotal of valuation allowance	(515,366)	(520,268)
Total deferred tax assets	1,827,487	1,760,638
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(1,167,327)	(888,695)
Retirement benefit asset	(167,399)	(284,251)
Reserve for advanced depreciation of non-current assets	(93,575)	(69,980)
Reserve for special depreciation	(15,307)	(7,653)
Property, plant and equipment (asset retirement obligations)	(29,538)	(28,954)
Reserved profit of overseas consolidated subsidiaries	(455,544)	(468,222)
Other	(477,037)	(535,623)
Total deferred tax liabilities	(2,405,730)	(2,283,381)
Net deferred tax assets (liabilities)	(578,242)	(522,743)

(Note) Amounts of tax loss carryforward and related deferred tax assets by carryforward period
As of March 31, 2018

	(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	Total
Tax loss carryforward (a)	–	–	–	–	5,108	61,054	66,162
Valuation allowance	–	–	–	–	(5,108)	(1,254)	(6,363)
Deferred tax assets	–	–	–	–	–	59,799	(b) 59,799

(a) Figures for tax loss carryforward are the amounts multiplied by effective statutory tax rate.

(b) For the tax loss carryforward of 66,162 thousand yen (amount multiplied by effective statutory tax rate), deferred tax assets of 59,799 thousand yen have been recorded. The deferred tax assets of 59,799 thousand yen have been recognized primarily

for the balance of tax loss carryforward in the amount of 56,663 thousand yen (amount multiplied by effective statutory tax rate) of RIKEN ELASTOMERS CORPORATION, a consolidated subsidiary. The tax loss carryforward of the consolidated subsidiary RIKEN ELASTOMERS CORPORATION accrued as a result of using immediate expensing system for the fiscal year ended December 31, 2017. The said tax loss carryforward was determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance has not been recognized.

As of March 31, 2019

(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	Total
Tax loss carryforward (a)	–	–	–	4,766	–	6,587	11,353
Valuation allowance	–	–	–	(4,766)	–	(72)	(4,838)
Deferred tax assets	–	–	–	–	–	6,515	(b) 6,515

(a) Figures for tax loss carryforward are the amounts multiplied by effective statutory tax rate.

(b) For the tax loss carryforward of 11,353 thousand yen (amount multiplied by effective statutory tax rate), deferred tax assets of 6,515 thousand yen have been recorded. The deferred tax assets of 6,515 thousand yen have been recognized primarily for the balance of tax loss carryforward in the amount of 6,337 thousand yen (amount multiplied by effective statutory tax rate) of RIKEN ELASTOMERS CORPORATION, a consolidated subsidiary. The tax loss carryforward of the consolidated subsidiary RIKEN ELASTOMERS CORPORATION accrued as a result of using immediate expensing system for the fiscal year ended December 31, 2017. The said tax loss carryforward was determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance has not been recognized.

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

	As of March 31, 2018	As of March 31, 2019
Effective statutory tax rate	30.9%	30.6%
Adjustments		
Expenses not deductible permanently such as entertainment expenses	0.6	0.5
Income not taxable permanently such as dividends income	(0.7)	(0.7)
Foreign withholding taxes	0.5	0.5
Change in valuation allowance	(0.2)	0.1
Tax rate differences from overseas consolidated subsidiaries	(4.0)	(4.7)
Other	1.3	2.5
Effective tax rate	28.2	28.8

Business Combinations

This information has been omitted due to its insignificance.

Asset retirement obligations

This information has been omitted due to its insignificance.

Rental properties and other real estate

This information has been omitted due to its insignificance.

