

Financial Section

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Financial Review

Income Analysis

In fiscal 2018 (April 1, 2018 to March 31, 2019), the Japanese economy initially recorded high growth, mainly due to increases in personal consumption and capital investment. From summer onwards, however, consumption decreased against a backdrop of delays in production and logistics due to the effects of a series of natural disasters and a decrease in customers. In addition, IT-related exports stagnated due to the sense of a lull in demand for smartphones and data centers, which had previously been expected to remain robust, and the onset of bearish stock market conditions due to the recovery in the Chinese economy being seen as having stalled.

Under these circumstances, the Tokuyama Group continued to implement the priority measures identified in its Medium-Term Management Plan.

As a result, sales increased due to efforts to increase sales volumes and revise sales prices, but operating profit decreased due to increases in raw material and fuel costs brought about by rising prices for coal and domestic naphtha.

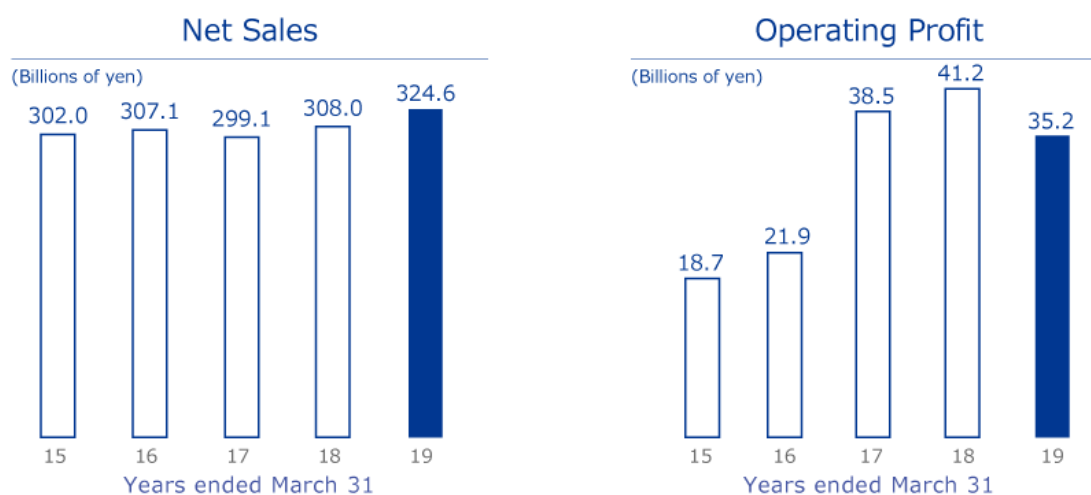
Consolidated net sales increased 5.4%, or ¥16,599 million compared with the previous fiscal year, to ¥324,661 million (US\$2,924 million). This was largely attributable to an increased sales volume in products such as semiconductor-related products and revision in selling prices of products such as caustic soda.

Cost of sales increased 9.1%, or ¥18,949 million compared with the previous fiscal year, to ¥226,664 million (US\$2,042 million). This was due mainly to an upturn in raw material and fuel costs as a result of the increase in coal prices and domestic naphtha.

SG&A expenses increased 6.2%, or ¥3,655 million compared with the previous fiscal year, to ¥62,733 million (US\$565 million). This was largely attributable to the increase in logistics costs.

Operating profit decreased 14.6%, or ¥6,005 million compared with the previous fiscal year, to ¥35,262 million (US\$317 million). Despite sales in each business remained steady, the increase in manufacturing costs including the rise in raw material and fuel costs affected the operating profit of each segment.

The operating margin (the ratio of operating profit to net sales) was 10.9 %, a decrease of 2.5 percentage points compared with the figure of 13.4% recorded in the previous fiscal year.



Non-operating income/expenses deteriorated ¥3,209 million compared with the previous fiscal year.

As a result of the above, ordinary profit decreased 7.7%, or ¥2,795 million compared with the previous fiscal year, to ¥33,400 million (US\$300 million).

Extraordinary income/losses improved by ¥7,917 million compared with the previous fiscal year.

As a result of the above, profit before income taxes increased 15.6%, or ¥5,122 million compared with the previous fiscal year, to ¥38,017 million (US\$342 million).

Profit after deducting income taxes calculated in an appropriate way increased 38.0%, or ¥9,648 million compared with the previous fiscal year, to ¥35,029 million (US\$315 million).

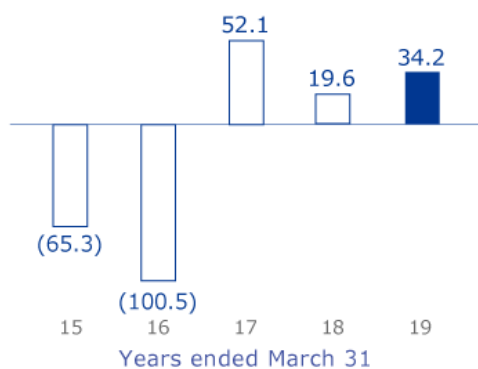
Profit attributable to owners of parent increased 74.0%, or ¥14,580 million compared with the previous fiscal year, to ¥34,279 million (US\$308 million).

Basic earnings per share was profit of ¥493.26 (US\$4.444), up from ¥259.81 in the previous fiscal year. Dividends per share were ¥50.00 (US\$0.450).

Return on equity (ROE) and return on assets (ROA: operating profit /total assets) were 24.6% and 9.5%, respectively, compared with 15.6% and 10.5% in the previous fiscal year.

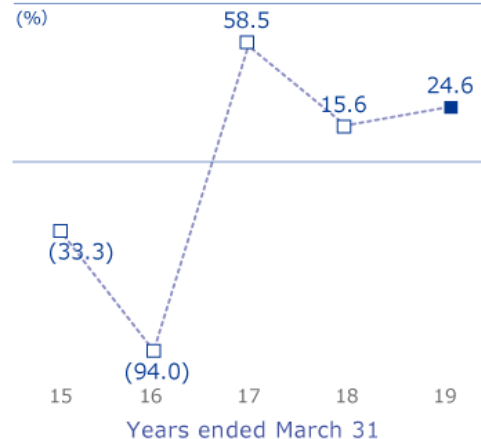
Profit (Loss) Attributable to Owners of Parent

(Billions of yen)



ROE

(%)



Segment Information

The Tokuyama Group is composed of the parent company, Tokuyama Corporation (“the Company”), 52 subsidiaries and 30 affiliated companies. The Group’s operations are divided into the four business segments of Chemicals, Specialty Products, Cement, and Life & Amenity. For accounting purposes, 52 of the Company’s subsidiaries are consolidated, while 9 affiliates are accounted for using the equity method.

Chemicals

The Chemicals segment includes the operations of the Company and three consolidated subsidiaries.

With regard to caustic soda, the revision of selling prices was progressed. As a result, its operating profit increased greatly.

Sales volume of vinyl chloride resin was steady. Meanwhile, manufacturing costs increased due to a rise in raw material prices such as domestic naphtha. As a result, its operating profit decreased.

Calcium chloride sales volume decreased and operating profit was down due to the effects of a warm winter.

As a result of the above, segment net sales increased 5.2% compared with the previous fiscal year, to ¥98,380 million (US\$886 million) and operating profit increased 4.2% to ¥16,850 million (US\$151 million). The segment reported higher earnings on higher sales.

Specialty Products

The Specialty Products segment includes the operations of the Company, five consolidated subsidiaries and one equity-method affiliate.

Sales volume of semiconductor-grade polycrystalline silicon was steady. Meanwhile, manufacturing costs increased due to an upturn in fuel and raw material costs. As a result, its operating profit decreased.

With regard to high-purity chemicals for electronics manufacturing, sales volume was steady. Meanwhile, manufacturing costs increased due to a rise in raw material prices such as domestic naphtha. As a result, its operating profit decreased.

With regard to thermal management material, sales volume in such applications used for semiconductor manufacturing equipment increased and the business did well.

As a result of the above, segment net sales increased 1.7% compared with the previous fiscal year, to ¥59,668 million (US\$537 million) and operating profit decreased 9.7% to ¥9,934 million (US\$89 million). The segment reported lower earnings on higher sales.

Cement

The Cement segment comprises the operations of the Company, 17 consolidated subsidiaries and four equity-method affiliates.

With regard to cement, domestic sales volume was weak and manufacturing costs increased due to a rise in raw material prices such as coal. As a result, its operating profit decreased.

In the resource recycling business, its business result was almost same as the previous fiscal year.

Consolidated subsidiary net sales increased. This mainly reflected the robust shipping trends of cement-related products.

As a result of the above, segment net sales increased 5.7% compared with the previous fiscal year, to ¥92,366 million (US\$832 million) and operating profit decreased 29.9% to ¥3,204 million (US\$28 million). The segment reported lower earnings on higher sales.

Life & Amenity

The Life & Amenity segment includes the operations of the Company, 11 consolidated subsidiaries and one equity-method affiliate.

With regard to plastic lens-related materials, sales volume of photochromic dye materials for eyeglass lenses increased.

With regard to ion exchange membranes, despite sales volume was steady, its operating profit decreased due to large-scale project recorded in the previous fiscal year.

With regard to active pharmaceutical ingredients and intermediates as well as dental materials, the sales volume of each increased, and business performance was robust.

As a result of the above, segment net sales increased 5.4% compared with the previous fiscal year, to ¥ 54,380 million (US\$489 million) and operating profit decreased 13.1% to ¥ 3,238 million (US\$29 million). The segment reported lower earnings on higher sales.

Financial Position and Liquidity

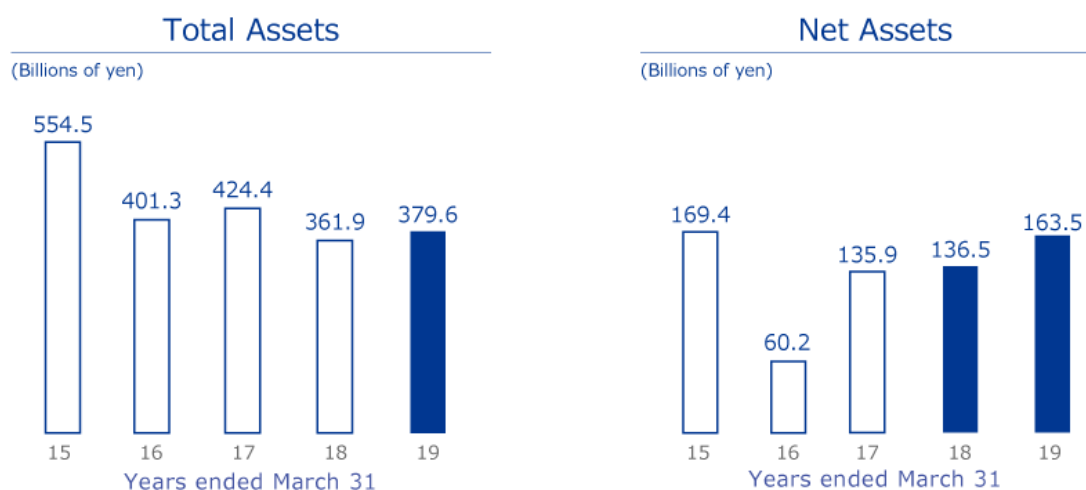
As of March 31, 2019, total assets amounted to ¥379,630 million (US\$3,420 million), an increase of ¥17,680 million compared with the previous fiscal year-end.

Current assets increased 6.2% compared with the previous fiscal year-end to ¥202,936 million (US\$1,828 million). This was due primarily to an increase in cash and cash equivalents. Current liabilities increased 0.2% to ¥93,248 million (US\$840 million). This mainly reflected an increase in short-term loans payable. As a result, the current ratio was up to 2.18 times, from 2.05 times as of the previous fiscal year-end.

Property, plant and equipment increased 5.3% in comparison with the previous fiscal year-end to ¥116,104 million (US\$1,045 million). This was primarily due to the inclusion of a new subsidiary in the Company's scope of consolidation. Intangible assets and investments and other assets decreased 0.1% over the previous fiscal year-end to ¥60,588 million (US\$545 million). This was primarily due to the securities.

As of March 31, 2019, total liabilities amounted to ¥216,104 million (US\$1,946 million), a decrease of 4.1% compared with the previous fiscal year-end figure of ¥225,357 million. The main contributory factor was a decrease in long-term loans payable and current portion of long-term loans payable. Interest-bearing debt decreased 7.8% from ¥ 139,917 million as of the previous fiscal year-end to ¥128,966 million (US\$1,161 million).

Non-controlling interests decreased 1.8% from ¥10,935 million as of the previous fiscal year-end to ¥10,743 million (US\$96 million). Net assets increased 19.7% compared with the previous fiscal year-end, from ¥136,591 million to ¥ 163,525 million (US\$1,473 million). The ratio of shareholders' equity to total assets was 40.2%, up from 34.7% as of the previous fiscal year-end. The amount of net assets per share was ¥2,199.83 (US\$19.818), up from ¥1,806.56 as of the previous fiscal year-end.



