

OJI HOLDINGS CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2018

OJI HOLDINGS CORPORATION

CONSOLIDATED BALANCE SHEETS

As of March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
ASSETS			
Current assets			
Cash and deposits (Note 8 (2))	¥ 50,357	¥ 43,833	\$ 474,001
Notes and accounts receivable-trade (Notes 8 (2), (10))	325,373	292,780	3,062,628
Marketable securities	12,406	9,787	116,777
Merchandise and finished goods (Note 8 (2))	96,658	93,973	909,809
Work in process (Note 8 (2))	19,502	18,215	183,565
Raw materials and supplies (Note 8 (2))	86,994	78,992	818,844
Deferred tax assets	8,185	10,926	77,046
Short-term loans receivable (Note 8 (2))	3,504	4,716	32,986
Accounts receivable—other	19,877	17,417	187,097
Other (Note 8 (2))	11,894	10,669	111,959
Allowance for doubtful accounts	(1,511)	(1,613)	(14,231)
Total current assets	633,241	579,698	5,960,485
Non-current assets			
Property, plant and equipment			
Buildings and structures	661,640	654,730	6,227,794
Accumulated depreciation (Note 8 (8))	(456,863)	(447,459)	(4,300,296)
Buildings and structures (Net) (Notes 8 (2), (9))	204,777	207,271	1,927,497
Machinery, equipment and vehicles	2,369,615	2,348,852	22,304,358
Accumulated depreciation (Note 8 (8))	(2,002,914)	(1,965,381)	(18,852,738)
Machinery, equipment and vehicles (Net) (Notes 8 (2), (9))	366,700	383,471	3,451,620
Tools, furniture and fixtures	60,141	59,432	566,087
Accumulated depreciation (Note 8 (8))	(54,827)	(54,061)	(516,070)
Tools, furniture and fixtures (Net) (Notes 8 (2),(9))	5,313	5,371	50,016
Land (Notes 8 (2), (6))	235,846	237,328	2,219,942
Forests (Note 8 (2))	112,590	115,563	1,059,771
Plantations (Notes 8 (2),(9))	93,238	94,112	877,619
Leased assets	9,077	8,868	85,439
Accumulated depreciation (Note 8 (8))	(6,288)	(5,754)	(59,191)
Leased assets (Net)	2,788	3,113	26,247
Construction in progress (Notes 8 (2),(9))	35,389	23,892	333,105
Total property, plant and equipment	1,056,644	1,070,124	9,945,821
Intangible assets			
Goodwill	9,664	9,503	90,966
Other (Note 8 (2))	11,626	12,169	109,434
Total intangible assets	21,290	21,673	200,400

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	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Investments and other assets			
Investment securities (Notes 8 (1), (2))	162,336	152,384	1,528,014
Long-term loans receivable (Note 8(2))	7,855	5,485	73,941
Long-term prepaid expenses	21,333	21,046	200,808
Net defined benefit asset	51,614	39,535	485,826
Deferred tax assets	1,873	1,060	17,633
Other (Note 8 (2))	13,261	11,738	124,829
Allowance for doubtful accounts	(1,460)	(1,719)	(13,747)
Total investments and other assets	256,814	229,532	2,417,307
Total non-current assets	1,334,749	1,321,330	12,563,529
Total assets	¥ 1,967,991	¥ 1,901,029	\$ 18,524,015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
LIABILITIES			
Current liabilities			
Notes and accounts payable-trade (Notes 8 (2), (10))	¥ 248,490	¥ 205,147	\$ 2,338,953
Short-term loans payable (Note 8 (2))	153,911	178,480	1,448,715
Commercial paper	1,000	2,000	9,412
Current portion of bonds	40,000	40,000	376,506
Accounts payable-other	16,062	17,528	151,187
Accrued expenses	49,560	43,722	466,491
Income taxes payable	9,320	9,385	87,730
Other	19,393	31,477	182,544
Total current liabilities	537,738	527,742	5,061,541
Non-current liabilities			
Bonds	60,000	80,000	564,759
Long-term loans payable (Note 8 (2))	392,511	376,835	3,694,576
Deferred tax liabilities	73,914	64,744	695,731
Deferred tax liabilities for land revaluation (Note 8 (6))	7,828	7,867	73,683
Provision for loss on litigation (Note 8 (4))	2,717	3,357	25,578
Net defined benefit liability	51,422	54,123	484,023
Long-term deposits	7,929	8,430	74,636
Other	23,917	18,730	225,129
Total non-current liabilities	620,241	614,089	5,838,118
Total liabilities	¥ 1,157,979	¥ 1,141,831	\$ 10,899,659

NET ASSETS			
Shareholders' equity			
Common stock	103,880	103,880	977,794
Capital surplus	112,086	112,455	1,055,031
Retained earnings	377,801	350,676	3,556,113
Treasury stock	(14,465)	(14,394)	(136,154)
Total shareholders' equity	579,303	552,618	5,452,784
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	39,287	34,075	369,799
Deferred gains (losses) on hedges	(170)	(729)	(1,603)

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Revaluation reserve for land (Note 8 (6))	5,835	5,921	54,930
Foreign currency translation adjustment	31,973	31,908	300,950
Remeasurements of defined benefit plans	17,412	4,863	163,898
Total accumulated other comprehensive income	94,338	76,039	887,975
Share acquisition rights	246	266	2,321
Non-controlling interests	136,122	130,273	1,281,273
Total net assets	810,011	759,198	7,624,355
Total liabilities and net assets	¥ 1,967,991	¥ 1,901,029	\$ 18,524,015

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Fiscal years ended March 31, 2018 and 2017

(Consolidated Statements of Income)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Net sales	¥ 1,485,895	¥ 1,439,855	\$ 13,986,217
Cost of sales (Notes 9 (1), (2))	1,144,157	1,105,387	10,769,558
Gross profit	341,737	334,468	3,216,658
Selling, general and administrative expenses			
Freight expenses	147,357	144,082	1,387,021
Warehouse expenses	7,281	7,941	68,539
Salaries and wages	54,060	53,731	508,850
Retirement benefit expenses	4,927	3,197	46,380
Depreciation and amortization	5,932	4,962	55,839
Other	51,396	50,308	483,781
Total selling, general and administrative expenses (Note 9 (1))	270,955	264,224	2,550,412
Operating income	70,781	70,243	666,245
Non-operating income			
Interest income	1,516	1,384	14,270
Dividends income	2,735	3,070	25,748
Equity in earnings of affiliates	521	1,377	4,904
Insurance income	1,609	249	15,151
Other	4,514	5,277	42,488
Total non-operating income	10,896	11,359	102,564
Non-operating expenses			
Interest expenses	6,924	7,470	65,174
Exchange loss	607	12,558	5,720
Other	8,187	8,624	77,069
Total non-operating expenses	15,719	28,653	147,964
Ordinary profit	65,958	52,949	620,846
Extraordinary income			
Gain on sales of non-current assets (Note 9 (4))	5,252	8,083	49,437
Gain on revision of retirement benefit plan (Note 9 (3))	1,305	13,704	12,290
Gain on sales of investment securities	912	3,255	8,585
Other	187	3,960	1,761
Total extraordinary income	7,657	29,004	72,075
Extraordinary losses			
Impairment loss (Note 9 (6))	2,364	6,972	22,255
Loss on disposal of non-current assets (Note 9 (5))	2,329	2,015	21,930
Loss on disaster	2,153	905	20,269
Special retirement expenses	-	3,153	-
Other (Note 9 (6))	1,768	3,485	16,647
Total extraordinary losses	8,616	16,532	81,102
Profit before income taxes	64,999	65,421	611,818
Income taxes-current	17,794	15,020	167,497
Income taxes-deferred	3,836	9,383	36,108
Total income taxes	21,631	24,403	203,606
Profit	43,368	41,017	408,212
Profit attributable to non-controlling interests	7,145	746	67,262

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Profit attributable to owners of parent	¥ 36,222	¥ 40,270	\$ 340,950
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The accompanying notes are an integral part of these financial statements.

OJI HOLDINGS CORPORATION

(Consolidated Statements of Comprehensive Income)

For the years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Profit	¥ 43,368	¥ 41,017	\$ 408,212
Other comprehensive income			
Valuation difference on available-for-sale securities	4,775	8,395	44,948
Deferred gains (losses) on hedges	544	(16)	5,120
Foreign currency translation adjustment	(2,344)	(13,796)	(22,067)
Remeasurements of defined benefit plans	12,754	16,581	120,057
Share of other comprehensive income of entities accounted for using equity method	1,478	529	13,915
Total other comprehensive income (Note 10(1))	17,208	11,692	161,974
Comprehensive income	¥ 60,576	¥ 52,709	\$ 570,187
(Breakdown)			
Comprehensive income attributable to owners of parent	¥ 54,971	¥ 56,061	\$ 517,431
Comprehensive income attributable to non-controlling interests	5,604	(3,352)	52,755

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Fiscal years ended March 31, 2018 and 2017

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2016	¥ 103,880	¥ 112,857	¥ 348,799	¥ (42,638)	¥ 522,899
Changes of items during the year					
Cash dividends	—	—	(9,905)	—	(9,905)
Profit attributable to owners of parent	—	—	40,270	—	40,270
Purchase of treasury stock	—	—	—	(591)	(591)
Disposal of treasury stock	—	(155)	—	719	564
Retirement of treasury stock	—	(28,116)	—	28,116	—
Change in treasury stock arising from changes in equity in affiliates	—	—	—	(0)	(0)
Change of scope of consolidation	—	—	(980)	—	(980)
Transfer to capital surplus from retained earnings	—	27,049	(27,049)	—	—
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	819	—	—	819
Reversal of revaluation reserve for land	—	—	(457)	—	(457)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	—	(402)	1,877	28,244	29,719
Balance at April 1, 2017	¥ 103,880	¥ 112,455	¥ 350,676	¥ (14,394)	¥ 552,618
Changes of items during the year					
Cash dividends	—	—	(9,910)	—	(9,910)
Profit attributable to owners of parent	—	—	36,222	—	36,222
Purchase of treasury stock	—	—	—	(119)	(119)
Disposal of treasury stock	—	(13)	—	49	35
Change in treasury stock arising from changes in equity in affiliates	—	—	—	0	0
Change of scope of consolidation	—	—	741	—	741
Transfer to capital surplus from retained earnings	—	13	(13)	—	—
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	(369)	—	—	(369)
Reversal of revaluation reserve for land	—	—	85	—	85
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	—	(369)	27,124	(70)	26,684
Balance at March 31, 2018	¥ 103,880	¥ 112,086	¥ 377,801	¥ (14,465)	¥ 579,303

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Millions of yen

	Accumulated other comprehensive income								Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	
Balance at April 1, 2016	¥25,316	¥ (771)	¥ 5,463	¥ 39,828	¥ (11,833)	¥ 58,003	¥ 260	¥ 130,066	¥ 711,230
Changes of items during the year									
Cash dividends	—	—	—	—	—	—	—	—	(9,905)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	40,270
Purchase of treasury stock	—	—	—	—	—	—	—	—	(591)
Disposal of treasury stock	—	—	—	—	—	—	—	—	564
Retirement of treasury stock	—	—	—	—	—	—	—	—	—
Change in treasury stock arising from changes in equity in affiliates	—	—	—	—	—	—	—	—	(0)
Change of scope of consolidation	—	—	—	—	—	—	—	—	(980)
Transfer to capital surplus from retained earnings	—	—	—	—	—	—	—	—	—
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	819
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	(457)
Net changes of items other than shareholders' equity	8,758	41	457	(7,919)	16,696	18,035	5	207	18,247
Total changes of items during the year	8,758	41	457	(7,919)	16,696	18,035	5	207	47,967
Balance at April 1, 2017	¥ 34,075	¥ (729)	¥ 5,921	¥ 31,908	¥ 4,863	¥ 76,039	¥ 266	¥ 130,273	¥ 759,198
Changes of items during the year									
Cash dividends	—	—	—	—	—	—	—	—	(9,910)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	36,222
Purchase of treasury stock	—	—	—	—	—	—	—	—	(119)
Disposal of treasury stock	—	—	—	—	—	—	—	—	35
Change in treasury stock arising from changes in equity in affiliates	—	—	—	—	—	—	—	—	0
Change of scope of consolidation	—	—	—	—	—	—	—	—	741