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 profit 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, 2018 (from April 1, 2017 to March 31, 2018)

(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	66,279,670	13,064,571	11,481,226	90,825,468	3,775,665	94,601,133	–	94,601,133
(2) Intersegment sales or transfers	264,688	47,721	387	312,797	816,157	1,128,954	(1,128,954)	–
Total	66,544,358	13,112,293	11,481,613	91,138,265	4,591,822	95,730,087	(1,128,954)	94,601,133
Segment profit (loss)	5,108,885	(239,401)	790,795	5,660,279	(43,356)	5,616,922	(217,614)	5,399,307
Segment assets	49,360,668	10,205,868	7,633,436	67,199,972	2,867,693	70,067,666	21,798,540	91,866,206
Segment liabilities	21,990,229	3,169,321	3,552,892	28,712,443	2,941,623	31,654,067	5,357,937	37,012,004
Others								
Depreciation	1,817,923	375,786	298,491	2,492,200	43,123	2,535,323	898,928	3,434,252
Amortization of goodwill	1,455	–	177,162	178,617	12,960	191,577	–	191,577
Extraordinary income	4,036	–	573	4,610	–	4,610	99,385	103,996
Extraordinary losses	14,183	27,375	1,006	42,565	–	42,565	5,340	47,905
Increase in property, plant and equipment and intangible assets	2,125,665	682,628	397,978	3,206,272	60,318	3,266,590	508,658	3,775,249

(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 217,614 thousand yen in inter-segment eliminations.

The adjustment to segment assets represents negative 14,047,556 thousand yen in inter-segment eliminations and 35,846,097 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 1,654,998 thousand yen in inter-segment eliminations and 7,012,936 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 profit in the consolidated statements of income.

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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	67,967,748	14,355,223	11,523,247	93,846,218	3,967,741	97,813,960	–	97,813,960
(2) Intersegment sales or transfers	270,350	54,797	574	325,722	807,359	1,133,081	(1,133,081)	–
Total	68,238,098	14,410,020	11,523,822	94,171,940	4,775,101	98,947,042	(1,133,081)	97,813,960
Segment profit (loss)	5,215,256	(53,355)	671,023	5,832,924	117,050	5,949,975	(188,178)	5,761,796
Segment assets	50,705,069	12,088,648	8,139,446	70,933,164	2,198,425	73,131,590	22,076,312	95,207,902
Segment liabilities	22,562,308	4,610,705	3,927,500	31,100,514	2,815,593	33,916,108	4,813,326	38,729,434
Others								
Depreciation	1,896,570	443,184	335,304	2,675,059	57,151	2,732,211	924,816	3,657,027
Amortization of goodwill	1,455	7,463	177,162	186,081	13,120	199,201	–	199,201
Extraordinary income	5,253	19,487	–	24,740	–	24,740	292,203	316,944
Extraordinary losses	6,306	4,085	5,330	15,722	12	15,734	35,211	50,946
Increase in property, plant and equipment and intangible assets	2,272,494	467,069	291,038	3,030,602	75,625	3,106,228	467,683	3,573,911

- (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 188,178 thousand yen in inter-segment eliminations. The adjustment to segment assets represents negative 14,549,147 thousand yen in inter-segment eliminations and 36,625,460 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 1,821,972 thousand yen in inter-segment eliminations and 6,635,298 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 profit in the consolidated statements of income.

Related Information

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

1. Information by product and service

(Thousands of yen)

	Compound	Film	Food wrapping film	Other	Total
Sales to external customers	66,279,670	13,064,571	11,481,226	3,775,665	94,601,133

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
50,742,459	9,683,817	11,123,981	7,686,700	585,714	14,778,460	94,601,133

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

(2) Property, plant and equipment

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
12,490,627	3,703,893	5,490,614	1,822,593	356	4,087,729	27,595,814

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, 2019 (from April 1, 2018 to March 31, 2019)

1. Information by product and service

(Thousands of yen)

	Compound	Film	Food wrapping film	Other	Total
Sales to external customers	67,967,748	14,355,223	11,523,247	3,967,741	97,813,960

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
53,829,576	9,767,345	9,410,740	8,067,799	327,211	16,411,286	97,813,960

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

(2) Property, plant and equipment

(Thousands of yen)

Japan	Thailand	U.S.	China	Europe	Other regions	Total
12,670,385	3,908,286	5,362,570	1,637,761	–	3,933,763	27,512,767

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, 2018 (from April 1, 2017 to March 31, 2018)

Not applicable.