Capital Expenditures

Capital expenditures totaled ¥18,581 million (US\$167 million), an increase of 16.6% compared with the previous fiscal year's figure of ¥15,941 million.

Cash Flows

Net cash provided by operating activities totaled ¥38,531 million (US\$347 million). Principal items included profit before income tax of ¥38,017 million (US\$342 million) (¥32,895 million in the previous fiscal year).

Net cash used by investing activities totaled ¥16,174 million (US\$145 million). Major contributory factors were payments for purchases of property, plant and equipment of ¥16,765 million (US\$151 million) (¥15,526 million in the previous fiscal year).

Net cash used in financing activities came to ¥21,104 million (US\$190 million). This was primarily attributable to Proceeds from long-term loans payable of ¥59,713 million (US\$537 million) (¥10,120 million in the previous fiscal year), Repayments of long-term loans payable of ¥76,512 (US\$689 million) (¥50,384 million in the previous fiscal year).

As a result of the above, cash and cash equivalents increased by ¥1,184 million (US\$10 million) compared with the previous fiscal year-end, to ¥67,991 million (US\$612 million).

Consolidated Balance Sheets

Tokuyama Corporation and Consolidated Subsidiaries Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Assets :			
Current assets :			
Cash and deposits *Note(2)	68,613	57,229	618,136
Notes and accounts receivable - trade *Note(8)	80,358	79,660	723,946
Lease receivables	30	28	271
Securities	-	10,000	-
Merchandise and finished goods	16,458	14,028	148,275
Work in process	9,554	10,075	86,075
Raw materials and supplies	17,462	15,327	157,317
Other	10,554	4,809	95,085
Allowance for doubtful accounts	(94)	(127)	(853)
Total current assets	202,936	191,031	1,828,256
Noncurrent assets :			
Property, plant and equipment :			
Buildings and structures *Note(2), (3)	106,214	102,761	956,888
Accumulated depreciation	(76,233)	(73,455)	(686,785)
Buildings and structures, net	29,981	29,305	270,102
Machinery, equipment and vehicles *Note(2), (3)	459,535	446,278	4,139,960
Accumulated depreciation	(414,813)	(404,441)	(3,737,061)
Machinery, equipment and vehicles, net	44,721	41,836	402,898
Tools, furniture and fixtures *Note(3)	22,106	21,887	199,154
Accumulated depreciation	(19,905)	(19,748)	(179,324)
Tools, furniture and fixtures, net	2,201	2,138	19,829
Land *Note(2)	32,296	30,995	290,963
Leased assets	4,548	3,760	40,980
Accumulated depreciation	(2,237)	(1,753)	(20,159)
Leased assets, net	2,311	2,007	20,820
Construction in progress	4,592	3,959	41,374
Total property, plant and equipment	116,104	110,242	1,045,989
Intangible assets			
Goodwill	208	1,158	1,876
Leased assets	71	51	647
Other *Note(3)	1,693	1,556	15,259
Total intangible assets	1,973	2,766	17,783
Investments and other assets			
Investment securities *Note(1), (2)	21,718	24,302	195,659
Long-term loans receivable	2,444	2,627	22,019
Deferred tax assets	21,091	18,300	190,014
Net defined benefit asset	9,796	9,657	88,258
Other	3,621	3,162	32,624
Allowance for doubtful accounts	(57)	(141)	(513)
Total investments and other assets	58,614	57,908	528,061
Total noncurrent assets	176,693	170,917	1,591,834
Total assets	379,630	361,949	3,420,091

See notes to consolidated financial statements

Consolidated Balance Sheets

Tokuyama Corporation and Consolidated Subsidiaries Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Liabilities :			
Current liabilities :			
Notes and accounts payable - trade *Note(2)	47,268	47,610	425,841
Short-term loans payable *Note(2)	4,361	2,549	39,296
Current portion of long-term loans payable *Note(2)	12,667	15,684	114,120
Lease obligations	758	641	6,831
Income taxes payable	3,816	3,688	34,380
Provision for bonuses	2,664	2,557	24,007
Provision for repairs	3,569	4,332	32,159
Provision for product warranties	137	98	1,235
Provision for loss on compensation for damage	91	-	820
Provision for restructuring	233	-	2,099
Other *Note(2)	17,680	15,870	159,282
Total current liabilities	93,248	93,032	840,076
Noncurrent liabilities :			
Long-term loans payable *Note(2)	109,411	119,521	985,687
Lease obligations	1,767	1,521	15,925
Deferred tax liabilities	220	298	1,982
Provision for directors' retirement benefits	224	143	2,024
Provision for share benefits	48	-	434
Provision for repairs	1,546	1,594	13,932
Allowance for loss on compensation for building materials	260	261	2,349
Provision for environmental measures	222	253	2,004
Net defined benefit liability	2,149	1,527	19,361
Asset retirement obligations	6	5	54
Other	6,999	7,197	63,056
Total noncurrent liabilities	122,856	132,325	1,106,814
Total liabilities	216,104	225,357	1,946,891
Net assets :			
Shareholders' equity :			
Capital stock			
Authorized :	200,000,000	shares	
Issued :	69,934,375	shares	
Capital surplus	20,018		180,343
Retained earnings	121,901		1,098,213
Treasury stock			
2018 :	378,378	shares	
2019 :	482,765	shares	
Total shareholders' equity	150,095		1,352,214
Accumulated other comprehensive income :			
Valuation difference on available-for-sale securities	(1,566)	1,352	(14,113)
Deferred gains or losses on hedges	(61)	(151)	(551)
Foreign currency translation adjustment	1,672	2,093	15,071
Remeasurements of defined benefit plans	2,640	3,074	23,791
Total accumulated other comprehensive income	2,685	6,368	24,197
Non-controlling interests	10,743	10,935	96,788
Total net assets	163,525	136,591	1,473,200
Total liabilities and net assets	379,630	361,949	3,420,091

See notes to consolidated financial statements

Consolidated Statements of Income

Tokuyama Corporation and Consolidated Subsidiaries Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Net sales	324,661	308,061	2,924,874
Cost of sales *Note(1),(4)	226,664	207,715	2,042,026
Gross profit	97,996	100,346	882,847
Selling, general and administrative expenses			
Selling expenses *Note(2)	41,524	39,268	374,099
General and administrative expenses *Note(3),(4)	21,208	19,809	191,066
Total selling, general and administrative expenses	62,733	59,077	565,165
Operating income	35,262	41,268	317,682
Non-operating income :			
Interest income	123	210	1,113
Dividend income	390	272	3,522
Share of profit of entities accounted for using equity method	921	957	8,304
Fiduciary obligation fee	716	878	6,452
Trial products income	666	540	6,005
Rent income on non-current assets	649	450	5,851
Other	1,333	1,335	12,012
Total non-operating income	4,802	4,645	43,262
Non-operating expenses :			
Interest expenses	2,453	3,714	22,102
Cost of loans payable	884	-	7,971
Loss on bond retirement	-	1,604	-
Fiduciary obligation expenses	685	856	6,177
Other	2,640	3,541	23,788
Total non-operating expenses	6,664	9,717	60,038
Ordinary income	33,400	36,196	300,905
Extraordinary income :			
Gain on sales of noncurrent assets *Note(5)	47	528	431
Gain on bargain purchase	964	-	8,692
Gain on sales of investment securities	1	6	11
Compensation for damage income	6,006	-	54,113
Compensation income for damage	-	7,705	-
Subsidy income	133	144	1,201
Gain on insurance claim	169	145	1,523
Other	27	-	249
Total extraordinary income	7,351	8,529	66,225
Extraordinary loss :			
Loss on sales of non-current assets *Note(6)	10	5	98
Impairment loss *Note(7)	363	1,098	3,277
Loss on disaster	30	4	276
Loss on reduction of noncurrent assets	100	110	902
Loss on disposal of noncurrent assets	807	715	7,273
Loss on sales of investment securities	-	6	-
Compensation for damage	851	-	7,670
Loss on transfer of business	-	8,059	-
Loss on contract cancellation	-	1,431	-
Other	569	398	5,128
Total extraordinary losses	2,733	11,830	24,628
Profit before income taxes	38,017	32,895	342,503
Income taxes			
Current	5,074	4,777	45,712
Deferred	(2,085)	2,736	(18,791)
Total income taxes	2,988	7,514	26,920
Profit	35,029	25,381	315,582
Profit attributable to non-controlling interests	750	5,682	6,761
Profit attributable to owners of parent	34,279	19,698	308,820
	Yen		U.S. dollars (Note 2)
	2019	2018	2019
Per share amounts :			
Net income	493.26	259.81	4.444
Cash dividends	50.00	30.00	0.45

See notes to consolidated financial statements

Consolidated Statements of Comprehensive Income

Tokuyama Corporation and Consolidated Subsidiaries Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Profit	35,029	25,381	315,582
Other comprehensive income			
Valuation difference on available-for-sale securities	(2,919)	1,039	(26,301)
Deferred gains or losses on hedges	90	178	816
Foreign currency translation adjustment	(304)	425	(2,743)
Remeasurements of defined benefit plans, net of tax	(434)	241	(3,913)
Share of other comprehensive income of entities accounted for using equity method	(139)	170	(1,260)
Total other comprehensive income *Note(1)	(3,707)	2,055	(33,402)
Total comprehensive income	31,321	27,436	282,179
Attributable to:			
Owners of parent	30,596	21,660	275,644
Non-controlling interests	725	5,775	6,535

See notes to consolidated financial statements

Consolidated Statements of Changes in Net Assets

Tokuyama Corporation and Consolidated Subsidiaries Years ended March 31, 2019 and 2018

[2019]

	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
Capital stock	Capital surplus	Retained earnings	Treasury stock	Total	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance at beginning of year	10,000	20,008	90,752	(1,472)	119,288	1,352	(151)	2,093	3,074	6,368	10,935	136,591
Changes during the fiscal year												
Profit attributable to owners of parent			34,279		34,279							34,279
Dividends of surplus			(3,129)		(3,129)							(3,129)
Purchase of treasury stock				(351)	(351)							(351)
Retirement of treasury shares		9		0	9							9
Disposal of treasury stock			0		0							0
Purchase of shares of consolidated subsidiaries		(0)			(0)							(0)
Net changes of items other than shareholders' equity						(2,918)	90	(420)	(434)	(3,682)	(191)	(3,874)
Total changes of items during the period	-	9	31,149	(351)	30,807	(2,918)	90	(420)	(434)	(3,682)	(191)	26,933
Balance at end of year	10,000	20,018	121,901	(1,823)	150,095	(1,566)	(61)	1,672	2,640	2,685	10,743	163,525

[2018]

	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
Capital stock	Capital surplus	Retained earnings	Treasury stock	Total	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance at beginning of year	10,000	41,545	72,511	(1,446)	122,609	319	(274)	1,528	2,833	4,406	8,960	135,976
Changes during the fiscal year												
Profit attributable to owners of parent			19,698		19,698							19,698
Dividends of surplus			(1,457)		(1,457)							(1,457)
Purchase of treasury stock				(21,651)	(21,651)							(21,651)
Retirement of treasury shares		(21,626)		21,626	-							-
Disposal of treasury stock		(0)		0	0							0
Purchase of shares of consolidated subsidiaries		89			89							89
Net changes of items other than shareholders' equity						1,032	122	564	241	1,962	1,974	3,936
Total changes of items during the period	-	(21,536)	18,241	(25)	(3,321)	1,032	122	564	241	1,962	1,974	615
Balance at end of year	10,000	20,008	90,752	(1,472)	119,288	1,352	(151)	2,093	3,074	6,368	10,935	136,591

[2019]

	Thousands of U.S. dollars											
	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
Capital stock	Capital surplus	Retained earnings	Treasury stock	Total	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance at beginning of year	90,090	180,255	817,587	(13,263)	1,074,669	12,182	(1,368)	18,857	27,702	57,373	98,513	1,230,556
Changes during the fiscal year												
Profit attributable to owners of parent			308,820		308,820							308,820
Dividends of surplus			(28,197)		(28,197)							(28,197)
Purchase of treasury stock				(3,168)	(3,168)							(3,168)
Retirement of treasury shares		87		0	88							88
Disposal of treasury stock			3		3							3
Purchase of shares of consolidated subsidiaries		(0)			(0)							(0)
Net changes of items other than shareholders' equity						(26,295)	816	(3,786)	(3,910)	(33,176)	(1,725)	(34,901)
Total changes of items during the period	-	87	280,625	(3,168)	277,545	(26,295)	816	(3,786)	(3,910)	(33,176)	(1,725)	242,643
Balance at end of year	90,090	180,343	1,098,213	(16,432)	1,352,214	(14,113)	(551)	15,071	23,791	24,197	96,788	1,473,200