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Transfer to capital surplus from retained earnings	—	—	—	—	—	—	—	—	—
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	(369)
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	85
Net changes of items other than shareholders' equity	5,212	559	(85)	64	12,548	18,299	(19)	5,848	24,128
Total changes of items during the year	5,212	559	(85)	64	12,548	18,299	(19)	5,848	50,813
Balance at March 31, 2018	¥ 39,287	¥ (170)	¥ 5,835	¥ 31,973	¥ 17,412	¥ 94,338	¥ 246	¥ 136,122	¥ 810,011

OJI HOLDINGS CORPORATION

Thousands of U.S. dollars (Note 1)					
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2017	\$ 977,794	\$ 1,058,506	\$ 3,300,795	\$ (135,488)	\$ 5,201,608
Changes of items during the year					
Cash dividends	—	—	(93,288)	—	(93,288)
Profit attributable to owners of parent	—	—	340,950	—	340,950
Purchase of treasury stock	—	—	—	(1,128)	(1,128)
Disposal of treasury stock	—	(126)	—	462	336
Change in treasury stock arising from changes in equity in affiliates	—	—	—	0	0
Change of scope of consolidation	—	—	6,979	—	6,979
Transfer to capital surplus from retained earnings	—	126	(126)	—	—
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	(3,475)	—	—	(3,475)
Reversal of revaluation reserve for land	—	—	802	—	802
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	—	(3,475)	255,317	(666)	251,176
Balance at March 31, 2018	\$ 977,794	\$ 1,055,031	\$ 3,556,113	\$ (136,154)	\$ 5,452,784

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Thousands of U.S. dollars (Note 1)									
Accumulated other comprehensive income									
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controllin g interests	Total net assets
Balance at April 1, 2017	\$ 320,739	\$ (6,870)	\$ 55,733	\$ 300,347	\$ 45,779	\$ 715,729	\$ 2,505	\$ 1,226,223	\$ 7,146,066
Changes of items during the year									
Cash dividends	—	—	—	—	—	—	—	—	(93,288)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	340,950
Purchase of treasury stock	—	—	—	—	—	—	—	—	(1,128)
Disposal of treasury stock	—	—	—	—	—	—	—	—	336
Change in treasury stock arising from changes in equity in affiliates	—	—	—	—	—	—	—	—	0
Change of scope of consolidation	—	—	—	—	—	—	—	—	6,979
Transfer to capital surplus from retained earnings	—	—	—	—	—	—	—	—	—
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	(3,475)
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	802
Net changes of items other than shareholders' equity	49,059	5,266	(802)	603	118,119	172,246	(183)	55,050	227,112
Total changes of items during the year	49,059	5,266	(802)	603	118,119	172,246	(183)	55,050	478,288
Balance at March 31, 2018	\$ 369,799	\$ (1,603)	\$ 54,930	\$ 300,950	\$ 163,898	\$ 887,975	\$ 2,321	\$ 1,281,273	\$ 7,624,355

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Cash flows from operating activities			
Profit before income taxes	¥ 64,999	¥ 65,421	\$ 611,818
Depreciation and amortization	71,880	74,858	676,582
Impairment loss	2,364	6,972	22,255
Amortization of goodwill	2,119	1,812	19,947
Gain on bargain purchase	—	(821)	—
Depletion of standing timber	7,999	8,512	75,296
Increase (decrease) in allowance for doubtful accounts	(338)	(344)	(3,187)
Decrease (increase) in net defined benefit asset	3,579	(23,791)	33,694
Increase (decrease) in net defined benefit liability	328	16,253	3,089
Interest and dividend income	(4,251)	(4,454)	(40,019)
Interest expenses	6,924	7,470	65,174
Exchange loss (gain)	(1,584)	9,587	(14,909)
Equity in (earnings) losses of affiliates	(521)	(1,377)	(4,904)
Loss (gain) on sales of investment securities	(903)	(3,250)	(8,499)
Loss on disposal of non-current assets	2,329	2,015	21,930
Loss (gain) on sales of non-current assets	(5,252)	(7,856)	(49,437)
Business structure improvement expenses	283	2,809	2,668
Loss on disaster	2,153	905	20,269
(Increase) decrease in trade receivables	(32,142)	(2,740)	(302,547)
(Increase) decrease in inventories	(12,837)	7,331	(120,838)
Increase (decrease) in trade payables	40,379	3,109	380,079
Other	(7,442)	7,154	(70,052)
Subtotal	140,067	169,577	1,318,410
Interest and dividend income received	5,002	5,225	47,089
Interest paid	(6,812)	(7,336)	(64,127)
Income taxes paid	(15,079)	(10,061)	(141,936)
Net cash provided by operating activities	123,178	157,406	1,159,436
Cash flows from investing activities			
Purchase of securities	(1,130)	—	(10,643)
Proceeds from sales and redemption of marketable securities	—	423	—
Payment for acquisition of property, plant, equipment and intangible assets	(64,739)	(54,919)	(609,370)
Proceeds from sales of property, plant, equipment and intangible assets	3,133	13,769	29,491
Payment for acquisition of investment securities	(4,949)	(1,388)	(46,588)
Proceeds from sales and redemption of investment securities	1,724	7,389	16,235
Payment for acquisition of shares of subsidiaries resulting in change in scope of consolidation	(4,340)	(2,381)	(40,858)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	891	—
Payment for loans receivable	(4,123)	(4,450)	(38,811)
Proceeds from collection of loans receivable	2,384	2,280	22,444
Other	(1,984)	(1,861)	(18,677)

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Net cash used in investing activities	(74,025)	(40,247)	(696,778)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	14,046	(8,824)	132,218
Net increase (decrease) in commercial paper	(1,000)	(25,000)	(9,412)
Proceeds from long-term loans payable	34,202	2,312	321,937
Repayment of long-term loans payable	(57,036)	(51,546)	(536,866)
Proceeds from issuance of bonds	19,963	—	187,906
Payment for redemption of bonds	(40,000)	(20,020)	(376,506)
Payments from changes in ownership interests in subsidiaries that do not result in change of scope of consolidation	(440)	(222)	(4,143)
Payment for purchase of treasury stock	(119)	(591)	(1,128)
Proceeds from disposal of treasury stock	2	549	24
Dividend payments	(9,910)	(9,905)	(93,288)
Other	(1,500)	(1,221)	(14,125)
Net cash provided by (used in) financing activities	(41,793)	(114,468)	(393,383)
Effect of exchange rate change on cash and cash equivalents	(310)	(1,010)	(2,918)
Net increase (decrease) in cash and cash equivalents	7,049	1,679	66,355
Cash and cash equivalents at the beginning of the year	51,352	47,643	483,362
Increase in cash and cash equivalents resulting from mergers of subsidiaries	25	60	236
Increase in cash and cash equivalents resulting from share transfers	—	522	—
Increase in cash and cash equivalents from newly consolidated subsidiary	51	1,445	484
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(134)	—	(1,268)
Cash and cash equivalents at the end of the year (Note 12 (1))	¥ 58,343	¥ 51,352	\$ 549,170

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

1. Basis of Preparation

- (1) The accompanying consolidated financial statements of Oji Holdings Corporation (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects to the application and disclosure requirements of International Financial Reporting Standards, and which are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.
- (2) Certain amounts in the financial statements as of and for the fiscal year ended March 31, 2017 have been reclassified to conform to the presentation in the financial statements as of and for the fiscal year ended March 31, 2018.
- (3) The accompanying consolidated financial statements are expressed in yen, and solely for the convenience of the reader, have been translated into U.S. dollars at the rate of ¥ 106.24 to U.S. \$ 1.00, the approximate rate of exchange prevailing at March 31, 2018. This translation should not be construed as a representation that the yen amounts shown could be converted into U.S. dollars at the above or any other rate.

2. Scope of Consolidation

- (1) Number of consolidated subsidiaries: 189 (197 in the year ended March 31, 2017)

Main consolidated subsidiaries include:

Oji Container Co., Ltd., Oji Packaging Co., Ltd., Oji Seitai Co., Ltd., Oji Materia Co., Ltd., Oji Nepia Co., Ltd., Morishigyo Co., Ltd., Oji Interpack Co., Ltd., Chuetsu Package Co., Ltd., Oji Adba Co., Ltd., GSPP Holdings Sdn. Bhd., Oji Asia Household Product Sdn. Bhd., Harta Packaging Industries Sdn. Bhd., People & Grit (M) Sdn. Bhd., S. Pack & Print Public Co., Ltd., Ojitex (Vietnam) Co., Ltd., Oji Packaging (Shanghai) Co., Ltd., Suzhou Oji Packaging Co., Ltd., Oji Tac Co., Ltd., Oji Kinocloth Co., Ltd., Oji F-Tex Co., Ltd., Oji Imaging Media Co., Ltd., New Tac Kasei Co., Ltd., Chuetsu Co., Ltd., Shinomura Chemical Industry Co., Ltd., Oji Papéis Especiais Ltda, Kanzaki Specialty Papers Inc., KANZAN Spezialpapiere GmbH, Oji Paper (Thailand) Ltd., Tele-Paper (M) Sdn. Bhd., Oji Label (Thailand) Ltd., Hyper-Region Labels Sdn. Bhd., Oji Kinocloth (Shanghai) Co., Ltd., Japan Brazil Paper and Pulp Resources Co., Ltd., Oji Cornstarch Co., Ltd., Oji Green Resources Co., Ltd., Oji Forest & Products Co., Ltd., Oji Green Energy Ebetsu Co., Ltd., Oji Green Energy Nichinan Co., Ltd., Celulose Nipo-Brasileira S.A., Pan Pac Forest Products Ltd., Oji Paper Co., Ltd., Jiangsu Oji Paper Co., Ltd., Oji Fibre Solutions (NZ) Ltd., Oji Oceania Management Co., Ltd., Oji Oceania Management (NZ) Ltd., Oji Logistics Co., Ltd., Kyokuyo Co., Ltd., Oji Engineering Co., Ltd., Oji Real Estate Co., Ltd., Ginpo Pack Co., Ltd., Hotel New Oji Co., Ltd., Oji Management Office Inc., and 137 other companies

Changes in the consolidated subsidiaries during the year ended March 31, 2018 are as follows:

The Company has newly added 8 companies into the scope of consolidation effective from the fiscal year ended March 31, 2018. The primary reasons for this were as follows: Acquisitions (5 companies), an increase in materiality (2 companies), and new establishment (1 company). In addition, 16 companies have been excluded from the scope of consolidation due to the liquidation of 7 companies, a decrease in materiality in 5 companies and other factors.

- (2) Main unconsolidated subsidiaries:

PT. Korintiga Hutani, Tomakomai Energy Kosha Co., Ltd. and DHC Ginza Co., Ltd.

- (3) Reasons for excluding from the consolidation scope:

These companies are excluded from the scope of consolidation, as all are small-sized companies and their

total assets, net sales, profit (corresponding to equity share), retained earnings (corresponding to equity share), etc., do not have significant impact on the consolidated financial statements.

3. Application of the Equity Method

- (1) Unconsolidated subsidiaries and affiliates to which the equity method was applied:

Number of unconsolidated subsidiaries to which the equity method was applied: 1 (0 in the year ended March 31, 2017)

Company name: PT. Korintiga Hutani

Number of affiliates under the equity method: 22 (21 in the year ended March 31, 2017)

Main affiliates accounted for using the equity method include:

Chuetsu Pulp & Paper Co., Ltd., Kokusai Pulp & Paper Co., Ltd., Okayama Paper Industries Co., Ltd., Nanyou Forest Development Co., Ltd., and other 18 companies.