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

Not applicable.

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

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	13,095	–	265,744	278,839	13,120	291,959	–	291,959

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

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	11,640	–	88,581	100,221	–	100,221	–	100,221

(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, 2018 (from April 1, 2017 to March 31, 2018)

Not applicable.

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

This information has been omitted due to its immateriality.

Information on Related Parties

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

Not applicable.

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

Not applicable.

Per Share Information

(Yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net assets per share	735.85	753.31
Basic profit attributable to owners of parent per share	41.64	47.43
Diluted profit attributable to owners of parent per share	38.12	45.93

(Note) 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.

(Note) The basis for calculation is as follows:

1. Net assets per share

	As of March 31, 2018	As of March 31, 2019
Total net assets (Thousands of yen)	54,854,201	56,478,468
Deduction from total net assets (Thousands of yen)	7,680,481	7,536,367
[Of the above, non-controlling interests (Thousands of yen)]	[7,680,481]	[7,536,367]
Net assets related to common stock (Thousands of yen)	47,173,719	48,942,100
Number of treasury shares of common stock (Shares)	2,005,873	1,144,315
Number of shares of common stock outstanding used for calculation of net assets per share (Shares)	64,107,946	64,969,504

(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, 2018	Fiscal year ended March 31, 2019
Profit attributable to owners of parent (Thousands of yen)	2,538,121	3,060,922
Amount not attributable to common shareholders (Thousands of yen)	–	–
Profit attributable to owners of parent regarding common stock (Thousands of yen)	2,538,121	3,060,922
Average number of shares of common stock outstanding during the period (Shares)	60,956,444	64,534,937
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)	5,624,077	2,102,673
[Of the above, convertible bond-type bonds with subscription rights to shares (Shares)]	5,624,077	2,102,673
[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 basic profit attributable to owners of parent per share and diluted 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, 2018 (Thousands of yen)	Balance as of March 31, 2019 (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	1,170,000	800,000 [800,000]	–	None	March 19, 2020
Total	–	–	1,170,000	800,000 [800,000]	–	–	–

(Notes) 1. The value in brackets in “Balance as of March 31, 2019” is the amount scheduled for redemption within one year.

2. 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)	3,200,000
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.

3. 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
800,000	–	–	–	–

Detailed Statement of Loans Payable

Category	Balance as of April 1, 2018 (Thousands of yen)	Balance as of March 31, 2019 (Thousands of yen)	Average interest rate (%)	Repayment period
Short-term loans payable	6,490,266	8,144,431	1.1	–
Current portion of long-term loans payable	443,906	712,703	1.4	–
Current portion of lease obligations	11,739	15,572	–	–
Long-term loans payable (excluding current portion)	4,396,471	4,120,063	2.3	2020 – 2025
Lease obligations (excluding current portion)	29,452	30,691	–	2020 – 2024
Other interest-bearing debt	–	–	–	–
Total	11,371,836	13,023,462	–	–

(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:

Category	(Thousands of yen)			
	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	644,717	624,327	525,578	497,240
Lease obligations	13,795	10,416	4,944	1,351

Detailed Statement of Asset Retirement Obligations

As the amount of asset retirement obligations as of April 1, 2018 and March 31, 2019 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, 2019

(Year-to-date period)	1st quarter	2nd quarter	3rd quarter	Fiscal year ended March 31, 2019
Net sales (Thousands of yen)	23,546,263	47,252,772	71,781,070	97,813,960
Profit before income taxes (Thousands of yen)	1,582,637	3,035,317	4,494,156	6,135,514
Profit attributable to owners of parent (Thousands of yen)	849,510	1,606,796	2,361,631	3,060,922
Basic profit attributable to owners of parent per share (Yen)	13.25	25.04	36.67	47.43

(Three-month period)	1st quarter	2nd quarter	3rd quarter	4th quarter
Basic profit attributable to owners of parent per share (Yen)	13.25	11.79	11.64	10.76