See notes to consolidated financial statements

Consolidated Statements of Cash Flows

Tokuyama Corporation and Consolidated Subsidiaries Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Cash flows from operating activities			
Profit before income taxes	38,017	32,895	342,503
Depreciation and amortization	15,093	13,985	135,976
Increase (decrease) in provision	(693)	1,433	(6,248)
Increase(decrease) in net defined benefit liability	58	95	525
Increase(decrease) in net defined benefit asset	(761)	(485)	(6,863)
Interest and dividends income	(514)	(483)	(4,635)
Foreign exchange losses (gains)	8	(56)	78
Loss (gain) on sales of property, plant and equipment	(36)	(522)	(332)
Loss (gain) on sales of investment securities	(1)	(0)	(11)
Share of profit of entities accounted for using equity method	(921)	(957)	(8,304)
Gain on bargain purchase	(964)	-	(8,692)
Subsidy income	(133)	(144)	(1,201)
Interest expenses	2,453	3,714	22,102
Cost of loans payable	884	-	7,971
Loss on reduction of noncurrent assets	100	110	902
Impairment loss	363	1,098	3,277
Loss (gain) on disposal of noncurrent assets	807	715	7,273
Gain on insurance claim	(169)	(145)	(1,523)
Loss on transfer of business	-	8,059	-
Compensation for damage income	(6,006)	-	(54,113)
Compensation income for damage	-	(7,705)	-
Compensation for damage	851	-	7,670
Loss on contract cancellation	-	1,431	-
Loss on redemption of bonds	-	1,604	-
Decrease (increase) in notes and accounts receivable - trade	928	(5,857)	8,364
Decrease (increase) in inventories	(4,071)	(6,463)	(36,680)
Decrease (increase) in other current assets	335	(414)	3,025
Increase (decrease) in notes and accounts payable - trade	(1,090)	11,344	(9,825)
Increase (decrease) in other current liabilities	(403)	1,673	(3,633)
Other, net	943	972	8,498
Subtotal	45,077	55,899	406,102
Interest and dividends income received	938	805	8,454
Interest expenses paid	(2,529)	(3,775)	(22,789)
Proceeds from insurance income	169	145	1,523
Proceeds from compensation income	-	7,705	-
Payments for contract cancellation	-	(959)	-
Income taxes paid	(5,123)	2,064	(46,160)
Net cash provided by (used in) operating activities	38,531	61,885	347,132
Cash flows from investing activities			
Payments into time deposits	(269)	(288)	(2,427)
Proceeds from withdrawal of time deposits	498	161	4,488
Purchase of property, plant and equipment	(16,765)	(15,526)	(151,044)
Proceeds from sales of property, plant and equipment	219	1,618	1,976
Purchase of investment securities	(22)	(3,359)	(205)
Proceeds from sales of investment securities	3	76	30
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	583	-	5,255
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	5,362	-
Payments of long-term loans receivable	(3)	(7)	(34)
Collection of long-term loans receivable	214	234	1,936
Proceeds from subsidy income	133	144	1,201
Other, net	(765)	(1,081)	(6,893)
Net cash provided by (used in) investing activities	(16,174)	(12,665)	(145,716)
Cash flows from financing activities			
Increase (decrease) in short-term loans payable	247	2	2,226
Proceeds of long-term loans payable	59,713	10,120	537,956
Repayment of long-term loans payable	(76,512)	(50,384)	(689,297)
Redemption of bonds	-	(36,014)	-
Proceeds from issuance of common shares	-	78	-
Cash dividends paid	(3,122)	(1,454)	(28,129)
Cash dividends paid to non-controlling interests	(357)	(406)	(3,219)
Decrease (increase) in treasury stock	(308)	(21,650)	(2,776)
Other, net	(764)	(1,500)	(6,890)
Net cash provided by (used in) financing activities	(21,104)	(101,209)	(190,130)
Effect of exchange rate change on cash and cash equivalents	(49)	(23)	(450)
Net increase (decrease) in cash and cash equivalents	1,202	(52,012)	10,835
Cash and cash equivalents at beginning of period	66,807	118,819	601,865
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(18)	-	(163)
Cash and cash equivalents at end of period *Note(1)	67,991	66,807	612,537

See notes to consolidated financial statements

Notes to Consolidated Financial Statements

Tokuyama Corporation and Consolidated Subsidiaries

1. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared from accounts and records maintained by Tokuyama Corporation (the “Company”) and its subsidiaries. The Company and its consolidated domestic subsidiaries have maintained their accounts and records in accordance with the provisions set forth in the Companies Act (the “Act”) and the Financial Instruments and Exchange Act and in conformity with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Financial Reporting Standards.

The accounts of consolidated overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. U.S. DOLLAR AMOUNTS

The U.S. dollar amounts included in the consolidated financial statements and notes represent the arithmetic results of translating Japanese yen to U.S. dollars at the rate of ¥111=US\$1, the approximate exchange rate on March 31, 2019. The U.S. dollar amounts are included solely for the convenience of readers outside Japan, and are not intended to imply that the assets and liabilities that originated in yen have been or could be readily converted, realized, or settled in U.S. dollars at this or at any other rate.

3. SCOPE OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its 52 significant subsidiaries (49 in 2018). Significant intercompany transactions and accounts have been eliminated in consolidation.

Major consolidated subsidiaries are as follows;

Sun•Tox Co., Ltd.
Shin Dai-ichi Vinyl Corporation
A&T Corporation
Excel Shanon Corporation
Tokuyama Dental Corporation
Tokuyama Mtech Corporation
Hiroshima Tokuyama Ready Mixed Concrete Co., Ltd.
Sun Arrow Chemical Co.,Ltd.
Tokuyama Chemicals (Zhejiang) Co., Ltd.
Taiwan Tokuyama Corporation

Tokuyama Kairiku Corporation, Kyoei Sekiyu Corporation, Shuunan Kairiku Corporation, and Yamaguchi Kisen Corporation (for all of which the Company has acquired shares) have been included into the scope of consolidation from the consolidated fiscal year under review.

Kyosei Kaiun Ltd., Co., which had been a consolidated subsidiary until the previous consolidated fiscal year, has been removed from the scope of consolidation from the consolidated fiscal year under review due to being liquidated.

Of consolidated subsidiaries, A&T Corporation closes its accounts on December 31. Its financial statements as of December 31 are used in the preparation of consolidated financial statements, and adjustments necessary for consolidation purposes are made to material transactions arising between that date and the consolidated fiscal year-end.

Of consolidated subsidiaries, Tokuyama Chemicals (Zhejiang) Co., Ltd. and other four companies whose original fiscal year-end is December 31, are consolidated by performing provisional settlement of accounts on March 31, the consolidated fiscal year-end, in compliance with the regular settlement of accounts.

Investments in 9 affiliates (10 in 2018) are accounted for by the equity method.

Major equity method affiliate is Hantok Chemicals Co., Ltd.

Of equity method affiliates, with regard to the company of which the last date of its fiscal year is different from the consolidated fiscal year-end, the financial statements of its fiscal year are used in the preparation of consolidated financial

statements.

Oita Bayside Ready Mixed Concrete Co., Ltd., which had been an equity-method affiliate until the previous consolidated fiscal year, has been removed from the scope of consolidation from the consolidated fiscal year under review due to being liquidated.

Major affiliate that are not accounted for by the equity is Oita Mining Co., Ltd.

The equity method does not apply to them because they have little impact on the consolidated financial statements when they are excluded from the scope of application of the equity method, nor have any material impact on an aggregate basis.

4. SIGNIFICANT ACCOUNTING POLICIES

(1) Valuation basis and valuation methods for significant assets

(i) Securities

Available-for-sale securities

Securities with fair value

Stated at the fair value based on the quoted market price as of the fiscal year-end (Valuation differences are recognized in net assets; The cost of securities sold is calculated by the moving-average method).

Securities without fair value

Stated at cost by the moving-average method.

(ii) Derivatives

Derivatives are stated at fair value.

(iii) Inventories

Inventories held for sale in the ordinary course of business

Stated at cost mainly by the moving-average method. (The balance sheet value of the inventories is calculated by write-down based on the decreased profitability.)

(2) Depreciation and amortization methods of significant depreciable and amortizable assets

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

Buildings and structures acquired on or after April 1, 2016: Depreciated mainly by the straight-line method.

Other than the above: Depreciated mainly by the declining-balance method.

The estimated useful lives of major items are as follows:

Buildings and structures: 2 to 75 years

Machinery, equipment and vehicles: 2 to 20 years

(ii) Intangible assets (excluding leased assets)

Amortized mainly by the straight-line method.

Internal use software is amortized by the straight-line method over the internally expected useful life (5 years).

(iii) Leased assets

Leased assets in finance lease transactions that transfer ownership

The Company uses the same depreciation method that is applied to owned fixed assets.

Leased assets in finance lease transactions that do not transfer ownership

Depreciated by the straight-line method based on the assumption that the useful life is equal to the lease term and the residual value is equal to zero.

(3) Significant allowances and provisions

(i) Allowance for doubtful accounts

To cover possible bad debt expenses on notes and accounts receivable – trade, loans receivable and others, the allowance for doubtful accounts is provided at the estimated uncollectable amounts based on the historical default rate for normal receivables, or taking into account collectability on a case-by-case basis for certain receivables such as doubtful receivables with higher possibility of default.

(ii) Provision for bonuses

To prepare for the payment of next bonuses to employees, provision for bonuses is recorded based on the portion of the estimated amount of bonus payments attributable to the fiscal year under review.

(iii) Provision for repairs

Repair expenses are calculated individually and recorded to prepare for periodic repairs of manufacturing facilities.

(iv) Provision for product warranties

For required expenses incurred during the warranty period with free servicing (warranty expenses for free servicing) for clinical test information systems and laboratory test automation systems, the estimated amount of expenses is recorded based on the historical rate of incurrence (proportion of expenses paid to net sales).

(v) Provision for loss on compensation for damage

The Company records provisions based on reasonably estimated monetary amounts at the end of the consolidated fiscal year under review for loss on compensation for damages caused by customer delivery delays.

(vi) Provision for restructuring

The Company records estimated amounts in order to prepare for business restructuring-related expenditures.

(vii) Provision for directors' retirement benefits

At certain consolidated subsidiaries, the amount to be required at the end of the fiscal year under review in accordance with internal rules is recorded to prepare for payment of directors' retirement benefits.

(viii) Provision for share benefits

The Company records estimated amounts for share benefit obligations at the end of the consolidated fiscal year under review in order to prepare for the Company share benefits provided to directors and other executives based on the Company's share issuance rules.

(ix) Allowance for loss on compensation for building materials

The estimated amount of losses incurred in replacement, renovation, etc. is recorded to prepare for repairs and maintenance of plastic sashes for houses and buildings (fire protection and resistance grade).

(x) Provision for environmental measures

Pursuant to the "Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes," the estimated amount at the end of the fiscal year under review is recorded to prepare for payments for disposal of PCB waste.

(4) Accounting method of retirement benefits

(i) Methods of attributing estimated retirement benefits to accounting periods

When calculating retirement benefit obligations, the benefit formula basis is used to attribute estimated retirement benefits to the period through the end of the fiscal year under review.

(ii) Amortization of actuarial differences

Actuarial differences are amortized by using the straight-line method over a period of time within the average remaining service period of employees (14 years), from the subsequent fiscal year when they are incurred.

(iii) Application of simplified accounting method used by small companies

In calculating net defined benefit liability and retirement benefit expenses, some of the consolidated subsidiaries apply a simplified accounting method in which an assumed amount of benefits to be paid for voluntary base retirement at the fiscal year-end is deemed as retirement benefit obligations.

(5) Application of the consolidated corporate-tax system

The Company adopts consolidated corporate-tax system from current consolidated fiscal year.

(6) Accounting method for deferred assets

All deferred assets are charged to expenses when incurred.

(7) Translation of significant assets or liabilities denominated in foreign currencies into Japanese yen

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rate in effect at the balance sheet date and the resulting exchange gains or losses are credited or charged to income as incurred.

Assets and liabilities of overseas subsidiaries and the like are translated into yen at the exchange rate in effect at the balance sheet date, while their revenues and expenses are translated into yen at the average rates of exchange prevailing during the year. The resulting translation adjustments are included in "Foreign currency translation adjustment" and "Non-controlling interests" in net assets.

(8) Method of significant hedge accounting

(i) Method of hedge accounting

For the method of hedge accounting, in general, the deferral hedge accounting is applied. Among hedging instruments, forward exchange contracts that fulfill the requirement for allocation method are subjected to the allocation method. Interest rate swaps that fulfill the requirement for special treatment are subjected to the special treatment.