The Company has newly added two companies into the scope of equity method accounting effective from the fiscal year ended March 31, 2018.

PT. Korintiga Hutani, which had been an equity-method affiliate in the previous fiscal year, became an unconsolidated subsidiary to which the equity method was applied in the fiscal year ended March 31, 2018.

- (2) Main unconsolidated subsidiaries and affiliates to which the equity method was not applied:

Tomakomai Energy Kosha Co., Ltd. and DHC Ginza Co., Ltd.

- (3) Reasons for exclusion from application of the equity method

Unconsolidated subsidiaries and affiliates have not been included in scope of the equity method application as their total profit (corresponding to equity share), retained earnings (corresponding to equity share), etc., do not have significant impact on the consolidated financial statements.

4. Matters Concerning the Fiscal Year of Consolidated Subsidiaries

The fiscal year end of the Company's following consolidated subsidiaries is December 31:

Oji Papeis Especiais Ltda., Celulose Nipo-Brasileira S.A., Jiangsu Oji Paper Co., Ltd., Oji Oceania Management (NZ) Ltd., Oji Fibre Solutions (NZ) Ltd. and 79 other companies.

For the purpose of preparing the consolidated financial statements, the above companies' financial statements as of the end of their respective fiscal years were used.

Adjustments were made as necessary for the purpose of consolidation in respect of the material transactions that occurred between such fiscal year-end dates and the consolidated account closing date. For some of these consolidated subsidiaries, the Company used financial statements, prepared on a provisional basis at the Company's closing date using the same close process as used for the preparation of the full-year accounts.

5. Matters Concerning Accounting Policies

- (1) Method of valuation of significant assets

- (i) Securities

Held-to-maturity debt securities:

Stated at cost using the amortized cost method.

Available-for-sale securities

Securities with market quotations:

Stated at fair value based on the market price as of the end of the fiscal period (the valuation difference is accounted for as a separate component of net assets and securities sold calculated using the moving-average method).

- Securities without market quotations: Stated at cost using the moving-average method.
- (ii) Derivatives
Stated at fair value
 - (iii) Inventories
Mainly stated at cost using the periodic average method
(The balance sheets amount is calculated by writing down amounts to the net realizable value based on any decline in profitability)
- (2) Depreciation method of significant depreciable assets
- (i) Property, plant and equipment (excluding leased assets)
Declining balance method (however, the straight-line method is applied to buildings acquired on or after April 1, 1998 (excluding improvements), improvements of buildings and structures acquired on or after April 1, 2016 and for certain consolidated subsidiaries)
 - (ii) Leased assets
Depreciation of leased assets is calculated by using the straight-line method over the period of the lease contract term with no residual value.
- (3) Significant provisions
- (i) Allowance for doubtful accounts
In order to prepare for potential credit losses on receivables outstanding at the end of the fiscal year ended March 31, 2018, a provision is recorded in respect of an estimated uncollectible amount based on the historical rate of credit loss with respect to normal receivables as well as an amount determined after consideration of the specific collectability of individual accounts receivable and certain other receivables.
 - (ii) Provision for loss on litigation
The Company's consolidated subsidiary in Brazil is in the following litigation with the tax authorities in the country: tax-related lawsuits relating to IR (corporate tax), CS (social burden charge), ICMS (product distribution service tax), PIS/CONFIS (burden charges on social integration plan/social insurance loan) and others: lawsuit relating to INSS social insurance premiums and various taxes and dues: and two or more labor service-related lawsuits and civil lawsuits. To prepare for losses on such pending lawsuits, a provision for loss on litigation is recorded.
- (4) Accounting treatment for retirement benefits
- (i) Method of allocating projected retirement benefit obligation to periods
The benefit formula method is used for attributing the estimated amount of the retirement benefit obligation to periods up to the end of the fiscal year under review in the calculation of net defined benefit liability.
 - (ii) Amortization of actuarial gains and losses and prior service costs
Prior service costs are amortized as incurred using the straight-line method over a period reflecting the average remaining service period (12 – 20 years) of the employees in service during the period in which costs arise. Actuarial gains and losses are amortized from the fiscal year following recognition using the straight-line method over a period reflecting the average remaining service period (11 – 20 years) of the employees in service during the period in which they arise.
 - (iii) Adoption of simplified method at small-scale companies, etc.
Certain consolidated subsidiaries use a simplified method, which uses the net defined benefit liability to be the benefits payable assuming the voluntary retirement of all employees at the fiscal year-end, to calculate the net defined benefit liability and retirement benefit expenses.
- (5) Standards for translation of significant foreign-currency denominated assets and liabilities into Japanese yen
Foreign-currency denominated monetary claims and obligations are translated into yen using the spot exchange rate on the account closing date, and translation differences are recorded in the consolidated

statements of income. The assets, liabilities, income and expenses of overseas subsidiaries, etc., are translated into yen using the spot exchange rate on the account closing date, and translation differences are recorded in foreign currency translation adjustments and non-controlling interests under net assets.

(6) Significant method for hedge accounting

(i) Hedge accounting method

In principle the Group adopts the deferred hedge accounting method for hedging instruments whereby any gains or losses arising from the instrument are deferred over the period of the hedging contract and are offset against the deferred losses or gains on the related hedged items. However, when an interest rate swap contract meets certain conditions, the net amount to be paid or received under the contract is added to or deducted from the interest on the hedged items (special treatment). Foreign currency transactions hedged by forward exchange contracts which meet certain conditions for hedge accounting are reported at the forward rate and the resulting differences between the spot rate and the forward rate amortized over the life of the contract (appropriate treatment). Transactions hedged by interest and currency swaps which meet certain conditions for integrated treatment (special treatment, appropriate treatment) are accounted for using the integrated treatment.

(ii) Hedging instruments and hedged items

<u>Hedging instruments</u>	<u>Hedged items</u>
Foreign exchange forward contracts	Monetary assets/liabilities denominated in foreign currencies
Currency options	Monetary assets denominated in foreign currencies
Interest rate and currency swaps	Foreign-currency denominated loans payable
Interest rate swaps	Loans payable and loans receivable
Commodity swaps	Electricity and heavy oil

(iii) Hedging policy

The risk management policy of the Group requires hedging against foreign exchange risk, interest rate risk and raw material price risk arising in the normal course of the business.

(iv) Method for assessing the hedge effectiveness

At the end of each fiscal year, hedge effectiveness with respect to the hedging instruments and hedged items is assessed for each hedging transaction. This annual assessment excludes any transaction where important terms and conditions such as principal, interest rate, and duration are identical between the assets/liabilities of hedging instruments and hedged items.

(7) Method and period for amortizing goodwill

Goodwill is amortized using the straight-line method over a period reflecting the estimated useful life of each acquisition capped at a maximum of 20 years. If the value of goodwill is immaterial, the aggregate amount is written off in the fiscal year in which it arises.

(8) Scope of funds in consolidated statements of cash flows

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash on hand, demand deposits, and short-term liquid investments that mature within three months from the purchase date and can be readily converted into cash with little risk of change in value.

(9) Other significant fundamental matters for preparing the consolidated financial statements

(i) Accounting for consumption tax

Consumption tax and local consumption taxes are accounted for under the tax exclusion method with transactions being recorded at amounts exclusive of such taxes.

(ii) Application of consolidated taxation system

Consolidated taxation system is applied.

6. Accounting Standard, etc., Issued but Not Yet Applied

1. The Company and domestic subsidiaries and affiliates

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 30, 2018, Accounting Standards Board of Japan)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 30, 2018, Accounting Standards Board of Japan)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States jointly developed comprehensive accounting standards for revenue recognition and published Revenue from Contracts with Customers (IFRS 15 in the IASB and Topic 606 in the FASB) in May 2014. In line with this development, the Accounting Standards Board of Japan (ASBJ) has developed comprehensive accounting standards for revenue recognition and published them together with the implementation guidance.

The basic policy of the ASBJ in developing the accounting standard for revenue recognition was to incorporate the basic principles of IFRS 15 as a starting point, and thereby aid the comparability of financial statements, while also adding alternative accounting treatments to reflect the Japanese market and practices to the extent that these do not detract from the overall comparability of the financial statements.

(2) Planned application date

To be applied from the beginning of the fiscal year ending March 31, 2022

(3) Impact of the application of the above accounting standard, etc.

The amount of the impact on the consolidated financial statements from the application of the Accounting Standard for Revenue Recognition, etc. is currently being assessed.

2. Overseas subsidiaries and affiliates

Of those major accounting standards, etc., which had been newly established or revised by March 31, 2018, the Group has not applied the following standards, etc.

The amount of the impact from the application of these accounting standards, etc. is currently being assessed.

Name of accounting standards, etc.	Outline	Fiscal year in which Company will apply standard, etc.
Revenue from Contracts with Customers IFRS 15	Revisions to accounting for revenue recognition	Fiscal year ending March 31, 2019
Revenue from Contracts with Customers ASU 2014-09	Revisions to accounting for revenue recognition	Fiscal year ending March 31, 2020
Leases IFRS 16	Revisions to accounting for leases	Fiscal year ending March 31, 2020
Leases ASU 2016-02	Revisions to accounting for leases	Fiscal year ending March 31, 2021

7. Changes in Presentation Method

(1) Consolidated Statements of Income

“Insurance income,” which was included in “Other” in “Non-operating income” for the fiscal year

ended March 31, 2017, has increased in materiality and is presented separately for the fiscal year ended March 31, 2018. To reflect this change in the method of presentation, the consolidated statement of income for the fiscal year ended March 31, 2017 has been restated.

As a result, ¥ 5,526 million that had been presented as “Other” in “Non-operating income” in the consolidated statement of income for the fiscal year ended March 31, 2017 is now reclassified, and ¥ 249 million is presented in “Insurance income” and ¥ 5,277 million is presented in “Other.”

“Loss on disaster,” which was included in “Other” in “Extraordinary losses” for the fiscal year ended March 31, 2017, has increased in materiality and is presented separately for the fiscal year ended March 31, 2018. On the other hand, “Business structure improvement expenses” in “Extraordinary losses,” which was presented separately for the fiscal year ended March 31, 2017, has decreased in materiality and is included in “Other” for the fiscal year ended March 31, 2018. To reflect these changes in the method of presentation, the consolidated statement of income for the fiscal year ended March 31, 2017 has been restated.

As a result, ¥ 2,809 million and ¥ 1,581 million that had been presented as “Business structure improvement expenses” and “Other” in “Extraordinary losses,” respectively, in the consolidated statements of income for the fiscal year ended March 31, 2017 are now reclassified, and ¥ 905 million is presented in “Loss on disaster” and ¥ 3,485 million is presented in “Other.”

(2) Consolidated statements of cash flows

“Loss on disaster,” which was included in “Other” in “Cash flows from operating activities” for the fiscal year ended March 31, 2017, has increased in materiality and is presented separately for the fiscal year ended March 31, 2018. To reflect this change in the method of presentation, the consolidated statement of cash flows for the fiscal year ended March 31, 2017 has been restated.

As a result, ¥ 8,060 million that had been presented as “Other” in “Cash flows from operating activities” in the consolidated statement of cash flows for the fiscal year ended March 31, 2017 is now reclassified, with ¥ 905 million presented in “Loss on disaster” and ¥ 7,154 million is presented in “Other.”

“Proceeds from share issuance to non-controlling shareholders” in “Cash flows from financing activities,” which was presented separately for the fiscal year ended March 31, 2017, has decreased in materiality and is included in “Other” for the fiscal year ended March 31, 2018. To reflect this change in the method of presentation, the consolidated statement of cash flows for the fiscal year ended March 31, 2017 has been restated.

As a result, ¥ 355 million and a loss of ¥ 1,576 million that had been presented as “Proceeds from share issuance to non-controlling shareholders” and “Other” in “Cash flows from financing activities,” respectively, in the consolidated statement of cash flows for the fiscal year ended March 31, 2017 are now reclassified, and a loss of ¥ 1,221 million is presented in “Other.”

8. Notes to Consolidated Balance Sheets

(1) Investments in unconsolidated subsidiaries and affiliates

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2018	2017	2018
Stocks	¥ 55,711	¥ 51,187	\$ 524,393
Investments in capital	98	98	927

(2) Assets pledged as collateral

- (i) Mortgages and revolving mortgages were entered into with respect to the assets indicated below for short-term loans payable (¥ 3,888 million (\$ 36,598 thousand)) (¥ 4,810 million as of March 31, 2017), for long-term loans payable (including the amount scheduled to be repaid within one year) (¥ 2,407 million (\$ 22,665 thousand)) (¥ 3,221 million as of March 31, 2017), notes and accounts payable-trade (¥ 326 million (\$ 3,070 thousand)) (¥ 446 million as of March 31, 2017).

OJI HOLDINGS CORPORATION

	Book value		
	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2018	2017	2018
Cash and deposits	¥ 2,298	¥ 2,462	\$ 21,634
Notes and accounts receivable-trade	3,287	3,189	30,940
Merchandise and finished goods	1,901	1,361	17,897
Work in process	42	41	396
Raw materials and supplies	472	540	4,447
Short-term loans receivable	4,174	2,583	39,296
Current assets - other	2,047	1,983	19,271
Buildings and structures	12,118	12,553	114,065
Machinery, equipment and vehicles	9,984	9,577	93,985
Tools, furniture and fixtures	119	89	1,126
Land	12,497	12,802	117,636
Forests	819	836	7,711
Plantations	19,197	16,684	180,696
Construction in progress	314	1,436	2,955
Intangible assets - other	1,064	24	10,021
Investment securities	889	809	8,372
Investment and other asset - other	20	203	188
Total	¥ 71,249	¥ 67,179	670,646

- (ii) Industrial mortgages and industrial factory foundation revolving industrial mortgages entered into with respect to the assets indicated below for short-term loans payable (¥ 285 million (\$ 2,682 thousand), (¥ 285 million as of March 31, 2017)).

	Book value		
	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2018	2017	2018
Buildings and structures	¥ 454	¥ 473	\$ 4,280
Machinery, equipment and vehicles	538	631	5,067
Tools, furniture and fixtures	19	19	185
Land	1,024	1,024	9,638
Total	¥ 2,036	¥ 2,148	\$ 19,172

- (iii) Assets pledged as collateral for long-term loans payable (including the amount scheduled to be repaid within one year) (¥ 141 million (\$ 1,332 thousand)) (¥ 316 million as of March 31, 2017).

	Book value		
	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2018	2017	2018
Long-term loans receivable	317	614	2,987

- (3) Contingent liabilities
Guarantee obligations

The Company has committed to provide the following guarantees for loans and others of unconsolidated subsidiaries and affiliates from banks and other financial institutions as of March 31, 2018 and 2017 respectively.

	Book value		
	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2018	2017	2018
Forest Corporation, Tokyo Branch	¥ 7,646	¥ 6,088	\$ 71,969
PT. Korintiga Hutani	7,126	4,892	67,080

Other	1,926	805	18,135
Total	¥ 16,699	¥ 11,785	\$157,184

For the fiscal year ended March 31, 2017

The guarantee obligations stated above for PT. Korintiga Hutani excludes the amount of ¥ 1,399 million, which is guaranteed by other parties.

(4) Tax litigation and others

The Company's consolidated subsidiary in Brazil is party to the following litigation with the country's tax authorities in tax-related lawsuits relating to IR (corporate tax), CS (social burden charge), ICMS (product distribution service tax), PIS/CONFIS (burden charges on social integration plan/social insurance loan) and other lawsuits relating to INSS social insurance premiums and various taxes and dues: and two or more labor service-related lawsuits and civil lawsuits. To prepare for losses on such pending lawsuits, a provision for loss on litigation is recorded. Based on the opinion of outside legal experts, the Company considered the risk of incurring losses individually for each lawsuit. As a result, the Company has determined that the probability of incurring losses is not high and has not recorded the reserve of \$ 15,751 thousand (\$ 26,766 thousand for the fiscal year ended March 31, 2017) pending tax-related lawsuit and \$ 9,387 thousand (\$ 15,749 thousand for the fiscal year ended March 31, 2017), R\$ 2,350 thousand (\$ 711 thousand) (R\$ 5,052 thousand for the fiscal year ended March 31, 2017) pending labor service-related lawsuits as of March 31, 2018.

(5) Notes discounted, etc.

Notes discounted: ¥ 13,979 million (\$ 131,579 thousand) and ¥ 14,443 million as of March 31, 2018 and 2017, respectively
 Notes receivable endorsed: ¥ 535 million (\$ 5,038 thousand) and ¥ 321 million as of March 31, 2018 and 2017, respectively

(6) Revaluation reserve for land

Pursuant to the "Law on Revaluation of Land" (Law No. 34 of March 31, 1998) and the "Law on Partial Amendment to the Law on Revaluation of Land" (Law No. 19 of March 31, 2001), the Group performed revaluation of land for business use held by certain consolidated subsidiaries on March 31, 2002.

Pursuant to the "Law on Partial Amendment to the Law on Revaluation of Land" (Law No. 24 of March 31, 1999), the Group recorded the appropriate tax amount relevant to such revaluation of land as "Deferred tax liabilities on revaluation of land" in the liabilities section, and revaluation of land after deduction of such tax amount as "Revaluation reserve for land" in the net assets section.

(i) Revaluation method: The value is calculated based on the property tax valuation prescribed in Article 2, Item 3 of the "Enforcement Order on Law on Revaluation of Land" (Cabinet Order No. 119 promulgated on March 31, 1998) and the land value designated as the tax basis for land value tax as prescribed in Article 2, Item 4 thereof.

(ii) Revaluation date: March 31, 2002

(7) Loan commitment (borrower)

The Company entered into loan commitment agreements with correspondent financial institutions for the purpose of achieving efficient use of working capital.

The balances of the unused portions under the agreement as of March 31, 2018 and 2017 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2018	2017	2018
Aggregate amount of loan commitment	¥ 50,000	¥ 50,000	\$ 470,632
Balance of loan outstanding	—	—	—
Unused portion	¥ 50,000	¥ 50,000	\$ 470,632

(8) Accumulated depreciation includes accumulated impairment losses.

- (9) The amounts of advanced depreciation deducted directly from the acquisition costs of certain non-current assets for the fiscal years ended March 31, 2018 and 2017 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2018	2017	2018
Buildings and structures	¥ 11	¥ 30	\$ 110
Machinery, equipment and vehicles	64	136	611
Tools, furniture and fixtures	1	-	11
Plantations	182	-	1,713
Construction in progress	19	-	185
Total	¥ 279	¥ 167	\$ 2,633

- (10) Accounting treatment for notes, etc. matured as of the end of the consolidated fiscal year
Notes, etc. matured as of the end of the consolidated fiscal year are settled on their clearing days. Since March 31, 2018 was a holiday for financial institutions, the notes, etc. matured as of that date were included in the balance at March 31, 2018 as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2018	2017	2018
Notes receivables	¥ 6,032	¥ -	\$ 56,777
Notes payables	10,574	-	99,536

9. Notes to Consolidated Statements of Income

- (1) Research and development expenses included in selling, general and administrative expenses and manufacturing costs for the fiscal years ended March 31, 2018 and 2017 were ¥ 8,952 million (\$ 84,262 thousand) and ¥ 9,323 million, respectively.
- (2) The amount of inventories stated on the balance sheet at the end of the year is calculated by writing down the value based on any decline in profitability.
The loss on valuation of inventories included in the cost of sales for the fiscal years ended March 31, 2018 and 2017 was ¥ 370 million (\$3,487 thousand) and ¥ 1,022 million, respectively.
- (3) Gain on revision of retirement benefit plan
Gain on revision of retirement benefit plans resulted from the following: for a portion of consolidated subsidiaries which have adopted defined benefit corporate pension plans as their retirement benefit plans, the Company conducted a revision of retirement benefit plans and an overhauling of benefit levels, along with a transfer of the entire amounts of corporate pension plans for currently active employees from defined benefit pension plans to defined contribution plans.
- (4) The breakdown of the gain on sales of non-current assets for the fiscal years ended March 31, 2018 and 2017 is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2018	2017	2018
Buildings and structures	¥ 1	¥ (1,053)	\$ 9
Machinery, equipment, vehicles and others	0	(2)	0

Land and others	5,251	9,138	49,427
Total	¥ 5,252	¥ 8,083	\$ 49,435

- (5) The breakdown of the loss on disposal of non-current assets for the fiscal years ended March 31, 2018 and 2017 is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2018	2017	2018
Buildings and structures	¥ 324	¥ 474	\$ 3,054
Machinery, equipment and vehicles	384	696	3,620
Tools, furniture and fixtures	44	14	415
Others	554	127	5,223
Removal expenses	1,021	701	9,616
Total	¥ 2,329	¥ 2,015	\$ 21,922

- (6) Impairment loss

For the fiscal year ended March 31, 2018

Asset grouping is based on the identification of the smallest cash generating unit.

In relation to branches posting operating losses continuously and idle assets whose land value had significantly declined, an impairment loss of ¥ 2,369 million (\$ 22,303 thousand) is recorded in extraordinary losses in order to reduce the book value to the recoverable amount.

The breakdown of the losses is as follows: buildings and structures of ¥ 9 million (\$ 91 thousand), machinery, equipment and vehicles of ¥ 828 million (\$ 7,795 thousand), land of ¥ 822 million (\$ 7,744 thousand), plantations of ¥ 202 million (\$ 1,905 thousand), goodwill of ¥ 501 million (\$ 4,716 thousand) and other of ¥ 5 million (\$ 51 thousand). Of these amounts, ¥ 5 million (\$ 47 thousand) is included in other of extraordinary losses.

When the recoverable value is calculated by net realizable value, the evaluation is made based on real estate appraisal standards. When the recoverable value is calculated by value in use, the calculation is made by discounting future cash flows using a rate of 4.60 to 8.00%. Additionally, when the value in use based on future cash flows is negative, the recoverable value is considered to be zero.

For the fiscal year ended March 31, 2017

The company recognizes impairment losses mainly for the following assets and asset groups:

Location	Use	Type	Impairment loss (Millions of yen)
Ebetsu, Hokkaido	Business assets	Machinery and equipment	¥3,048

Asset grouping is based on the minimum cash generation unit.

With regard to branches posting operating losses continuously and idle assets whose land value had significantly declined, Impairment loss of ¥ 6,983 million is recorded in extraordinary losses due to the reduction of the book value to the recoverable value for those the recoverable value of which is below the book value.

The breakdown of the losses is as follows: buildings and structures of ¥ 681 million, machinery, equipment and vehicles of ¥ 3,624 million, land of ¥ 1,049 million, plantations of ¥ 1,328 million and other of ¥ 299 million. Of these amounts, ¥ 11 million is included in other of extraordinary losses.

With respect to assets in Ebetsu, Hokkaido, it is expected that recovering amounts invested will be difficult owing to factors such as downturns in revenue; as such, an impairment loss has been recorded for those assets, with the value in use deemed the recoverable value.

When the recoverable value is calculated by net realizable value, the evaluation is made based on real estate appraisal standards. When the recoverable value is calculated by value in use, the calculation is made by discounting future cash flows using a rate of 4.30 to 9.00%.