(ii) Hedging instruments and hedged items

Hedging instruments and hedged items to which hedge accounting has been applied in the fiscal year under review are as follows:

Hedging instruments: Forward exchange contracts, interest rate swaps

Hedged items: Forecast transactions in foreign currencies, accounts receivable denominated in foreign currencies and loans payable

(iii) Hedging policy

Foreign exchange risk and interest rate risk of hedged items are hedged within a certain range.

(iv) Method of assessing hedge effectiveness

Hedge effectiveness is assessed by comparing cumulative changes in cash flows or market fluctuations of hedged items and cumulative changes in cash flows or market fluctuations of hedging instruments on a quarterly basis and based on changes in the both, etc. For interest rate swaps to which the special treatment is applied, assessment of hedge effectiveness is omitted.

(9) Amortization method and amortization period of goodwill

Goodwill is equally amortized over five years.

(10) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, at-call deposits with banks, and short-term investments that have maturities within three months from acquisition, are readily convertible to cash, and are subject to an insignificant risk of changes in value.

(11) Other significant matters forming the basis of preparing the consolidated financial statements

Accounting for consumption taxes

Consumption tax and local consumption tax are accounted for using the tax-excluded method. Non-deductible consumption tax and local consumption tax are accounted for as expenses for the fiscal year under review.

5. CHANGES IN ACCOUNTING POLICY

Not applicable.

6. NEW ACCOUNTING STANDARDS NOT YET APPLIED

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

1. Summary

Having jointly developed comprehensive accounting standards pertaining to revenue recognition, the International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) officially announced Revenue from Contracts with Customers (issued as International Financial Reporting Standards (IFRS) 15 by the IASB, as Topic 606 by the FASB) in May 2014. On the basis of IFRS 15 being applied from the fiscal year beginning on or after January 1, 2018, and Topic 606 being applied from the fiscal year beginning after December 15, 2017, a comprehensive accounting standard on revenue recognition was developed by the ASBJ Committee and officially announced in conjunction with the implementation guidance.

As a basic policy in developing the ASBJ’s accounting standards pertaining to revenue recognition from the viewpoint of the comparability between financial statements, which is one of the benefits of conformity with IFRS 15, accounting standards were formulated for which it was decided to incorporate the basic principles of IFRS 15 as the starting point. In addition, in the event of there being items that should be taken into consideration, such as any practical work that has previously been conducted in Japan, alternative treatments will be added to the extent needed for comparability not be compromised.

2. Planned date for implementation

The Company will implement this accounting standard from the beginning of the fiscal year ending March 2022.

3. Impact of implementing said accounting standards

The impact of implementing the “Accounting Standard for Revenue Recognition” to the consolidated financial statements is being evaluated at this time.

7. CHANGES IN PRESENTATION

(Changes in Accordance with Application of Partial Amendments to Accounting Standard for Tax Effect Accounting)

Effective from the beginning of the fiscal year under review, the Company has applied the Partial Amendments to

Accounting Standard for Tax Effect Accounting (hereinafter “Partial Amendments to Tax Effect Accounting Standard,” Accounting Standards Board of Japan (ASBJ) Statement No. 28, issued on February 16, 2018). In addition to having reclassified deferred tax assets in the investment and other assets section of the Company’s balance sheet, and having changed to the method by which deferred tax liabilities are included in the non-current liabilities section, changes have been made to the notes relating to tax effect accounting.

As a result, in the consolidated balance sheet for the previous consolidated fiscal year, the deferred tax assets of ¥6,620 million under current assets are included in the deferred tax assets of ¥18,300 million under investments and other assets, and the deferred tax liabilities of ¥0 million under current liabilities included in the deferred tax liabilities of ¥298 million under non-current liabilities.

Also, in the note on tax effect accounting, the added content is that stated in Note 8 (excluding the total of the valuation allowance) and Note 9 of the Accounting Standard for Tax Effect Accounting explanatory notes, as defined in Paragraphs 3 to 5 of the Partial Amendments to Tax Effect Accounting Standard. However, the content pertaining to the previous consolidated fiscal year among the said content is not described in accordance with the transitional treatment prescribed in the Partial Amendments to Tax Effect Accounting Standard, Paragraph 7.

(Consolidated Statements of Income)

In the fiscal year under review, “Rent income on non-current assets” in “Non-operating income” is separately presented due to its increased significance. Items in the consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in the presentation.

Consequently, ¥450 million that was presented in “Other” under “Non-operating income” in the previous fiscal year has been reclassified to “Rent income on non-current assets.”

In the fiscal year under review, “Fiduciary obligation expenses” in “Non-operating expenses” is separately presented due to its increased significance. Items in the consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in the presentation.

Consequently, ¥ 856 million that was presented in “Other” under “Non-operating expenses” in the previous fiscal year has been reclassified to “Fiduciary obligation expenses.”

8. CHANGES IN ACCOUNTING ESTIMATES

Not applicable.

9. ADDITIONAL INFORMATION

(Performance-based stock remuneration program)

On September 3, 2018, the Company introduced a performance-based stock remuneration program geared for its directors (excluding directors who are Audit and Supervisory Committee members, non-executive directors, external directors and persons not resident in Japan) and executive officers (excluding persons not resident in Japan).

1. Transaction summary

For this program, the Company adopted a Director Remuneration BIP (Board Incentive Plan) Trust (hereinafter referred to as “the BIP Trust”). As with performance-linked stock (performance share) remuneration and transfer-limited stock (restricted stock) remuneration in the United States and Europe, the BIP Trust is a program that grants the Company’s shares and benefits as well as the equivalent amount of convertible bonds of the Company’s shares in accordance with business performance and the director’s position.

2. Company’s own stock that remains in trust

The Company’s stock that remains in trust is recorded as treasury stock in the net assets section based on the carrying amount (excluding the amount of incidental expenses) of the trust. The book value and number of shares of treasury stock are ¥340 million (US\$3 million) and 100,800 shares.

10. CONSOLIDATED BALANCE SHEETS

(1) Items corresponding to unconsolidated subsidiaries and affiliates are as follows:

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Investment securities	8,086	7,803	72,852

(2) Assets pledged as collateral and liabilities for which collateral is pledged

Assets pledged as collateral are as follows:

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Pledged Assets			
Cash and deposits	-	1	-
Buildings and structures	69	73	622
Machinery, equipment and vehicles	1,094	-	9,858
Land	562	562	5,066
Investment securities	25	26	225
Total	1,750	663	15,773

Liabilities for which collateral is pledged are as follows:

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Pledged Debts			
Notes and accounts payable - trade	-	1	-
Short-term loans payable	135	351	1,220
Current portion of long-term loans payable	34	33	313
Long-term loans payable	1,185	117	10,676
Other	19	19	176
Total	1,375	522	12,388

(3) Reduction entry

In the fiscal year under review, reduction entries of ¥13million (US\$0 million) for buildings and structures, ¥86 million (US\$0 million) for machinery, equipment and vehicles were made due to receipt of subsidies, etc.

In addition, as a result of the retirement of machinery, equipment and vehicles that were subject to the reduction entry, cumulative reduction entries decreased by ¥111 million (US\$ 1million), and as a result of the retirement of tools, furniture and fixtures that were subject to the reduction entry, cumulative reduction entries decreased by ¥19 million (US\$0 million).

The cumulative reduction entries due to the receipt of subsidies, etc. in association with fixed assets are as follows:

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Buildings and structures	1,455	1,441	13,111
Machinery, equipment and vehicles	2,759	2,784	24,856
Tools, furniture and fixtures	164	183	1,478
Intangible assets Other	4	4	36
Total	4,382	4,412	39,483

(4) Guarantee obligation

The Company provides guarantee of obligations concerning loans from financial institutions by the employee.

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Employee	99	90	897

(5) Contingent liabilities pertaining to unsecured bond debt assumption agreements

With regard to the following unsecured bonds, the Company will be delegating the performance of the obligation based on an unsecured bond trust-type debt assumption agreement that has been executed with a bank. Accordingly, although the liabilities pertaining to those unsecured bonds and the amount paid under that same contract offset each other, the obligation to redeem the Company's unsecured bonds to bondholders continue until the time of their redemption.

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
20th unsecured bonds without collateral	10,000	10,000	90,090
22nd unsecured bonds without collateral	15,000	15,000	135,135
24th unsecured bonds without collateral	9,400	9,400	84,684
Total	34,400	34,400	309,909

(6) Repurchase obligation due to liquidation of notes receivable

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Repurchase obligation due to liquidation of notes receivable	1,867	-	16,826

(7) Notes receivable endorsed

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Notes receivable endorsed	822	480	7,414

(8) Trade notes that mature on last day of consolidated fiscal year

Settlement processing for trade notes that mature at the end of the fiscal year is carried out on their clearing days.

As the last day of the fiscal year under review fell on a weekend and financial institutions were closed, trade notes maturing at the end of the current fiscal year are included in the fiscal year-end balance.

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Notes receivable - trade	1,540	1,055	13,876

11. CONSOLIDATED STATEMENTS OF INCOME

(1) Inventories at the fiscal year-end represent the amount after the book value was reduced in connection with a decline in the profitability, and the following losses on valuation of inventories (the amount in parentheses represents gains on reversal) are included in cost of sales.

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Loss on valuation of inventories	269	185	2,424

(2) Major items and amounts of selling expenses are as follows:

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Selling expenses :			
Freight-out expenses	23,111	22,276	208,215
Shipping charges	5,889	5,582	53,059
Salaries and bonuses	5,230	5,066	47,125
Provision for bonuses	399	360	3,598
Retirement benefit expenses	50	53	457
Provision for repairs	39	14	359
Provision of allowance for doubtful accounts	(49)	(6)	(441)

(3) Major items and amounts of general and administrative expenses are as follows:

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
General and administrative expenses :			
Technical research expenses	7,077	6,798	63,762
Salaries and bonuses	4,282	3,663	38,580
Provision for bonuses	333	326	3,005
Provision for directors' retirement benefits	50	56	451
Retirement benefit expenses	48	33	437

(Note) Technical research expenses for the previous fiscal year include provision for bonuses of ¥272 million and retirement benefit expenses of ¥22 million.

Technical research expenses for the fiscal year under review include provision for bonuses of ¥268 million (US\$2 million) and retirement benefit expenses of ¥23 million (US\$0 million).

(4) Total amount of research and development expenses included in general and administrative expenses and production cost

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Research and development expenses	8,052	7,903	72,543

(5) The breakdown of gain on sales of non-current assets is as follows:

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Buildings and structures	6	-	61
Machinery, equipment and vehicles	22	13	200
Tools, furniture and fixtures	3	5	33
Land	13	68	118
Construction in progress	-	440	-
Other	2	-	18
Total	47	528	431

(6) The breakdown of loss on sales of non-current assets is as follows:

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Buildings and structures	0	-	5
Machinery, equipment and vehicles	8	3	80
Tools, furniture and fixtures	1	1	9
Land	0	0	2
Total	10	5	98

(7) Impairment loss

Fiscal year ended March 31, 2019

The Group groups its assets mainly according to the smallest units independently generating cash flows based on business categories. During the fiscal year ended March 31, 2019, the Group recorded impairment losses.

Of note, description of content has been omitted due to the low level of importance.

Fiscal year ended March 31, 2018

The Group groups its assets mainly according to the smallest units independently generating cash flows based on business categories. During the fiscal year ended March 31, 2018, the Group recorded impairment losses for the following asset groups.

Details of the Company's impairment loss have been omitted due to the low level of importance except for those items, which are presented briefly as follows.

Use	Location	Asset category	Millions of yen
			2018
Manufacturing facilities for microporous film	Shanghai, China	Buildings and structures	152
		Machinery, equipment and vehicles	480
		Tools, furniture and fixtures	4
		Intangible assets-other	37
		Total	674

Shanghai Tokuyama Plastics Co., Ltd. decided to write down the book value of the above asset to its recoverable amount and to post the amount of write-down as an impairment loss in extraordinary losses due to deterioration in market conditions for microporous film.

The recoverable amount has been determined using value in use and a discount rate of 11.72% for calculating the value in use based on future cash flows.

12. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(1) Reclassification adjustments and tax effects relating to other comprehensive income

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Valuation difference on available-for-sale securities :			
Gains arising during the year	(3,487)	1,499	(31,417)
Reclassification adjustment to profit or loss	(1)	-	(11)
Amount before income tax effect	(3,488)	1,499	(31,428)
Income tax effect	569	(460)	5,127
Total valuation difference on available-for-sale securities	(2,919)	1,039	(26,301)
Deferred gains or losses on hedges :			
Gains arising during the year	130	168	1,173
Amount before income tax effect	130	168	1,173
Income tax effect	(39)	9	(357)
Total deferred gains or losses on hedges	90	178	816
Foreign currency translation adjustment :			
Gains arising during the year	(304)	425	(2,743)
Total Foreign currency translation adjustment	(304)	425	(2,743)
Remeasurements of defined benefit plans, net of tax :			
Gains arising during the year	(201)	417	(1,817)
Reclassification adjustment to profit or loss	(422)	(183)	(3,809)
Amount before income tax effect	(624)	233	(5,627)
Income tax effect	190	7	1,714
Total remeasurements of defined benefit plans, net of tax	(434)	241	(3,913)
Share of other comprehensive income of entities accounted for using equity :			
Gains arising during the year	(139)	170	(1,260)
Total Share of other comprehensive income of entities accounted for using equity method	(139)	170	(1,260)
Total other comprehensive income	(3,707)	2,055	(33,402)

13. CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Fiscal year ended March 31, 2019

(1) Class and total number of shares issued and class and number of treasury stock

[2019]	Thousand shares			
	Beginning of year	Increase during the fiscal year	Decrease during the fiscal year	End of year
Issuanced shares				
Common shares	69,934	-	-	69,934
Total	69,934	-	-	69,934
Treasury shares				
Common shares (Note 1,2,3)	378	104	0	482
Total	378	104	0	482

(Note 1) The increase in the number of treasury stock of common stock is due to an increase of 3 thousand shares due to purchase of less than a share-trading unit and due to an increase of 100 thousand shares due to the adoption of a Director Remuneration BIP (Board Incentive Plan) Trust.

(Note 2) The decrease of 0 thousand shares in the number of treasury stock of common stock is a decrease due to the request for additional purchase of shares constituting less than one share unit.

(Note 3) Included in the aforementioned treasury stock of common stock is 100 thousand shares held by The Master Trust Bank of Japan, Ltd. (executive compensation BIP (Board Incentive Plan) trust account; 76292 account).

(2) Dividends

(i) Dividend amount paid

Resolution	Class of shares	Dividend (Millions of yen)	Dividend per shares (yen)	Reference date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders (June 22, 2018)	Common shares	1,391	20.00	March 31, 2018	June 25, 2018	Retained earnings
Board of Directors (October 31, 2018)	Common shares	1,738	25.00	September 30, 2018	December 3, 2018	Retained earnings

Resolution	Class of shares	Dividend (Thousands of U.S. Dollars)	Dividend per shares (U.S. Dollars)	Reference date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders (June 22, 2018)	Common shares	12,532	0.18	March 31, 2018	June 25, 2018	Retained earnings
Board of Directors (October 31, 2018)	Common shares	15,665	0.22	September 30, 2018	December 3, 2018	Retained earnings

(Note) Included in the total amount of dividends decided by the Board of Directors on October 31, 2018 is ¥2 million worth of dividends related to 100 thousand Company shares (treasury stock) held in the executive compensation BIP trust account.

(ii) Dividends whose record date is within the fiscal year and whose effective date is in the following fiscal year

Resolution	Class of shares	Dividend (Millions of yen)	Dividend per shares (yen)	Reference date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders (June 21, 2019)	Common shares	1,738	25.00	March 31, 2019	June 24, 2019	Retained earnings

Resolution	Class of shares	Dividend (Thousands of U.S. Dollars)	Dividend per shares (U.S. Dollars)	Reference date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders (June 21, 2019)	Common shares	15,664	0.22	March 31, 2019	June 24, 2019	Retained earnings

(Note) Included in the total amount of dividends decided by the Ordinary General Meeting of Shareholders on June 21, 2019 is ¥2 million worth of dividends related to 100 thousand Company shares (treasury stock) held in the executive compensation BIP trust account.

Fiscal year ended March 31, 2018

(1) Class and total number of shares issued and class and number of treasury stock

[2018]	Thousand shares			
	Beginning of year	Increase during the fiscal year	Decrease during the fiscal year	End of year
Issuanced shares				
Common shares (Note 1,2)	349,671	-	279,737	69,934
Class A shares (Note 3)	20	-	20	-
Total	349,691	-	279,757	69,934
Treasury shares				
Common shares (Note 1,4,5)	1,850	15	1,488	378
Total	1,850	15	1,488	378

(Note 1) The Company consolidated its common shares at a ratio of one share for each five shares effective as of October 1, 2017.

(Note 2) The 279,737 thousand decrease in the total number of common shares outstanding is due to consolidation of shares.

(Note 3) The 20 thousand decrease in issued and outstanding Class A shares is due to cancellation.

(Note 4) The 15 thousand increase in the number of treasury stock of common stock is due to an increase of 1 thousand shares due to purchase of fractional shares in accordance with the consolidation of shares and an increase of 13 thousand shares purchased in less than a share-trading unit (9 thousand shares before, 4 thousand shares after consolidation of shares).

(Note 5) The 1,488 thousand decrease in the number of treasury stock of common stock is due to a decrease of 1,488 thousand shares following the consolidation of shares and a decrease of 0 thousand shares (0 thousand shares after the consolidation of shares) due to requests for the sale of shares constituting less than one unit.

(2) Dividends

(i) Dividend amount paid

Resolution	Class of shares	Dividend (Millions of yen)	Dividend per shares (yen)	Reference date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders (June 23, 2017)	Class A shares	761	38,082.20	March 31, 2017	June 26, 2017	Retained earnings
Board of Directors (October 27, 2017)	Common shares	695	2.00	September 30, 2017	November 30, 2017	Retained earnings

(Note) The Company consolidated its common shares at a ratio of one share for each five shares effective as of October 1, 2017. The amount of dividend for the end of the fiscal year ending March 31, 2018 is presented as the amount of dividend prior to share consolidation.

(ii) Dividends whose record date is within the fiscal year and whose effective date is in the following fiscal year

Resolution	Class of shares	Dividend (Millions of yen)	Dividend per shares (yen)	Reference date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders (June 22, 2018)	Common shares	1,391	20.00	March 31, 2018	June 25, 2018	Retained earnings

(Note) The Company consolidated its common shares at a ratio of one share for each five shares effective as of October 1, 2017. The amount of dividend for the end of the fiscal year ending March 31, 2018 is presented as the amount of dividend after share consolidation and includes a 100th anniversary commemorative dividend of 10.00 per share.

14. CONSOLIDATED STATEMENTS OF CASH FLOWS

(1) Reconciliation between the balance of cash and cash equivalents at end of period and relevant amount on the consolidated balance sheets

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Cash and deposits	68,613	57,229	618,136
Securities (negotiable certificate of deposit)	-	10,000	-
Time deposit whose deposit period exceeds 3 months	(621)	(422)	(5,598)
Cash and cash equivalents	67,991	66,807	612,537

15. LEASE TRANSACTIONS

(Lessee)

(1) Operating Lease transactions

Future lease payments related to noncancelable operating lease transactions

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Due within one year	529	472	4,771
Due beyond one year	972	1,450	8,764
Total	1,502	1,922	13,535

(Lessor)

(1) Operating Lease transactions

Future lease income related to noncancelable operating lease transactions

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Due within one year	129	129	1,168
Due beyond one year	1,008	1,121	9,081
Total	1,137	1,251	10,250

16. FINANCIAL INSTRUMENTS

(1) Matters Regarding Financial Instruments

(i) Management policy on financial instruments

The Group raises funds as required (mainly through bank loans and the issuance of corporate bonds) in line with its business investment program aimed at implementing a customer-oriented approach toward “strengthening the profitability of its businesses.” The Group invests temporary surplus funds in highly secure financial assets, and raises short-term operating capital with bank loans and CP (commercial paper). We use derivatives only to hedge risks described below, and have a policy of not implementing derivative transactions for speculative purposes.

(ii) Type and risk of financial instruments

Notes and accounts receivable – trade, which are operating receivables, are exposed to credit risks of customers.

In addition, although foreign currency-denominated receivables are exposed to foreign exchange fluctuation risk, the Company takes measures to reduce that risk by managing its foreign currency exposure by letting them be equal to foreign currency-denominated debts and implementing forward exchange contracts on an as needed basis.

Investment securities are mainly shares related to business or capital tie-ups with counterparties, etc., and available-for-sale securities are exposed to the risk of market price fluctuations. In addition, the Group provides long-term loans to counterparties and others.

Notes and accounts payable – trade, which are operating payables, become due within one year.

In addition, although foreign currency-denominated debts are exposed to foreign exchange fluctuation risk, the Company takes measures to reduce that risk by managing its foreign currency exposure by letting them be equal to foreign currency-denominated receivables and implementing forward exchange contracts on an as needed

basis.

Loans payable and bonds payable are principally for raising funds necessary for capital investments, and the repayment date comes up to 59 years after the balance sheet date. Floating rate borrowings are exposed to interest rate risk, some of which are hedged using derivative transactions (interest rate swaps).

There are three types of derivative transaction: forward exchange contracts for the purpose of curbing the foreign exchange fluctuation risks associated with foreign currency-denominated receivables and payables and forecast transactions; interest rate swap transactions for the purpose of fixing the interest rate on borrowings or reducing the interest expenses; and currency swap transactions aimed at reducing exchange rate risk in transactions between the Company and its overseas subsidiaries. With regard to hedging instruments and hedged items related to hedge accounting, hedge policies and hedge effectiveness evaluation methods, please refer to “(8) Method of significant hedge accounting” described in “4.SIGNIFICANT ACCOUNTING POLICIES” above.

(iii) Risk management system for financial instruments

(a) Management of credit risk (risk related to default of counterparties, etc.)

With regard to operating receivables and loans receivable, the Company has a division in charge in each business department monitoring the status of major counterparties regularly and managing maturities and balances for each counterparty in accordance with the credit management rules and others, while making efforts to identify early and mitigate any concerns about collection arising from deterioration in the economic environment, their financial position, etc. Consolidated subsidiaries also conduct similar management as necessary, in conformity with the Company’s credit management rules and others.

In the use of derivative transactions, the Company conducts transactions only with financial institutions with high credit ratings to mitigate counterparty risk.

(b) Management of market risk (fluctuation risk of foreign exchange, interest rate, etc.)

On an as needed basis, the Company and some of its consolidated subsidiaries use forward exchange contracts with respect to the identified currency fluctuation risks of foreign currency-denominated receivables and debts. Some overseas subsidiaries also use currency swap transactions to reduce their exposure to exchange rate risk in their transactions with the parent company.

The Company periodically assesses the fair value of securities and investment securities as well as financial conditions of issuers (counterparty companies), etc., and continuously reviews the holding status in view of relationships with counterparty companies.

With regard to derivative transactions, the Finance and Accounting Dept. conducts transactions based on the interest rate risk management policy and foreign exchange risk management policy approved by the Board of Directors, makes entries and collates the balances with contract partners, etc. For consolidated subsidiaries, the Finance & Accounting Dept. also manages derivative transactions by having them report the content of derivative transactions to the center when they conduct such transactions or by other means.

(c) Management of liquidity risk associated with financing (risk of inability to make a payment on due date)

The Company manages liquidity risk through timely preparation and updating of the cash flow management plan by the Finance & Accounting Dept. based on reports from each division and by maintaining liquidity on hand at a certain level and by other means.

(iv) Supplemental remarks on fair values of financial instruments

Fair values of financial instruments comprise values based on market prices and reasonably determined values where market prices are unavailable. Since variable factors are incorporated in calculation of the fair value, the value may vary depending on different preconditions adopted. In addition, the contract amounts of derivative transactions described in “(2) Fair values of financial instruments” should not be, in themselves, considered indicative of the market risk associated with derivative transactions.

(2) Fair values of financial instruments

The book value of financial instruments, their fair value, and the differences between the two were as follows. The financial instruments whose fair value is extremely difficult to determine are not given in the table below.

As of March 31, 2019

Fiscal year ended March 31, 2019

[2019]

	Millions of yen		
	Book value	Fair value	Difference
Cash and deposits	68,613	68,613	-
Notes and accounts receivable - trade	80,358	80,358	-
Investment securities			
Available-for-sale securities	11,748	11,748	-
Long-term loans receivable	2,444	2,444	-
Total assets	163,164	163,164	-
Notes and accounts payable - trade	47,268	47,268	-
Short-term loans payable	4,361	4,361	-
Long-term loans payable *1	122,078	122,956	878
Total liabilities	173,709	174,587	878
Derivative financial instruments *2			
In which hedge accounting is not applied	(8)	(8)	-
In which hedge accounting is applied	(88)	(92)	(4)
Total derivative financial instruments	(96)	(101)	(4)

[2019]

	Thousands of U.S. Dollars		
	Book value	Fair value	Difference
Cash and deposits	618,136	618,136	-
Notes and accounts receivable - trade	723,946	723,946	-
Securities and Investment securities			
Available-for-sale securities	105,846	105,846	-
Long-term loans receivable	22,019	22,019	-
Total assets	1,469,949	1,469,949	-
Notes and accounts payable - trade	425,841	425,841	-
Short-term loans payable	39,296	39,296	-
Long-term loans payable *1	1,099,807	1,107,720	7,912
Total liabilities	1,564,946	1,572,858	7,912
Derivative financial instruments *2			
In which hedge accounting is not applied	(75)	(75)	-
In which hedge accounting is applied	(793)	(835)	(41)
Total derivative financial instruments	(868)	(910)	(41)

(*1) The book value and fair value of long-term loans payable include current portion of long-term loans payable.