10. Notes to Consolidated Statements of Comprehensive Income

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

For the fiscal years ended March 31, 2018 and 2017

	(Millions of yen)		(Thousands of U.S. dollars)
	2018	2017	2018
Valuation difference on available-for-sale securities :			
Amount arising during the year	¥ 7,288	¥ 15,257	\$ 68,604
Reclassification adjustments	(400)	(3,133)	(3,773)
Amount before tax effect	6,887	12,124	64,831
Tax effect	(2,112)	(3,729)	(19,882)
Valuation difference on available-for-sale securities	4,775	8,395	44,948
Deferred gains (losses) on hedges :			
Amount arising during the year	1,350	1,169	12,715
Reclassification adjustments for gains and losses included in net income	(594)	(1,190)	(5,593)
Before tax effect adjustment	756	(21)	7,121
Tax effect	(212)	4	(2,001)
Deferred gains (losses) on hedges	544	(16)	5,120
Foreign currency translation adjustment :			
Amount arising during the year	(2,343)	(13,414)	(22,060)
Reclassification adjustments for gains and losses included in net income	(0)	(165)	(7)
Amount before tax effect	(2,344)	(13,579)	(22,067)
Tax effect	-	(217)	-
Foreign currency translation adjustment	(2,344)	(13,796)	(22,067)
Remeasurements of defined benefit plans :			
Amount arising during the year	11,993	19,526	112,889
Reclassification adjustments for gains and losses included in net income	6,387	4,666	60,122
Amount before tax effect	18,380	24,193	173,011
Tax effect	(5,625)	(7,611)	(52,954)
Remeasurements of defined benefit plans	12,754	16,581	120,057
Share of other comprehensive income of affiliates accounted for using the equity method :			
Amount arising during the year	2,380	549	22,407
Reclassification adjustments for gains and losses included in net income	(902)	(20)	(8,491)
Share of other comprehensive income of investments for which the equity method is applied	1,478	529	13,915
Other comprehensive income	¥ 17,208	¥ 11,692	\$ 161,974

11. Notes to Consolidated Statements of Changes in Net Assets

(1) Type and number of issued shares of common stock and treasury stock

For the fiscal year ended March 31, 2018

Type of shares	Number of shares at April 1, 2017	Increase	Decrease	Number of shares at March 31, 2018
Shares issued:				
Common stock	1,014,381,817	–	–	1,014,381,817
Total	1,014,381,817	–	–	1,014,381,817
Treasury stock:				
Common stock (Notes 1,2,3)	25,843,510	188,972	95,189	25,937,293
Total	25,843,510	188,972	95,189	25,937,293

Notes:

1. Increase in treasury stock	188,972
Details of the increase are as follows:	
Increase due to purchase of shares of less than the standard unit	188,966
Increase in treasury stock arising from changes in the Company's ownership interest in equity method affiliates	6
2. Decrease in treasury stock	95,189
Details of the decrease are as follows:	
Decrease due to exercising of stock options	59,000
Decrease due to disposal to the Board Benefit Trust	33,584
Decrease due to sale of shares of less than the standard unit	2,589
Decrease in treasury stock arising from changes in the Company's ownership interest in equity method affiliates	16
3. Includes 1,181,416 shares held by the Board of Benefit Trust at March 31, 2018	

For the fiscal year ended March 31, 2017

Type of shares	Number of shares at April 1, 2016	Increase	Decrease	Number of shares at March 31, 2017
Shares issued:				
Common stock (Note 1)	1,064,381,817	–	50,000,000	1,014,381,817
Total	1,064,381,817	–	50,000,000	1,014,381,817
Treasury stock:				
Common stock (Notes 2,3,4)	75,807,429	1,358,097	51,322,016	25,843,510
Total	75,807,429	1,358,097	51,322,016	25,843,510

Notes:

1. Decrease in the number of shares issued	50,000,000
Detail of the decrease is as follows:	
Decrease due to retirement of treasury stock	50,000,000
2. Increase in treasury stock	1,358,097
Details of the increase are as follows:	
Increase due to acquisition by the Board Benefit Trust	1,215,000
Increase in treasury stock arising from an increase in the number of equity method affiliates	17
Increase due to purchase of shares of less than the standard unit	143,080
3. Decrease in treasury stock	51,322,016
Details of the decrease are as follows:	
Decrease due to retirement of treasury stock	50,000,000
Decrease due to disposal to the Board Benefit Trust	1,215,000
Decrease due to exercising of stock options	57,000
Decrease in treasury stock arising from sales of treasury stock by consolidated subsidiaries	46,666
Decrease due to sale of shares of less than the standard unit	3,350

4. Includes 1,215,000 shares held by the Board Benefit Trust at March 31, 2017

(2) Share acquisition rights

For the fiscal year ended March 31, 2018

Company	Description	Type of shares issued	Number of shares issued			Balance at March 31, 2018		
			Number of shares at April 1, 2017	Increase	Decrease	Number of shares at March 31, 2018	(Millions of yen)	(Thousands of U.S. dollars)
Parent company	Share acquisition rights as stock options	—	—	—	—	—	¥ 246	\$ 2,321
Total		—	—	—	—	—	¥ 246	\$ 2,321

For the fiscal year ended March 31, 2017

Company	Description	Type of shares issued	Number of shares issued			Balance at March 31, 2017		
			Number of shares at April 1, 2016	Increase	Decrease	Number of shares at March 31, 2017	(Millions of yen)	
Parent company	Share acquisition rights as stock options	—	—	—	—	—	¥ 266	
Total		—	—	—	—	—	¥ 266	

(3) Dividends

(i) Amount of cash dividends distributed

For the fiscal year ended March 31, 2018

Resolution	Type of shares	Total dividend amount		Dividends per share (yen)	Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)			
Board of Directors' Meeting held on May 12, 2017	Common stock	¥ 4,955	\$ 46,646	¥ 5.0	March 31, 2017	June 7, 2017
Board of Directors' Meeting held on November 6, 2017	Common stock	4,955	46,642	5.0	September 30, 2017	December 1, 2017

Notes:

- Dividends for shares in the Board Benefit Trust are included in the total dividend amount in accordance with the resolution at the Board of Directors' Meeting held on May 12, 2017 (included amount; ¥ 6 million).
- Dividends for shares in the Board Benefit Trust are included in the total dividend amount in accordance with the resolution at the Board of Directors' Meeting held on November 6, 2017 (included amount; ¥ 5 million).

For the fiscal year ended March 31, 2017

Resolution	Type of shares	Total dividend amount	Dividends per share (yen)	Record date	Effective date
		(Millions of yen)			
Board of Directors' Meeting held on May 27, 2016	Common stock	¥ 4,950	¥ 5.0	March 31, 2016	June 7, 2016
Board of Directors' Meeting held on November 7, 2016	Common stock	4,955	5.0	September 30, 2016	December 1, 2016

Note: Dividends for shares in the Board Benefit Trust are included in the total dividend amount in accordance with the resolution at the Board of Directors' Meeting held on November 7, 2016 (included amount; ¥ 6 million).

- (ii) Dividends with the cut-off date falling within the fiscal year ended March 31, 2018 and the effective date in the fiscal year ending March 31, 2019

The following resolution is scheduled:

Resolution	Type of shares	Total dividend amount		Source of dividends	Dividends per share (yen)	Cut-off date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)				
Board of Directors' Meeting held on May 11, 2018	Common stock	¥ 4,955	\$ 46,640	Retained earnings	¥ 5.0	March 31, 2018	June 6, 2018

Note: Dividends for shares in Board Benefit Trust are included in total dividend amount (included amount; ¥ 5 million).

Dividends with the cut-off date falling within the fiscal year ended March 31, 2017 and the effective date in the fiscal year ended March 31, 2018.

Resolution	Type of shares	Total dividend amount	Source of dividends	Dividends per share (yen)	Cut-off date	Effective date
		(Millions of yen)				
Board of Directors' Meeting held on May 12, 2017	Common stock	¥ 4,955	Retained earnings	¥ 5.0	March 31, 2017	June 7, 2017

Note: Dividends for shares in Board Benefit Trust are included in total dividend amount (included amount; ¥ 6 million).

12. Notes to Consolidated Statements of Cash Flows

- (1) Cash and cash equivalents in the consolidated statements of cash flows for the years ended March 31, 2018 and 2017 are reconciled to the accounts reported in the consolidated balance sheets as of March 31, 2018 and 2017 as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2018	2017	2018
Cash and deposits	¥ 50,357	¥ 43,833	\$ 474,001
Time deposits with maturities of	(1,432)	(528)	(13,484)

more than three months			
Marketable securities	9,418	8,046	88,653
Cash and cash equivalents	¥ 58,343	¥ 51,352	\$ 549,170

13. Lease Transactions

(1) Finance lease transactions

Finance lease transactions without transfer of ownership.

Disclosure of finance lease transactions are omitted due to less materiality.

(2) Operating lease transactions

Future minimum lease payments under non-cancellable operating leases as of March 31, 2018 and 2017:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2018	2017	2018
Due within one year	¥ 539	¥ 367	\$ 5,076
Due after one year	1,492	1,595	14,048
Total	¥ 2,031	¥ 1,962	\$ 19,125

Future minimum lease income under non-cancellable operating leases as of March 31, 2018 and 2017:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2018	2017	2018
Due within one year	¥ 752	¥ 676	\$ 7,084
Due after one year	11,271	10,716	106,091
Total	¥ 12,023	¥ 11,392	\$ 113,175

14. Financial Instruments

(1) Matters concerning financial instruments

(i) Management policy

The Company and its main consolidated subsidiaries manage group finance under which mainly the Company finances and controls the cash necessary for Group operations primarily through loans from financial institutions, issuance of commercial paper and corporate bonds, and other activities.

The Company invests temporary surplus cash in short-term and low-risk financial instruments only and does not make any investment for speculative purposes.

The Company uses derivatives to hedge the risks described below and does not use derivatives for speculative purposes.

(ii) Nature and extent of risks arising from financial instruments

Receivables, such as notes and accounts receivable-trade, are exposed to customer credit risk.

Receivables that are denominated in foreign currencies, arising from the global operation of the business, are exposed to foreign currency exchange rate fluctuations. However, the Group uses foreign exchange forward contracts to hedge the net position (determined by deducting the amount of payables denominated in the same foreign currencies) as appropriate, taking the trends in the foreign currency exchange market into account.

Investment securities are mainly stocks of companies with which the Group has business relationships and these are exposed to market price fluctuation risks.

Payment terms of payables, such as notes and accounts payable-trade, are all less than one year. Some of the payables that arise from importing raw materials and others are denominated in foreign currencies and are exposed to foreign currency exchange rate fluctuation risks. The Group uses foreign exchange forward contracts to hedge such risk as appropriate.

With respect to borrowings and debt, short-term loans payable are mainly for financing related to

operating activities, while long-term loans payable are mainly for financing related to investment in property, plant and equipment. Borrowings and debt with floating interest rates are exposed to interest rate volatility risk. Certain long-term loans payable with variable interest rates are hedged by using derivative transactions (interest rate swaps) by which interest rates are fixed.

Derivative transactions entered into and managed by the Group are as follows:

- Foreign exchange forward contracts, currency options and currency swaps to hedge foreign exchange fluctuation risk related to accounts receivable/payable-trade and borrowing and debt etc. denominated in foreign currencies,
- Interest rate swaps to hedge risk related to floating interest rates on borrowings and debt, and
- Commodity swaps to hedge price fluctuation risk related to energy purchases.

Regarding hedging instruments and hedged items, hedging policy, the method for assessing hedging effectiveness and others related to hedge accounting, (see Note 5. (6) Significant method for hedge accounting)

(iii) Risk management

(a) Credit risk management (risk of non-performance by customers or counterparties)

The Company and its main consolidated subsidiaries reduce credit risk through the following methods:

- The Company checks and manages due dates and balances of receivables on a customer by customer basis.
- Each sales department of the Company periodically monitors, and investigates, as necessary, the credit position of key customers.

In utilizing derivative transactions, the Group limits the counterparties to highly rated financial institutions to reduce counterparty risk.

(b) Market risk management (risks related to foreign currency exchange rate fluctuation, floating interest rates and others)

The Company and some of its consolidated subsidiaries utilize foreign exchange forward contracts and currency swaps to hedge foreign currency exchange rate fluctuation risk regarding accounts receivable/liabilities-trade and borrowings and debt etc. denominated in foreign currencies that are expected to arise in the normal course of business activities.

The Company utilizes interest rate swaps to hedge fluctuation risk regarding variable interest rates for payments related to borrowings and debt.

Some of the consolidated subsidiaries utilize commodity swaps to hedge price fluctuation risk related to energy purchases.

With respect to corporate stocks of available-for-sale securities, the Company checks periodically their fair values and financial conditions of such issuing entities (the companies with which the Company has business relationships) and reviews the benefits of continuing to hold such stocks, considering its relationships with such companies.

In the Company, execution and management of derivative transactions are conducted based on the derivative transaction standards that provide the method and the organization for risk management and others.

The consolidated subsidiaries also execute and manage derivative transactions based on their own similar standards.

(c) Liquidity risk related to financing activities (risk of non-performance on a due date)

The Company makes and updates financing plans in a timely manner and manages liquidity risk by maintaining sufficient liquidity on hand forecasted based on specific information, including the following information:

- Information reported from each department regarding credit and debit notes, and
- Information reported from the consolidated subsidiaries through which the Company determines group finance policies

The Company is prepared to make emergency payments by entering into commitment lines of credit with related financial institutions.

(iv) Supplementary explanation regarding fair value of financial instruments

Fair values of financial instruments are measured based on the quoted prices in markets. In cases where a quoted price is not available, other reasonably assessed estimated fair values are used.

Such assessment is based on certain assumptions. Under different assumptions, the assessed value might differ.

The contract amounts of derivative transactions and others, as shown in “(2) Fair value of financial instruments,” do not measure the Company’s exposure to market risk related to derivative transactions.

(2) Fair value of financial instruments

The following tables present the Company’s financial instruments on the consolidated balance sheets, their fair value and the differences at March 31, 2018 and 2017 respectively.

However, financial instruments for which it is difficult to measure the fair value are not included. (See Note 2. Financial instruments for which the fair value is deemed to be difficult to measure)

As of March 31, 2018

(Millions of yen)

	Book value	Fair value	Difference
① Cash and deposits	¥ 50,357	¥ 50,357	¥ –
② Notes and accounts receivable–trade	325,373		
③ Short-term loans receivable	3,504		
Allowance for doubtful accounts(*1)	(1,493)		
	327,384	327,384	–
④ Long-term loans receivable	7,855		
Allowance for doubtful accounts(*2)	(1,358)		
	6,496	6,740	244
⑤ Marketable securities and investment securities			
(i) Held-to-maturity debt securities	10,118	10,131	12
(ii) Stocks of affiliates	13,864	7,145	(6,718)
(iii) Available-for-sale securities	103,938	103,938	–
Total assets	512,160	505,698	(6,462)
① Notes and accounts payable–trade	248,490	248,490	–
② Short-term loans payable	137,041	137,041	–
③ Commercial paper	1,000	1,000	–
④ Bonds	100,000	100,598	598
⑤ Long-term loans payable	409,381	418,568	9,186
Total liabilities	895,913	905,698	9,784
Derivative transactions(*3)	(420)	(420)	–

(Thousands of U.S. dollars)

	Book value	Fair value	Difference
① Cash and deposits	\$ 474,001	\$ 474,001	\$ –
② Notes and accounts receivable–trade	3,062,628		
③ Short-term loans receivable	32,986		
Allowance for doubtful accounts(*1)	(14,055)		
	3,081,558	3,081,558	–
④ Long-term loans receivable	73,941		
Allowance for doubtful accounts(*2)	(12,790)		
	61,151	63,448	2,297
⑤ Marketable securities and investment securities			
(i) Held-to-maturity debt securities	95,242	95,361	118
(ii) Stocks of affiliates	130,503	67,259	(63,243)
(iii) Available-for-sale securities	978,334	978,334	–
Total assets	4,820,792	4,759,964	(60,827)
① Notes and accounts payable–trade	2,338,953	2,338,953	–
② Short-term loans payable	1,289,922	1,289,922	–
③ Commercial paper	9,412	9,412	–
④ Bonds	941,265	946,893	5,628
⑤ Long-term loans payable	3,853,369	3,939,840	86,471
Total liabilities	8,432,922	8,525,023	92,100
Derivative transactions(*3)	(3,957)	(3,957)	–

(*1) Allowance for doubtful accounts, which is separately accounted for on notes and accounts

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receivable-trade and short-term loans receivable, is deducted.

(*2) Allowance for doubtful accounts, which is separately accounted for on long-term loans receivable, is deducted.

(*3) Assets and (liabilities) arising from derivative transactions are shown on a net basis.

As of March 31, 2017

(Millions of yen)

	Book value	Fair value	Difference
① Cash and deposits	¥ 43,833	¥ 43,833	¥ -
② Notes and accounts receivable-trade	292,780		
③ Short-term loans receivable	4,716		
Allowance for doubtful accounts(*1)	(1,596)		
	295,900	295,900	-
④ Long-term loans receivable	5,485		
Allowance for doubtful accounts(*2)	(1,632)		
	3,852	3,858	6
⑤ Marketable securities and investment securities			
(i) Held-to-maturity debt securities	8,901	8,914	12
(ii) Stocks of affiliates	15,222	7,758	(7,463)
(iii) Available-for-sale securities	96,620	96,620	-
Total assets	464,331	456,886	(7,445)
① Notes and accounts payable-trade	205,147	205,147	-
② Short-term loans payable	121,748	121,748	-
③ Commercial paper	2,000	2,000	-
④ Bonds	120,000	121,084	1,084
⑤ Long-term loans payable	433,567	438,755	5,187
Total liabilities	882,462	888,734	6,271
Derivative transactions(*3)	(268)	(268)	-

(*1) Allowance for doubtful accounts, which is separately accounted for on notes and accounts receivable-trade and short-term loans receivable, is deducted.

(*2) Allowance for doubtful accounts, which is separately accounted for on long-term loans receivable, is deducted.

(*3) Assets and (liabilities) arising from derivative transactions are shown on a net basis.

Notes:

1. The method for measuring fair values of financial instruments and matters relating to securities and derivative transactions

Assets

①Cash and deposits, ②Notes and accounts receivable-trade, and ③Short-term loans receivable

The relevant book values are used because the carrying amounts approximate fair value due to the short maturities of these instruments.

④Long-term loans receivable

The fair value of long-term loans receivable is calculated by applying a discount rate to the total of principal and interest. The discount interest rate is based on the assumed interest rate if similar new borrowings were entered into.

⑤Marketable securities and investment securities

The fair value of equity securities equals quoted market price. The fair value of debt securities equals the quoted market price or has been provided by financial institutions, etc.

Liabilities

①Notes and accounts payable-trade, ②Short-term loans payable, and ③Commercial paper

The relevant book values are used because the carrying amounts approximate fair value due to the short maturities of these instruments. The current portion of long-term loans payable (the carrying amounts of such portion on the consolidated balance sheets at March 31, 2018 and 2017 were ¥ 16,870 million (\$ 158,793

thousand) and ¥ 56,731 million, respectively) is included in “⑤Long-term loans payable.”

④Bonds

The fair value of corporate bonds is calculated based on the quoted market price (Reference: Statistical Prices for OTC Bond Transactions), if it is available. The corporate bonds include the current portion (the carrying amounts on the consolidated balance sheets at March 31, 2018 and 2017 were ¥ 40,000 million (\$ 376,506 thousand) and ¥ 40,000 million, respectively).

⑤Long-term loans payable

The fair value of the long-term loans payable is calculated by applying a discount rate to the total of the principal and interest. The discount interest rate is based on the assumed interest rate if similar new debt were entered into. A portion of the floating rate long-term loans payable is assumed to qualify for special accounting treatment for interest rate swaps or integrated accounting treatment (special treatment and appropriated treatment) for interest and currency swaps. This portion is calculated by discounting the total amount of the principal and interest, with the relevant interest rate swaps and interest rate and currency swaps to which integrated accounting treatment has been applied, based on the reasonably estimated interest rate if similar new debt were entered into. Long-term loans payable include the current portion (the carrying amounts on the consolidated balance sheets at March 31, 2018 and 2017 were ¥ 16,870 million (\$ 158,793 thousand), and ¥ 56,731 million respectively).

Derivative transactions

Refer to Note 16. Derivative Transactions.

2. Financial instruments for which the fair value is deemed to be difficult to measure

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2018	2017	2018
Non-listed stocks	¥ 46,821	¥ 41,426	\$ 440,710

Regarding the above item, quoted prices are not available and also the future cash flows cannot be estimated reliably, therefore the fair value of the above item is deemed to be difficult to measure and is not included in 1. Assets ⑤.

3. The redemption schedule for monetary assets and held-to-maturity debt securities subsequent to March 31, 2018

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
	(Millions of yen)			
Deposits	¥ 48,009	¥ –	¥ –	¥ –
Notes and accounts receivable-trade	325,373	–	–	–
Short-term loans receivable	3,504	–	–	–
Long-term loans receivable	–	4,008	3,223	623
Marketable securities and investment securities				
Held-to-maturity debt securities				
Government bonds, local government bonds and others	9,568	550	–	–
Total	¥ 386,456	¥ 4,558	¥ 3,223	¥ 623

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
	(Thousands of U.S. dollars)			
Deposits	\$ 451,898	\$ –	\$ –	\$ –

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Notes and accounts receivable-trade	3,062,628	—	—	—
Short-term loans receivable	32,986	—	—	—
Long-term loans receivable	—	37,730	30,342	5,868
Marketable securities and investment securities				
Held-to-maturity debt securities				
Government bonds, local government bonds and others	90,065	5,176	—	—
Total	\$ 3,637,578	\$ 42,907	\$ 30,342	\$ 5,868

The redemption schedule for monetary assets and held-to-maturity debt securities subsequent to March 31, 2017

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
	(Millions of yen)			
Deposits	¥ 42,329	¥ 21	¥ —	¥ —
Notes and accounts receivable-trade	292,780	—	—	—
Short-term loans receivable	4,716	—	—	—
Long-term loans receivable	—	2,988	2,057	439
Marketable securities and investment securities				
Held-to-maturity debt securities				
Government bonds, local government bonds and others	8,196	605	100	—
Total	¥ 348,023	¥ 3,615	¥ 2,157	¥ 439

4. The repayment schedule for bonds, long-term loans payable and other interest-bearing liabilities subsequent to March 31, 2018

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
(Millions of yen)						
Short-term loans payable	¥ 137,041	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial paper	1,000	—	—	—	—	—
Bonds	40,000	20,000	20,000	—	—	20,000
Long-term loans payable	16,870	78,324	40,034	1,125	59,012	214,014
Total	¥ 194,911	¥ 98,324	¥ 60,034	¥ 1,125	¥ 59,012	¥ 234,014

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
(Thousands of U.S. dollars)						
Short-term loans payable	\$ 1,289,922	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial paper	9,412	—	—	—	—	—
Bonds	376,506	188,253	188,253	—	—	188,253

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Long-term loans payable	158,793	737,238	376,832	10,592	555,465	2,014,447
Total	\$ 1,834,634	\$ 925,491	\$ 565,085	\$ 10,592	\$ 555,465	\$ 2,202,700

The repayment schedule for bonds, long-term loans payable and other interest-bearing liabilities subsequent to March 31, 2017

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
(Millions of yen)						
Short-term loans payable	¥ 121,748	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial paper	2,000	–	–	–	–	–
Bonds	40,000	40,000	20,000	20,000	–	–
Long-term loans payable	56,731	16,945	78,240	39,869	1,171	240,607
Total	¥ 220,480	¥ 56,945	¥ 98,240	¥ 59,869	¥ 1,171	¥ 240,607