(*2) Receivables and payables arising from derivative transactions are presented on a net basis, and a value of a net payable after totaling receivables and payables is shown in parentheses.

As of March 31, 2018

[2018]

	Millions of yen		
	Book value	Fair value	Difference
Cash and deposits	57,229	57,229	-
Notes and accounts receivable - trade	79,660	79,660	-
Securities and Investment securities			
Securities	10,000	10,000	-
Available-for-sale securities	14,635	14,635	-
Long-term loans receivable	2,627	2,627	-
Total assets	164,152	164,152	-
Notes and accounts payable - trade	47,610	47,610	-
Short-term loans payable	2,549	2,549	-
Long-term loans payable *1	135,205	136,052	846
Total liabilities	185,365	186,212	846
Derivative financial instruments *2			
In which hedge accounting is applied	(218)	(225)	(7)
Total derivative financial instruments	(218)	(225)	(7)

(*1) The book value and fair value of long-term loans payable include current portion of long-term loans payable.

(*2) Receivables and payables arising from derivative transactions are presented on a net basis, and a value of a net payable after totaling receivables and payables is shown in parentheses.

(Note 1) Method for calculating the fair value of financial instruments, and matters regarding securities and derivative transactions

Assets

(i) Cash and deposits, (ii) Notes and accounts receivable – trade

Because these assets are mostly settled in a short period, their fair value is nearly equal to their book value. Therefore, their fair value is based on the book value.

(iii) Investment securities

The fair value of available-for-sale securities is based on the price on the relevant exchange.

For matters to be noted on securities for each holding purpose, refer to the note “17.SECURITIES.”

(iv) Long-term loans receivable

Because all long-term loans receivable bear floating interest rates and reflect market interest rates in a short period, and credit standing of borrowers has not changed significantly since the loans were executed, their fair value is based on the book value.

Liabilities

(i) Notes and accounts payable – trade, (ii) Short-term loans payable

Because these liabilities are settled in a short period, their fair value is nearly equal to their book value. Therefore, their fair value is based on the book value.

(iii) Long-term loans payable

The fair value of these liabilities is determined as the present value, which is calculated by discounting the total of principal and interest using the interest rate that would be charged for a new similar loan.

Derivatives

Refer to the note “18.DERIVATIVES.”

(Note 2) Financial instruments whose fair value is extremely difficult to determine

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Unlisted shares	1,882	1,863	16,959
Shares of associates	7,006	6,723	63,122
Bonds of associates	1,080	1,080	9,729
Total	9,969	9,667	89,812

These financial instruments have no market price, and estimation of their future cash flows is expected to require excessive cost. Therefore, since it is considered extremely difficult to determine the fair value, they are not included in “Investment securities.”

(Note 3) Redemption schedule for monetary receivables and securities with maturities after the consolidated balance sheet date

As of March 31, 2019

[2019]

	Millions of yen			
	Within 1 year	More than 1 year, within 5 years	More than 5 year, within 10 years	More than 10 years
Cash and deposits	68,613	-	-	-
Notes and accounts receivable - trade	80,358	-	-	-
Long-term loans receivable	179	695	848	899
Total	149,151	695	848	899

[2019]

	Thousands of U.S. Dollars			
	Within 1 year	More than 1 year, within 5 years	More than 5 year, within 10 years	More than 10 years
Cash and deposits	618,136	-	-	-
Notes and accounts receivable - trade	723,946	-	-	-
Long-term loans receivable	1,620	6,270	7,644	8,105
Total	1,343,704	6,270	7,644	8,105

As of March 31, 2018

[2018]

	Millions of yen			
	Within 1 year	More than 1 year, within 5 years	More than 5 year, within 10 years	More than 10 years
Cash and deposits	57,229	-	-	-
Notes and accounts receivable - trade	79,660	-	-	-
Securities and Investment securities				
Securities	10,000	-	-	-
Long-term loans receivable	208	708	849	1,069
Total	147,098	708	849	1,069

(Note 4) Repayment schedule by term for bonds payable, long-term loans payable, and other interest-bearing debt after the consolidated balance sheet date

As of March 31, 2019

[2019]

Millions of yen

	Within 1 year	More than 1 year, within 2 years	More than 2 year, within 3 years	More than 3 year, within 4 years	More than 4 year, within 5 years	More than 5 years
Short-term loans payable	4,361	-	-	-	-	-
Bonds payable(*1)	-	-	-	-	-	-
Long-term loans payable	12,667	15,994	9,770	21,837	1,000	60,807
Total	17,029	15,994	9,770	21,837	1,000	60,807

[2019]

Thousands of U.S. Dollars

	Within 1 year	More than 1 year, within 2 years	More than 2 year, within 3 years	More than 3 year, within 4 years	More than 4 year, within 5 years	More than 5 years
Short-term loans payable	39,296	-	-	-	-	-
Bonds payable(*1)	-	-	-	-	-	-
Long-term loans payable	114,120	144,096	88,022	196,735	9,012	547,818
Total	153,417	144,096	88,022	196,735	9,012	547,818

(*1) In the cases of the 20th, 22nd and 24th series of unsecured bonds, we delegated the performance of the obligation based on an unsecured bond trust-type debt assumption agreement that had been executed with a bank. Accordingly, although the liabilities pertaining to those unsecured bonds and the amount paid under that same contract offset each other, since the obligation to redeem the Company's unsecured bonds to bondholders continues until the time of their redemption, this is noted as a contingent liability on the consolidated balance sheets.

As of March 31, 2018

[2018]

Millions of yen

	Within 1 year	More than 1 year, within 2 years	More than 2 year, within 3 years	More than 3 year, within 4 years	More than 4 year, within 5 years	More than 5 years
Short-term loans payable	2,549	-	-	-	-	-
Bonds payable(*1)	-	-	-	-	-	-
Long-term loans payable	15,684	12,076	15,434	9,419	21,589	61,001
Total	18,233	12,076	15,434	9,419	21,589	61,001

(*1) In the cases of the 20th, 22nd and 24th series of unsecured bonds, we delegated the performance of the obligation based on an unsecured bond trust-type debt assumption agreement that had been executed with a bank. Accordingly, although the liabilities pertaining to those unsecured bonds and the amount paid under that same contract offset each other, since the obligation to redeem the Company's unsecured bonds to bondholders continues until the time of their redemption, this is noted as a contingent liability on the consolidated balance sheets.

17. SECURITIES

(1) Trading securities

Not applicable.

(2) Held-to-maturity debt securities

Not applicable.

(3) Available-for-sale securities

As of March 31, 2019

[2019]

	Millions of yen		
	Book value	Acquisition cost	Unrealized gain
Available-for-sale securities:			
Securities with book values exceeding acquisition costs			
Equity securities	4,654	2,796	1,858
Debt securities	-	-	-
Other	-	-	-
Subtotal	4,654	2,796	1,858
Securities with book values not exceeding acquisition costs			
Equity securities	7,094	10,155	(3,060)
Debt securities	-	-	-
Other	-	-	-
Subtotal	7,094	10,155	(3,060)
Total	11,748	12,951	(1,202)

	Thousands of U.S. Dollars		
	Book value	Acquisition cost	Unrealized gain
Available-for-sale securities:			
Securities with book values exceeding acquisition costs			
Equity securities	41,934	25,194	16,739
Debt securities	-	-	-
Other	-	-	-
Subtotal	41,934	25,194	16,739
Securities with book values not exceeding acquisition costs			
Equity securities	63,912	91,487	(27,574)
Debt securities	-	-	-
Other	-	-	-
Subtotal	63,912	91,487	(27,574)
Total	105,846	116,682	(10,835)

As of March 31, 2018

[2018]

	Millions of yen		
	Book value	Acquisition cost	Unrealized gain
Available-for-sale securities:			
Securities with book values exceeding acquisition costs			
Equity securities	6,980	3,965	3,015
Debt securities	-	-	-
Other	-	-	-
Subtotal	6,980	3,965	3,015
Securities with book values not exceeding acquisition costs			
Equity securities	7,654	8,679	(1,024)
Debt securities	-	-	-
Other	10,000	10,000	-
Subtotal	17,654	18,679	(1,024)
Total	24,635	22,644	1,990

(4) Available-for-sale securities sold

As of March 31, 2019

[2019]

	Millions of yen		
	Proceeds	Gain on sales	Loss on sales
Available-for-sale securities sold during 2019 :			
Equity securities	46	1	-
Debt securities			
Government and municipal bonds	-	-	-
Corporate bonds	-	-	-
Other	-	-	-
Other	-	-	-
Total	46	1	-

	Thousands of U.S. Dollars		
	Proceeds	Gain on sales	Loss on sales
Available-for-sale securities sold during 2019 :			
Equity securities	415	11	-
Debt securities			
Government and municipal bonds	-	-	-
Corporate bonds	-	-	-
Other	-	-	-
Other	-	-	-
Total	415	11	-

As of March 31, 2018

[2018]

	Millions of yen		
	Proceeds	Gain on sales	Loss on sales
Available-for-sale securities sold during 2018 :			
Equity securities	38	6	6
Debt securities			
Government and municipal bonds	-	-	-
Corporate bonds	-	-	-
Other	-	-	-
Other	-	-	-
Total	38	6	6

18. DERIVATIVES

(1) Derivative transactions to which hedge accounting is not applied

(i) Currency-related derivatives

As of March 31, 2019

[2019]

		Millions of yen		
		Notional value	Maturing after one year	Fair value
Main hedged items				
Not applied Hedge accounting method				
Principle-based accounting				
Currency Swap				
Receiving JPY, Paying TWD	Long-term loans payable	400	400	(8)
Total		400	400	(8)

[2019]

		Thousands of U.S. Dollars		
		Notional value	Maturing after one year	Fair value
Main hedged items				
Not applied Hedge accounting method				
Principle-based accounting				
Currency Swap				
Receiving JPY, Paying TWD	Long-term loans payable	3,603	3,603	(75)
Total		3,603	3,603	(75)

(Note) Method for calculation of fair value

Fair values are calculated based on the price presented by counterparty financial institutions, etc.

As of March 31, 2018

Not applicable.

(ii) Interest

Not applicable.

(2) Derivative transactions to which hedge accounting is applied

(i) Currency-related derivatives

As of March 31, 2019

[2019]

		Millions of yen		
		Notional value	Maturing after one year	Fair value
Main hedged items				
Hedge accounting method				
Principle-based accounting				
Forward exchange agreements				
Call				
Korean Won	Forecast transaction in foreign currencies	42	-	(0)
Total		42	-	(0)

	Main hedged items	Thousands of U.S. Dollars		
		Notional value	Maturing after one year	Fair value
Hedge accounting method				
Principle-based accounting				
Forward exchange agreements				
Call				
	Forecast transaction in			
	Korean Won	384	-	(5)
	Total	384	-	(5)

(Note) Method for calculation of fair value

Fair values are calculated based on the price presented by counterparty financial institutions, etc.

As of March 31, 2018

Not applicable.

(ii) Interest

As of March 31, 2019

	Main hedged items	Millions of yen		
		Notional value	Maturing after one year	Fair value
Hedge accounting method				
Principle-based accounting				
Interest rate swaps				
Pay fixed rate, receive floating rate	Long-term loans payable	5,400	3,800	(87)
	Subtotal	5,400	3,800	(87)
Special accounting procedures for interest rate swaps				
Interest rate swaps				
Pay fixed rate, receive floating rate	Long-term loans payable	630	450	(4)
	Subtotal	630	450	(4)
	Total	6,030	4,250	(92)

	Main hedged items	Thousands of U.S. Dollars		
		Notional value	Maturing after one year	Fair value
Hedge accounting method				
Principle-based accounting				
Interest rate swaps				
Pay fixed rate, receive floating rate	Long-term loans payable	48,648	34,234	(788)
	Subtotal	48,648	34,234	(788)
Special accounting procedures for interest rate swaps				
Interest rate swaps				
Pay fixed rate, receive floating rate	Long-term loans payable	5,675	4,054	(41)
	Subtotal	5,675	4,054	(41)
	Total	54,324	38,288	(830)

(Note) Method for calculation of fair value

Fair values are calculated based on the price presented by counterparty financial institutions, etc.

As of March 31, 2018

[2018]

		Millions of yen		
		Notional value	Maturing after one year	Fair value
Main hedged items				
Hedge accounting method				
Principle-based accounting				
Interest rate swaps				
Pay fixed rate, receive floating rate	Long-term loans payable	67,000	5,400	(218)
Subtotal		67,000	5,400	(218)
Special accounting procedures for interest rate swaps				
Interest rate swaps				
Pay fixed rate, receive floating rate	Long-term loans payable	810	630	(7)
Subtotal		810	630	(7)
Total		67,810	6,030	(225)

(Note) Method for calculation of fair value

Fair values are calculated based on the price presented by counterparty financial institutions, etc.