15. Securities

(1) Held-to-maturity debt securities
As of March 31, 2018

		Book value	Market value	Difference
(Millions of yen)				
Securities with a book value not exceeding market value	① Government bonds, local government bonds and others	¥ –	¥ –	¥ –
	② Corporate bonds	700	712	12
	③ Others	–	–	–
	Total	700	712	12
Securities with a book value exceeding market value	① Government bonds, local government bonds and others	–	–	–
	② Corporate bonds	–	–	–
	③ Others	9,418	9,418	–
	Total	9,418	9,418	–
Total		¥ 10,118	¥ 10,131	¥ 12

		Book value	Market value	Difference
(Thousands of U.S. dollars)				
Securities with a book value not exceeding market value	① Government bonds, local government bonds and others	\$ –	\$ –	\$ –
	② Corporate bonds	6,588	6,707	118
	③ Others	–	–	–
	Total	6,588	6,707	118
Securities with a book value exceeding market value	① Government bonds, local government bonds and others	–	–	–
	② Corporate bonds	–	–	–
	③ Others	88,653	88,653	–
	Total	88,653	88,653	–
Total		\$ 95,242	\$ 95,361	\$ 118

As of March 31, 2017

		Book value	Market value	Difference
		(Millions of yen)		
Securities with a book value not exceeding market value	① Government bonds, local government bonds and others	¥ –	¥ –	¥ –
	② Corporate bonds	855	867	12
	③ Others	–	–	–
	Total	855	867	12
Securities with a book value exceeding market value	① Government bonds, local government bonds and others	–	–	–
	② Corporate bonds	–	–	–
	③ Others	8,046	8,046	–
	Total	8,046	8,046	–
Total		¥ 8,901	¥ 8,914	¥ 12

(2) Available-for-sale securities

As of March 31, 2018

		Book value	Acquisition cost	Difference
		(Millions of yen)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	¥ 96,860	¥ 40,037	¥ 56,823
	② Others	–	–	–
	Total	96,860	40,037	56,823
Securities with a book value not exceeding acquisition cost	① Corporate stocks	3,023	3,942	(918)
	② Others	4,053	4,568	(514)
	Total	7,077	8,511	(1,433)
Total		¥ 103,938	¥ 48,548	¥ 55,389

		Book value	Acquisition cost	Difference
		(Thousands of U.S. dollars)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	\$ 911,714	\$ 376,858	\$ 534,855
	② Others	–	–	–
	Total	911,714	376,858	534,855
Securities with a book value not exceeding acquisition cost	① Corporate stocks	28,462	37,111	(8,649)
	② Others	38,158	43,001	(4,843)
	Total	66,620	80,113	(13,493)
Total		\$ 978,334	\$ 456,972	\$ 521,362

Notes: The following items are not included in above table because no available quoted market price is available and it is not possible to estimate their future cash flows, therefore measuring their fair value is deemed to be extremely difficult:

- Non-listed corporate stocks,
- Investments in capital, and
- Others

(Their book value on the balance sheet: ¥ 4,875 million (\$ 45,893 thousand))

As of March 31, 2017

		Book value	Acquisition cost	Difference
		(Millions of yen)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	¥ 90,000	¥ 40,170	¥ 49,829
	② Others	—	—	—
	Total	90,000	40,170	49,829
Securities with a book value not exceeding acquisition cost	① Corporate stocks	3,598	4,499	(900)
	② Others	3,021	3,326	(304)
	Total	6,620	7,825	(1,205)
Total		¥ 96,620	¥ 47,996	¥ 48,623

Notes: The following items are not included in above table because no available quoted market price is available and it is not possible to estimate their future cash flows, therefore measuring their fair value is deemed to be extremely difficult:

- Non-listed corporate stocks,
- Investments in capital, and
- Others

(Their book value on the balance sheet: ¥ 5,362 million)

(3) Available-for-sale securities sold

For the fiscal year ended March 31, 2018

	Proceeds from sales	Gains	Losses
	(Millions of yen)		
Corporate stocks	¥ 1,666	¥ 906	¥ 9

	Proceeds from sales	Gains	Losses
	(Thousands of U.S. dollars)		
Corporate stocks	\$ 15,681	\$ 8,528	\$ 88

For the fiscal year ended March 31, 2017

	Proceeds from sales	Gains	Losses
	(Millions of yen)		
Corporate stocks	¥ 7,385	¥ 3,234	¥ 1

(4) Impairment of available-for-sale securities

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2018	2017	2018
Corporate stocks	¥ 509	¥ 22	\$ 4,794

Note: In calculating impairment losses, where the fair value as of the year end is lower than the acquisition cost by 50% or more, the whole amount of such difference is recorded as an impairment loss. In cases where fair value as of the year end is lower than acquisition cost by between 30-50%, the impairment loss

amount is calculated and recorded by giving consideration to recoverability among other factors.

16. Derivative Transactions

(1) Derivatives contracts outstanding for which hedge accounting was not applied
The information is omitted as it is immaterial.

(2) Derivatives contracts outstanding for which hedge accounting was applied

(i) Currency-related derivatives

As of March 31, 2018

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Foreign exchange forward contracts				
	Sell				
	Sell: U.S. dollars, Buy: New Zealand dollars	Accounts receivable-trade	¥ 4,314	¥ -	¥ 143
	Sell: Japanese yen, Buy: New Zealand dollars	Accounts receivable-trade	108	-	(0)
	Sell: Euro, Buy: New Zealand dollars	Accounts receivable-trade	71	-	(0)
	Currency Options				
	Buy: Call options Sell: Put options U.S. dollars	Accounts receivable-trade	8,894	-	331
Buy: Call options Sell: Put options Japanese yen	Accounts receivable-trade	301	-	(1)	
Buy: Call options Sell: Put options Euro	Accounts receivable-trade	76	-	(2)	
Total			¥ 13,767	¥ -	¥ 469
Foreign exchange forward contracts, accounted for as part of foreign currency assets or liabilities	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	1,879	-	(0)
	Buy				
U.S. dollars	Accounts payable-trade	545	-	0	
Euro	Accounts payable-trade	103	-	(1)	
Total			¥ 2,528		¥ (1)

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Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Thousands of U.S. dollars)		
Deferred hedge accounting	Foreign exchange forward contracts				
	Sell				
	Sell: U.S. dollars, Buy: New Zealand dollars	Accounts receivable-trade	\$ 40,611	\$ —	\$ 1,354
	Sell: Japanese yen, Buy: New Zealand dollars	Accounts receivable-trade	1,022	—	(5)
	Sell: Euro, Buy: New Zealand dollars	Accounts receivable-trade	671	—	(7)
	Currency Options				
	Buy: Call options Sell: Put options U.S. dollars	Accounts receivable-trade	83,721	—	3,116
Buy: Call options Sell: Put options Japanese yen	Accounts receivable-trade	2,841	—	(17)	
Buy: Call options Sell: Put options Euro	Accounts receivable-trade	721	—	(26)	
Total			\$ 129,589	\$ —	\$ 4,415
Foreign exchange forward contracts, accounted for as part of foreign currency assets or liabilities	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	17,689	—	(8)
	Buy				
U.S. dollars	Accounts payable-trade	5,130	—	6	
Euro	Accounts payable-trade	978	—	(14)	
Total			\$ 23,798	—	\$ (17)

Notes:

1. Fair value is calculated based on the prices provided by counterparty financial institutions, and others.
2. The fair value of foreign exchange forward contracts, which are accounted for as part of the foreign currency assets or liabilities, is included in that of hedged foreign currency assets or liabilities (except when scheduled transactions are assumed to be hedged).
3. Transactions of currency options are collar transactions, which have the effect of limiting foreign exchange risk by buying call options and selling put options.

As of March 31, 2017

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Millions of yen)		
Deferred hedge accounting	Foreign exchange forward contracts				
	Sell				
	Sell: U.S. dollars, Buy: New Zealand dollars	Accounts receivable-trade	¥ 11,740	¥ -	¥ 13
	Sell: Japanese yen, Buy: New Zealand dollars	Accounts receivable-trade	270	-	7
	Sell: Euro, Buy: New Zealand dollars	Accounts receivable-trade	188	-	5
	Buy				
	Buy: Euro, Sell: New Zealand dollars	Accounts payable-trade	69	-	(7)
	Buy: Australian dollars Sell: New Zealand dollars	Accounts payable-trade	0	-	0
	Currency Options				
Buy: Call options Sell: Put options U.S. dollars	Accounts receivable-trade	607	-	19	
Buy: Call options Sell: Put options Japanese yen	Accounts receivable-trade	153	-	5	
Total			¥ 13,031	¥ -	¥ 43
Foreign exchange forward contracts, accounted for as part of foreign currency assets or liabilities	Foreign exchange forward contracts				
	Sell				
	U.S. dollars	Accounts receivable-trade	887	-	(1)
	Buy				
	U.S. dollars	Accounts payable-trade	395	-	3
Canadian dollars	Accounts payable-trade	1	-	0	
Euro	Accounts payable-trade	61	-	(0)	
Total			¥ 1,346	¥ -	¥ 1

Notes:

1. Fair value is calculated based on the prices provided by counterparty financial institutions, and others.
2. The fair value of foreign exchange forward contracts, which are accounted for as part of the foreign currency assets or liabilities, is included in that of hedged foreign currency assets or liabilities (except when scheduled transactions are assumed to be hedged).
3. Transactions of currency options are collar transactions, which have the effect of limiting foreign exchange risk by buying call options and selling put options.

(ii) Interest-rate-related derivatives

As of March 31, 2018

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Millions of yen)		
Deferred hedge accounting	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	¥ 20,000	¥ 20,000	¥ (487)
Special treatment of interest rate swap	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	206,154	206,102	(Note 2)
Integrated treatment of interest rate and currency swaps (special treatment, appropriated treatment)	Interest rate and currency swaps Floating rate received for fixed rate U.S. dollars received for Japanese yen	Long-term loans payable	36,027	36,027	(Note 2)
Total			¥ 262,181	¥ 262,129	¥ (487)

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Thousands of U.S. dollars)		
Deferred hedge accounting	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	\$ 188,253	\$ 188,253	\$ (4,591)
Special treatment of interest rate swap	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	1,940,463	1,939,966	(Note 2)
Integrated treatment of interest rate and currency swaps (special treatment, appropriated treatment)	Interest rate and currency swaps Floating rate received for fixed rate U.S. dollars received for Japanese yen	Long-term loans payable	339,109	339,109	(Note 2)
Total			\$ 2,467,825	\$ 2,467,328	\$ (4,591)

Notes:

1. Fair value is calculated based on the prices provided by counterparty financial institutions, and others.
2. When an interest rate swap contract meets the criteria for the special treatment of interest rate swaps, and the integrated treatment of interest rate and currency swaps (special treatment, appropriated treatment), the net amount to be paid or received under the contract is added to or deducted from the interest on the hedged items.

The fair value of the interest rate swaps and interest rate and currency swaps accounted for by special treatment and the integrated treatment, is included in that of the hedged long-term loans payable.

As of March 31, 2017

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	¥ 21,229	¥ 21,229	¥ (589)
Special treatment of interest rate swap	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	220,387	206,154	(Note 2)
	Floating rate received for floating rate	Long-term loans payable	2,500	—	(Note 2)
Integrated treatment of interest rate and currency swaps (special treatment, appropriated treatment)	Interest rate and currency swaps Floating rate received for fixed rate U.S. dollars received for Japanese yen	Long-term loans payable	36,027	36,027	(Note 2)
Total			¥ 280,144	¥ 263,411	¥ (589)

Notes:

1. Fair value is calculated based on the prices provided by counterparty financial institutions, and others.
2. When an interest rate swap contract meets the criteria for the special treatment of interest rate swaps, and the integrated treatment of interest rate and currency swaps (special treatment, appropriated treatment), the net amount to be paid or received under the contract is added to or deducted from the interest on the hedged items.