19. RETIREMENT BENEFITS

(1) Outline of adopted retirement benefit plans

The Company and its consolidated domestic subsidiaries have lump-sum severance benefits plans and defined benefit pension plans as vested benefits system (DB scheme). They also have defined contribution pension plans as DC scheme. The Company and its consolidated domestic subsidiaries may pay, under certain circumstances, extra retirement allowances when their employees leave the companies. The Company has a retirement benefit trust.

(2) Defined benefit plans

(i) Reconciliation of beginning and ending balances of retirement benefit obligations

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Balance of defined benefit obligations at beginning of year	16,952	17,286	152,728
Service cost	843	850	7,601
Interest cost	125	128	1,129
Occurrence of actuarial gain and loss	95	(417)	863
Payments of retirement benefits	(1,292)	(903)	(11,642)
Other	553	8	4,988
Balance of defined benefit obligations at end of year	17,279	16,952	155,668

(Note) The consolidated domestic subsidiaries, except for two companies, have adopted the simplified accounting method in calculating retirement benefit obligations.

(ii) Reconciliation of beginning and ending balances of pension assets

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Balance of pension assets at beginning of year	25,082	24,792	225,969
Expected return on pension assets	473	467	4,269
Occurrence of actuarial gain and loss	(105)	0	(954)
Corporation's contributions	575	582	5,180
Payments of retirement benefits	(1,098)	(761)	(9,899)
Balance of pension assets at end of year	24,926	25,082	224,564

(iii) Reconciliation of ending balances of retirement benefit obligations and pension assets to net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheets

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Funded defined benefit obligations	15,289	15,567	137,746
Pension assets	(24,926)	(25,082)	(224,564)
	(9,636)	(9,514)	(86,818)
Unfunded defined benefit obligations	1,989	1,384	17,921
	(7,647)	(8,129)	(68,896)
Net amount shown on balance sheets	(7,647)	(8,129)	(68,896)
	2,149	1,527	19,361
Net defined benefit liability	(9,796)	(9,657)	(88,258)
Net defined benefit asset			
Net amount shown on balance sheets	(7,647)	(8,129)	(68,896)

(iv) Retirement benefit expenses and a breakdown of the retirement benefit expenses

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Service cost (Note)	843	850	7,601
Interest cost	125	128	1,129
Expected return on pension assets	(473)	(467)	(4,269)
Expensed actuarial gain and loss	(422)	(183)	(3,809)
Retirement benefit expenses regarding to vested benefits system	72	327	651

(Note) Retirement benefit expenses of the consolidated domestic subsidiaries that have adopted the simplified accounting method are included in "Service cost."

(v) Remeasurements of defined benefit plans

A breakdown of items recorded in adjustment of retirement benefit (before deduction of tax effects) is as follows:

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Actuarial gain and loss	(624)	233	(5,627)
Total	(624)	233	(5,627)

(vi) Accumulated adjustment of retirement benefits

A breakdown of items recorded in accumulated adjustment of retirement benefit plans (before deduction of tax effects) is as follows:

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Unrecognized actuarial gain and loss	3,787	4,412	34,121
Total	3,787	4,412	34,121

(vii) Matters relating to pension assets

(a) Principal items of pension assets

The proportion of each principal category to the total of pension assets is as follows:

	%	
	2019	2018
Domestic stocks	10	10
Foreign stocks	7	7
Domestic bonds	28	27
Foreign bonds	13	12
Insurance product (General account)	16	16
Deposits	11	21
Other	15	7
Total	100	100

(Note 1) Total of pension assets as of March 31, 2018 and March 31, 2019 included a retirement benefit trust, established for the Company's pension plans that represented 10% and 10% of the total of pension assets, respectively.

(b) Method for setting the expected long-term rate of return

The expected long-term rate of return on pension assets has been set based on the allocation of the pension assets as well as the current and expected rate of return from each category of the pension assets.

(viii) Matters relating to the basis for calculation used in the actuarial calculation

Main basis for calculation used in the actuarial calculation (principally represented by the rate used)

	2019	2018
Discount rate	0.8%	0.8%
Expected long-term return on pension assets	2.1%	2.1%

(3) Defined contribution plans

The amount which the Company and its consolidated subsidiaries were required to contribute to the defined contribution plans was ¥527 million for the previous fiscal year and ¥507 million (US\$4 million) for the fiscal year under review.

20. STOCK OPTION

Not applicable.

21. TAX EFFECT ACCOUNTING

(1) Breakdown of deferred tax assets and liabilities by their main occurrence causes

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Deferred tax assets :			
Deficits (Note 2)	56,371	60,832	507,855
Excess depreciation and amortization	2,698	3,308	24,310
Provision for repairs	1,447	1,656	13,039
Amount carried forward tax credit limit excess	1,186	1,022	10,690
Provision for bonuses	832	792	7,502
Provision for retirement benefits	785	500	7,077
Inventories	532	578	4,795
Other	2,883	2,176	25,979
Subtotal	66,738	70,868	601,252
Valuation allowance (Deficits) (Note 2)	(37,464)	-	(337,515)
Valuation allowance (Temporary difference)	(3,075)	-	(27,710)
Less valuation allowance (Note 1)	(40,540)	(47,563)	(365,226)
Total deferred tax assets	26,198	23,305	236,025
Deferred tax liabilities :			
Prepaid benefit cost	(2,795)	(2,751)	(25,184)
Reserve for reduction entry	(1,235)	(1,154)	(11,133)
Retained earnings of subsidiaries and affiliates	(646)	(576)	(5,824)
Other	(650)	(820)	(5,858)
Subtotal	(5,328)	(5,302)	(48,001)
Valuation allowance	0	-	7
Total deferred tax liabilities (Note 3)	(5,327)	(5,302)	(47,994)
Net deferred tax assets	20,871	18,002	188,031

(Note 1) Valuation allowance decreased by ¥7,023 million (US\$63 million). This decline is primarily due to ¥6,673 million (US\$60 million) in valuation allowance related to consolidated loss carry-forwards no longer being recognized following an increase in future taxable income forecasts for the consolidated tax group compared with the end of the previous fiscal year.

(Note 2) Amounts of deficits and related differed tax assets by tax loss carry-forwards for the year ended March 31, 2019, were as follows.

As of March 31,2019

Millions of yen							
	Within 1 year	More than 1 year, within 2 years	More than 2 year, within 3 years	More than 3 year, within 4 years	More than 4 year, within 5 years	More than 5 years	Total
Deficits (*1)	548	60	383	567	330	54,481	56,371
Valuation allowance	417	56	367	546	327	35,748	37,464
Deferred tax assets	131	4	16	21	2	18,732	(*2) 18,907

Thousands of U.S. dollars							
	Within 1 year	More than 1 year, within 2 years	More than 2 year, within 3 years	More than 3 year, within 4 years	More than 4 year, within 5 years	More than 5 years	Total
Deficits (*1)	4,942	548	3,457	5,113	2,973	490,820	507,855
Valuation allowance	3,760	512	3,308	4,924	2,950	322,058	337,515
Deferred tax assets	1,181	36	148	189	23	168,762	(*2) 170,340

(*1) Deficits are the amount after multiplying the statutory tax rate.

(*2) Regarding deficits of ¥56,371 million (US\$507 million) (amount after multiplying the statutory tax rate), the Company records deferred tax assets of ¥18,907 million (US\$170 million). Regarding deficits, valuation allowance related to the portion deemed to be recoverable based on future taxable income forecasts is not recognized.

(Note 3) The net amount of deferred tax assets for the previous fiscal year and the fiscal year under review is included in the following items under Consolidated Balance Sheets.

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Deferred tax assets	21,091	18,300	190,014
Deferred tax liabilities	(220)	(298)	(1,982)

(2) Reconciliation of significant difference between the statutory tax rate and the effective tax rate after applying tax effect accounting

	2019	2018
Statutory tax rate	30.5 %	30.7 %
Increase (decrease) in income taxes resulting from :		
Change in valuation allowance allocated to income tax expenses	(19.3)	(13.2)
Effect of tax credits	(3.4)	(0.6)
Dividend and other items excluded permanently from taxable income	(1.9)	(1.8)
Inter-company eliminations of dividends income	1.4	1.5
Inter-company eliminations of allowance for investment loss	(1.1)	-
Other	1.7	6.2
Effective income tax rate	7.9 %	22.8 %

22. BUSINESS COMBINATION

Description of content has been omitted due to a lack of importance.

23. ASSET RETIREMENT OBLIGATIONS

(1) Asset retirement obligations included in the consolidated balance sheets

The Group has obligations to restore site to its original state at the time of leaving or termination of the business and after termination of mining for branches, etc. that use an office under an real estate lease agreement or certain business

offices that use a plant or site for sales facilities, as well as mines. Of these obligations, for certain obligations to restore site to its original state at the time of leaving a rental building under a building lease agreement for which the timing of performance and amount can be reasonably estimated at the present moment based on past records, asset retirement obligations have been recorded. The note on the content of asset retirement obligations is omitted because of immateriality.

(2) Asset retirement obligations not included in the consolidated balance sheets

Because past records other than those stated in (1) above are poor, the period of use of the leased asset related to the obligations is uncertain, and there is no plan for relocation, etc. or mine closure at the present moment, it is difficult to reasonably estimate the timing, scope, and probability of execution for the obligations. Therefore, asset retirement obligations corresponding to the obligations have not been recorded.

24. INVESTMENT AND RENTAL PROPERTIES

Information is omitted because of immateriality of the total amount of investment and rental properties.

25. SEGMENT INFORMATION

BUSINESS SEGMENT INFORMATION

(1) Summary of reportable segments

The reportable segments in the Company are defined as individual units, where separate financial information is available and which are subject to regular review to evaluate their results and decide the allocation of management resources by the board of directors.

The Company has business divisions by product group, and conducts business operations through each business division devising its comprehensive product strategy for domestic and overseas markets.

The Company is, therefore, composed of reportable segments by product group based on business divisions, and has four reportable segments, "Chemicals," "Specialty Products," "Cement," and "Life & Amenity."

Main products and services of each reportable segment are as follows:

Chemicals: Caustic soda, Soda ash, Calcium chloride, Sodium silicate, Vinyl chloride monomer, Polyvinyl chloride resin, Propylene oxide, Isopropyl alcohol and Chlorinated solvents

Specialty Products: Polycrystalline silicon, Fumed silica, Tetrachlorosilane, Aluminum nitride, High-purity chemicals for electronics manufacturing, and Photoresist developer

Cement: Cement, Ready-mixed concrete, Cement-type stabilizer, and Resource recycling business

Life & Amenity: Polyolefin film, Plastic window sashes, Medical diagnosis systems, Dental materials and equipment, Ion exchange membranes, Pharmaceutical ingredients and intermediates, Plastic lens-related materials for glasses, and Microporous film

(2) Calculation of sales, income (loss), assets and other items by reportable segment

The accounting methods applied to reportable segments are identical to those stated in "4. SIGNIFICANT ACCOUNTING POLICIES."

Inter-segment sales or transfer are based on market prices.

Reportable segment's profit (loss) is based on operating profit.

(3) Information on net sales, profit (loss), assets and other items by reportable segment

Fiscal year ended March 31, 2019

[2019]

Millions of yen

	Chemicals	Specialty Products	Cement	Life & Amenity	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Sales								
Sales to customers	97,471	47,193	91,491	52,338	36,165	324,661	-	324,661
Inter-segment sales/transfer	908	12,474	874	2,041	26,211	42,511	(42,511)	-
Total sales	98,380	59,668	92,366	54,380	62,377	367,172	(42,511)	324,661
Segment income	16,850	9,934	3,204	3,238	4,335	37,564	(2,301)	35,262
Segment assets	53,995	62,916	55,427	58,352	52,180	282,872	96,757	379,630
Other items								
Depreciation and amortization (Note 4)	2,582	2,533	3,359	2,370	3,470	14,315	777	15,093
Increase in property, plant and equipment and intangible assets (Note 5)	3,375	5,404	3,507	2,053	2,757	17,098	1,970	19,069

[2019]

Thousands of U.S. Dollars

	Chemicals	Specialty Products	Cement	Life & Amenity	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Sales								
Sales to customers	878,122	425,169	824,250	471,518	325,813	2,924,874	-	2,924,874
Inter-segment sales/transfer	8,186	112,386	7,878	18,392	236,142	382,986	(382,986)	-
Total sales	886,309	537,555	832,129	489,910	561,956	3,307,861	(382,986)	2,924,874
Segment income	151,810	89,501	28,866	29,178	39,057	338,414	(20,732)	317,682
Segment assets	486,442	566,817	499,346	525,702	470,091	2,548,399	871,691	3,420,091
Other items								
Depreciation and amortization (Note 4)	23,261	22,828	30,265	21,355	31,261	128,972	7,004	135,976
Increase in property, plant and equipment and intangible assets (Note 5)	30,407	48,692	31,600	18,495	24,842	154,039	17,756	171,795

(Note 1) The "Others" segment comprises businesses other than those of the reportable segments, and includes overseas sales business, a distribution business, a real estate business, etc.

(Note 2) Adjustments are as follows:

- (i) The segment profit adjustment amount consists mainly of basic R&D expenses that are not allocable to a specific reportable segment and the amount of inter-segment eliminations.
- (ii) The segment assets adjustment amount includes corporate assets that are not allocated to a specific reportable segment (¥123,133 million / US\$1,109 million).

(Note 3) Segment profit is adjusted for operating profit in the consolidated financial statements.

(Note 4) Depreciation and amortization includes amortization of long-term prepaid expenses.

(Note 5) Increase in property, plant and equipment and intangible assets includes the amount of increase in long-term prepaid expenses.

Fiscal year ended March 31, 2018

[2018]

Millions of yen

	Chemicals	Specialty Products	Cement	Life & Amenity	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Sales								
Sales to customers	92,512	47,640	87,058	49,586	31,263	308,061	-	308,061
Inter-segment sales/transfer	1,034	11,038	286	1,993	23,262	37,615	(37,615)	-
Total sales	93,546	58,678	87,345	51,579	54,526	345,676	(37,615)	308,061
Segment income	16,175	11,003	4,568	3,728	6,214	41,691	(422)	41,268
Segment assets	53,981	52,471	53,835	57,577	46,862	264,728	97,221	361,949
Other items								
Depreciation and amortization (Note 4)	2,244	2,445	3,195	2,086	3,159	13,131	854	13,985
Increase in property, plant and equipment and intangible assets (Note 5)	2,753	3,386	3,059	4,857	1,813	15,871	424	16,295

(Note 1) The "Others" segment comprises businesses other than those of the reportable segments, and includes overseas sales business, a distribution business, a real estate business, etc.

(Note 2) Adjustments are as follows:

(i) The segment profit adjustment amount consists mainly of basic R&D expenses that are not allocable to a specific reportable segment and the amount of inter-segment eliminations.

(ii) The segment assets adjustment amount includes corporate assets that are not allocated to a specific reportable segment (¥124,248 million).

(Note 3) Segment profit is adjusted for operating profit in the consolidated financial statements.

(Note 4) Depreciation and amortization includes amortization of long-term prepaid expenses.

(Note 5) Increase in property, plant and equipment and intangible assets includes the amount of increase in long-term prepaid expenses.

[RELATED INFORMATION]

Fiscal year ended March 31, 2019

(1) Information by product and service

Information is omitted as identical information is disclosed in segment information.

(2) Information by region

(i) Net sales

	Millions of yen	Thousands of U.S. Dollars
	2019	2019
Japan	263,449	2,373,423
Asia	49,292	444,072
Others	11,919	107,379
Total	324,661	2,924,874

(Note) Net sales are categorized into countries or regions based on the location of customers.

(ii) Property, plant and equipment

The listed amount of property, plant and equipment has been omitted because over 90% of property, plant and equipment listed on Consolidated Balance Sheets is located in Japan.

(3) Information by major customer

Information is omitted because no external customer accounts for 10% or more of net sales in the Consolidated Statements of Income.

Fiscal year ended March 31, 2018

(1) Information by product and service

Information is omitted as identical information is disclosed in segment information.

(2) Information by region

(i) Net sales

	Millions of yen
	2018
Japan	244,135
Asia	53,032
Others	10,892
Total	308,061

(Note) Net sales are categorized into countries or regions based on the location of customers.

(ii) Property, plant and equipment

The listed amount of property, plant and equipment has been omitted because over 90% of property, plant and equipment listed on Consolidated Balance Sheets is located in Japan.

(3) Information by major customer

Information is omitted because no external customer accounts for 10% or more of net sales in the Consolidated Statements of Income.

[INFORMATION ON IMPAIRMENT LOSS OF NON-CURRENT ASSETS BY REPORTABLE SEGMENT]

Fiscal year ended March 31, 2019

[2019]

Millions of yen

	Chemicals	Specialty Products	Cement	Life & Amenity	Others	Adjustment	Total
Impairment loss	-	-	-	363	-	-	363

[2019]

Thousands of U.S. Dollars

	Chemicals	Specialty Products	Cement	Life & Amenity	Others	Adjustment	Total
Impairment loss	-	-	-	3,277	-	-	3,277

Fiscal year ended March 31, 2018

[2018]

Millions of yen

	Chemicals	Specialty Products	Cement	Life & Amenity	Others	Adjustment	Total
Impairment loss	-	22	-	1,076	-	-	1,098

[INFORMATION ON AMORTIZATION OF GOODWILL AND UNAMORTIZED BALANCE BY REPORTABLE SEGMENT]

Fiscal year ended March 31, 2019

[2019]

Millions of yen

	Chemicals	Specialty Products	Cement	Life & Amenity	Others	Adjustment	Total
Amortization of goodwill	-	7	937	-	-	-	944
Unamortized balance	-	10	197	-	-	-	208

[2019]

Thousands of U.S. Dollars

	Chemicals	Specialty Products	Cement	Life & Amenity	Others	Adjustment	Total
Amortization of goodwill	-	63	8,441	-	-	-	8,504
Unamortized balance	-	94	1,781	-	-	-	1,876

There is neither amortization of negative goodwill nor unamortized balance arising from business combinations conducted on and before April 1, 2010.

Fiscal year ended March 31, 2018

[2018]

Millions of yen

	Chemicals	Specialty Products	Cement	Life & Amenity	Others	Adjustment	Total
Amortization of goodwill	-	7	1,282	-	-	-	1,289
Unamortized balance	-	17	1,140	-	-	-	1,158

There is neither amortization of negative goodwill nor unamortized balance arising from business combinations conducted on and before April 1, 2010.

[INFORMATION ON GAIN ON BARGAIN PURCHASE BY REPORTABLE SEGMENT]

Fiscal year ended March 31, 2019

In the fiscal year under review, the Company records gain on bargain purchase of ¥964 million under “Others” segment.

Fiscal year ended March 31, 2018

Not applicable.

26. INFORMATION ON RELATED PARTIES

Fiscal years ended March 31, 2019 and 2018

Not applicable.

27. PER SHARE INFORMATION

	yen		U.S.Dollars
	2019	2018	2019
Net assets per share	2,199.83	1,806.56	19.81
Earnings per share	493.26	259.81	4.44
Diluted earnings per share	-	-	-

(Note 1) The basis for calculation

1 Net assets per share

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Total net assets on Balance Sheets	163,525	136,591	1,473,200
Net assets related to common shares	152,781	125,656	1,376,411
Major breakdown of difference			
Non-controlling interests	10,743	10,935	96,788

	Thousand shares	
	2019	2018
Number of shares outstanding of common shares	69,934	69,934
Number of treasury shares of common shares	482	378
Number of common shares used to calculate net assets per share	69,451	69,555

2 Earnings per share

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Profit attributable to owners of parent	34,279	19,698	308,820
Amount not attributable to common shareholders (Of the above, the difference between the issue price and repurchase price related to A class shares)	- (-)	1,626 (1,626)	- (-)
Profit related to common shares attributable to owners of parent	34,279	18,072	308,820

	Thousand shares	
	2019	2018
Average number of common shares during the period	69,495	69,560

(Note 2) The Company consolidated its common shares at a ratio of one share for each five shares effective as of October 1, 2017. On this basis, net assets per share and earnings per share data are calculated on the assumption that the consolidation of shares was conducted as of the beginning of the preceding fiscal year.

(Note 3) Company shares held in the executive compensation BIP (Board Incentive Plan) trust are included in treasury stock deducted when calculating the average number of common stock for the fiscal year. Of note, the average number of Company shares for the consolidated fiscal year under review held in the executive compensation BIP trust is 58,000 (previous fiscal year not applicable).

(Note 4) Diluted net income per share is not listed due to the absence of diluted shares.

28. SIGNIFICANT SUBSEQUENT EVENTS

Not applicable.

29. ANNEXED CONSOLIDATED DETAILED SCHEDULES

(1) Schedule of bonds payable

Thousands
of U.S.
Dollars

Company	Issue	Date of Issuance	Interest rate	collateral	the term of redemption	Millions of yen		2019
						2019	2018	
Tokuyama	20th unsecured bonds without collateral	March 10, 2010	1.760%	No	March 10, 2020 The amounts to be redeemed within 1 year	10,000	10,000	90,090
						10,000	-	90,090
Tokuyama	22nd unsecured bonds without collateral	September 9, 2010	1.478%	No	September 9, 2020	15,000	15,000	135,135
Tokuyama	24th unsecured bonds without collateral	September 8, 2011	1.371%	No	September 8, 2021	9,400	9,400	84,684
Total		—	—	—	—	34,400	34,400	309,909
The amounts to be redeemed within 1 year						10,000	-	90,090

(Note 1) In the cases of the 20th, 22nd and 24th series of unsecured bonds, we delegated the performance of the obligation based on an unsecured bond trust-type debt assumption agreement that had been executed with a bank. Accordingly, although the liabilities pertaining to those unsecured bonds and the amount paid under that same contract offset each other, since the obligation to redeem the Company's unsecured bonds to bondholders continued until the time of their redemption, this is noted as a contingent liability on the consolidated balance sheets.

(Note 2) Amounts of redemption within five years after the consolidated balance sheet date are as follows:

Thousands of
U.S. Dollars

Year ending March 31	Millions of yen	
	Millions of yen	Thousands of U.S. Dollars
2020	10,000	90,090
2021	15,000	135,135
2022	9,400	84,684
2023	-	-
2024	-	-

(2) Schedule of loans payable

	Millions of yen		Thousands of U.S. Dollars
	2019	2018	2019
Short-term loans payable (0.63%)	4,361	2,549	39,296
Current portion of long-term loans payable (0.86%)	12,667	15,684	114,120
Current portion of lease obligations	758	641	6,831
Long-term loans payable, due in 2020-2078 (1.32%)	109,411	119,521	985,687
Lease obligations, due in 2020-2027	1,767	1,521	15,925
Total	128,966	139,917	1,161,861

(Note 1) "Average interest rate" shows the weighted average interest rate on the ending balance of loans payable, etc.

(Note 2) The average interest rate on lease obligations is not presented because lease obligations are recorded at the amount before deduction of the amount equivalent to interest included in total lease payments, in the consolidated balance sheets.

(Note 3) The amounts of long-term loans payable and lease obligations (excluding current portion of them) to be repaid within five years after the consolidated balance sheet date are as follows:

Long-term loans payable	Millions of yen	Thousands of U.S. Dollars
Year ending March 31		
2021	15,994	144,096
2022	9,770	88,022
2023	21,837	196,735
2024	1,000	9,012

Lease liabilities	Millions of yen	Thousands of U.S. Dollars
Year ending March 31		
2021	642	5,792
2022	532	4,798
2023	357	3,224
2024	179	1,621

(3) Schedule of asset retirement obligations

Information is omitted since the amounts of asset retirement obligations at the beginning and end of the fiscal year under review are 1% or less of the total of liabilities and net assets at the beginning and end of the fiscal year under review.

(4) Others

Quarterly information for the fiscal year ended March 31, 2019

【Millions of yen】

Accumulated period	1Q	2Q	3Q	Current consolidated fiscal year
Net sales (Millions of yen)	75,825	152,699	238,289	324,661
Profit before income taxes (Millions of yen)	8,446	15,905	23,808	38,017
Profit attributable to owners of parent (Millions of yen)	6,658	12,833	19,570	34,279
Net income per share (yen)	95.73	184.55	281.56	493.26

Accounting period	1Q	2Q	3Q	4Q
Net income per share (yen)	95.73	88.83	97.00	211.78

【Thousands of U.S. Dollars】

Accumulated period	1Q	2Q	3Q	Current consolidated fiscal year
Net sales (Thousands of U.S. Dollars)	683,108	1,375,667	2,146,750	2,924,874
Profit before income taxes (Thousands of U.S. Dollars)	76,094	143,291	214,493	342,503
Profit attributable to owners of parent (Thousands of U.S. Dollars)	59,985	115,617	176,313	308,820
Net income per share (U.S. Dollars)	0.86	1.66	2.53	4.44

Accounting period	1Q	2Q	3Q	4Q
Net income per share (U.S. Dollars)	0.86	0.80	0.87	1.90

(Note) The Company has introduced an executive compensation BIP (Board Incentive Plan) trust from September 3, 2018 and records Stocks of the Company held in said trust as treasury stock. In addition, said shares are included in treasury stock deducted when calculating the average number of shares for the fiscal year based on calculations of net income per share.