The fair value of the interest rate swaps and interest rate and currency swaps accounted for by special treatment and the integrated treatment, is included in that of the hedged long-term loans payable.

(iii) Commodity-related derivatives

As of March 31, 2018

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Commodity swaps Floating rate received for fixed rate	Electricity	¥3,949	¥ 2,471	¥ (76)
Total			¥ 3,949	¥ 2,471	¥ (76)

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
Deferred hedge accounting	Commodity swaps Floating rate received for fixed rate	Electricity	\$ 37,172	\$ 23,267	\$ (716)
Total			\$ 37,172	\$ 23,267	\$ (716)

Note: Fair value is calculated based on the prices provided by counterparty financial institutions, and others.

As of March 31, 2017

Hedge accounting method	Hedging instruments	Main hedged items	Contract amount	Contract amount due after one year	Fair value
			(Millions of yen)		
Deferred hedge accounting	Commodity swaps Floating rate received for fixed rate	Electricity	¥ 2,672	¥ 1,031	¥ (374)
	Floating rate received for fixed rate	Heavy oil	1,410	—	48
Total			¥ 4,083	¥ 1,031	¥ (325)

Note: Fair value is calculated based on the prices provided by counterparty financial institutions, and others.

17. Retirement Benefits

(1) Outline of Retirement Benefit Plan Adopted

The Group has established defined contribution corporate pension plans as well as corporate defined benefit pension plans including both employees' pension fund plans, and retirement lump-sum payment plans. In addition, certain consolidated subsidiaries have joined multi-employer corporate pension plans. Certain consolidated subsidiaries have established employees' retirement benefit trusts for the defined benefit-type corporate pension plans and retirement lump-sum payment plans.

Furthermore, in certain instances of an employee's retirement or other termination, extra retirement payments may be provided, which are not included in the retirement benefit obligation based on the actuarial calculation under retirement benefit accounting.

(3) Defined benefit plans (includes multi-employer plans)

(i) Reconciliation of beginning and ending balances of retirement benefit obligation (excluding plans for which a simplified method is applied)

For the fiscal year ended March 31, 2018

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Beginning balance of retirement benefit obligation	¥ 143,813	\$ 1,353,664
Service cost	4,644	43,715
Interest cost	448	4,221
Actuarial loss	3,253	30,622
Prior service cost	(3,923)	(36,931)
Payment of retirement benefits	(10,375)	(97,658)
Decrease on the transfer to a defined contribution plan	(6,839)	(64,382)
Other	1,343	12,647
Ending balance of retirement benefit obligation	¥ 132,364	\$ 1,245,899

For the fiscal year ended March 31, 2017

	<u>Millions of yen</u>
Beginning balance of retirement benefit obligation	¥ 184,315
Service cost	6,418
Interest cost	655
Actuarial loss	1,810
Prior service cost	(6,092)
Payment of retirement benefits	(12,076)
Decrease on the transfer to a defined contribution plan	(33,979)
Other	2,762
Ending balance of retirement benefit obligation	¥ 143,813

(ii) Reconciliation of beginning and ending balances of plan assets (excluding plans for which a simplified method is applied)

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For the fiscal year ended March 31, 2018

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Beginning balance of plan assets	¥ 135,722	\$ 1,277,512
Expected return on plan assets	2,223	20,931
Actuarial gain	11,323	106,579
Employer contributions	2,599	24,466
Payment of retirement benefits	(7,902)	(74,384)
Decrease on the transfer to a defined contribution plan	(5,876)	(55,315)
Other	(33)	(312)
Ending balance of plan assets	¥ 138,056	\$ 1,299,478

For the fiscal year ended March 31, 2017

	<u>Millions of yen</u>
Beginning balance of plan assets	¥ 142,221
Expected return on plan assets	2,387
Actuarial loss	15,243
Employer contributions	4,153
Payment of retirement benefits	(8,827)
Decrease on the transfer to a defined contribution plan	(19,435)
Other	(20)
Ending balance of plan assets	¥ 135,722

(iii) Reconciliation of beginning and ending balance of net defined benefit liability for plans for which the simplified method is applied

For the fiscal year ended March 31, 2018

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Beginning balance of net defined benefit liability	¥ 6,497	\$ 61,158
Retirement benefit expenses	945	8,904
Payment of retirement benefits	(715)	(6,738)
Plan contributions	(609)	(5,739)
Other	(617)	(5,809)
Ending balance of net defined benefit liability	¥ 5,500	\$ 51,776

For the fiscal year ended March 31, 2017

	<u>Millions of yen</u>
Beginning balance of net defined benefit liability	¥ 5,812
Retirement benefit expenses	1,207
Payment of retirement benefits	(670)
Plan contributions	(542)
Other	689
Ending balance of net defined benefit liability	¥ 6,497

(iv) Reconciliation of ending balance of retirement benefit obligation and plan assets, net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheets

For the fiscal year ended March 31, 2018

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Funded retirement benefit obligation	¥ 101,932	\$ 959,452
Plan assets	(152,611)	(1,436,476)
	(50,679)	(477,024)
Unfunded retirement benefit obligation	50,487	475,221
Net liabilities and assets recorded on the consolidated balance sheets	(191)	(1,802)
Net defined benefit liability	51,422	484,023
Net defined benefit asset	(51,614)	(485,826)

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Net liabilities and assets recorded on the consolidated balance sheets	¥ (191)	\$ (1,802)
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Note: Including plans for which the simplified method is applied.

For the fiscal year ended March 31, 2017

	<u>Millions of yen</u>	
Funded retirement benefit obligation	¥ 106,684	
Plan assets	(144,489)	
	(37,804)	
Unfunded retirement benefit obligation	52,392	
Net liabilities and assets recorded on the consolidated balance sheets	14,587	

Net defined benefit liability	54,123
Net defined benefit asset	(39,535)
Net liabilities and assets recorded on the consolidated balance sheets	¥ 14,587

Note: Including plans for which the simplified method is applied.

(v) Components of retirement benefit expenses

For the fiscal year ended March 31, 2018

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Service costs	¥ 4,644	\$ 43,715
Interest cost	448	4,221
Expected return on plan assets	(2,223)	(20,931)
Amortization of actuarial loss	7,313	68,840
Amortization of prior service cost	(860)	(8,100)
Retirement benefit expenses calculated by simplified method	945	8,904
Profit (loss) on the transfer to a defined contribution plan (Note 1)	(1,305)	(12,290)
Special retirement expenses (Note 2)	—	—
Extra retirement payments (Note 3)	1,374	12,936
Retirement benefit expenses related to defined benefit plans	¥ 10,336	\$ 97,295

For the fiscal year ended March 31, 2017

	<u>Millions of yen</u>
Service costs	¥ 6,418
Interest cost	655
Expected return on plan assets	(2,387)
Amortization of actuarial loss	3,787
Amortization of prior service cost	311
Retirement benefit expenses calculated by simplified method	1,207
Profit (loss) on the transfer to a defined contribution plan (Note 1)	(13,704)
Special retirement expenses (Note 2)	3,153
Extra retirement payments (Note 3)	—
Retirement benefit expenses related to defined benefit plans	¥ (559)

Notes:

1. Profit (loss) on the transfer to a defined contribution plan is accounted for in "Extraordinary Income".
2. Special retirement expenses are mainly redundancy pay, etc., and are accounted for as "Special retirement expenses" in extraordinary losses.
3. Extra retirement payments are mainly redundancy pay, etc., and are accounted for as "Other" in non-operating expenses.

(vi) Remeasurements of defined benefit plans in consolidated statements of income

The breakdown of items recorded in remeasurements of defined benefit plans is as follows (before deduction of tax effects):

For the fiscal year ended March 31, 2018

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Prior service cost	¥ 2,602	\$ 24,495

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Actuarial loss	15,778	148,516
<u>Total</u>	<u>¥ 18,380</u>	<u>\$ 173,011</u>

For the fiscal year ended March 31, 2017

	<u>Millions of yen</u>
Prior service cost	¥ 6,403
Actuarial loss	17,789
<u>Total</u>	<u>¥ 24,193</u>

(vii) Remeasurements of defined benefit plans

The breakdown of items recorded in remeasurements of defined benefit plans is as follows (before deduction of tax effects):

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For the fiscal year ended March 31, 2018

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Unrecognized prior service cost	¥ (8,831)	\$ (83,127)
Unrecognized actuarial gain	(16,577)	(156,037)
<u>Total</u>	<u>¥ (25,408)</u>	<u>\$ (239,164)</u>

For the fiscal year ended March 31, 2017

	<u>Millions of yen</u>
Unrecognized prior service cost	¥ (6,229)
Unrecognized actuarial gain	(799)
<u>Total</u>	<u>¥ (7,028)</u>

(viii) Matters relating to plan assets

(a) Breakdown of principal plan assets

The principal asset classes as percentages of total plan assets are as follows:

For the fiscal year ended March 31, 2018

Domestic corporate stocks	46 %
Overseas corporate stocks	5
Domestic bonds	7
Overseas bonds	5
Cash and deposits	4
Life insurance general accounts	19
Alternative investments	14
Other	0
<u>Total</u>	<u>100</u>

For the fiscal year ended March 31, 2017

Domestic corporate stocks	48%
Overseas corporate stocks	1
Domestic bonds	3
Overseas bonds	0
Cash and deposits	17
Life insurance general accounts	20
Alternative investments	11
Other	0
<u>Total</u>	<u>100</u>

Notes:

- Alternative investments are mainly investments in hedge funds, etc.
- Retirement benefit trusts established for corporate pension plans constituted 40% of total plan assets in the fiscal year ended March 31, 2018 and 34% in the fiscal year ended March 31, 2017.

(b) Method to determine long-term expected rate of return on plan assets

In order to determine the long-term expected rate of return on plan assets, the Company takes into account the current and the forecast allocation of plan assets and the current and anticipated long-term expected rate of return on a wide range of assets that constitute plan assets.

(ix) Assumptions used in actuarial calculations

For the fiscal year ended March 31, 2018

(a) Discount rates

Domestic 0.1 – 0.6%

Overseas 1.9 – 5.2%

(b) Long-term expected rates of return on plan assets

Domestic 0.2 – 2.5%

Overseas 1.8 – 7.0%

(c) Expected rates of salary increases

Domestic 1.5 – 8.3%

Overseas 1.8 – 3.5%

For the fiscal year ended March 31, 2017

(a) Discount rates

Domestic 0.1 – 0.7%

Overseas 1.8 – 7.5%

(b) Long-term expected rates of return on plan assets

Domestic 0.3 – 3.3%

Overseas 1.8 – 7.0%

(c) Expected rates of salary increases

Domestic 1.5 – 8.3%

Overseas 1.8 – 7.0%

(3) Defined contribution plan

The contributions to the defined contribution plans of the consolidated subsidiaries, including the multi-employer plans that are accounted for in the same way as defined contribution plans, were ¥ 1,848 million (\$ 17,396 thousand) in the fiscal year ended March 31, 2018 and ¥ 908 million in the fiscal year ended March 31, 2017.

(4) Other matters relating to retirement benefit

The effects on those consolidated subsidiaries with a defined benefit corporate pension plan as a retirement benefit plan which revised their retirement benefit plans and benefit levels, by converting their corporate pension fund plan for current employees from a defined benefit plan to a defined contribution plan as follows:

For the fiscal year ended March 31, 2018

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Decrease in retirement benefit obligation	¥ 7,116	\$ 66,989
Decrease in plan assets	(5,876)	(55,315)
One-time amortization of actuarial loss	(395)	(3,718)
One-time amortization of prior service cost	460	4,336
Additional contribution to the defined contribution plans	—	—
Total	¥ 1,305	\$ 12,290

For the fiscal year ended March 31, 2017

	<u>Millions of yen</u>
Decrease in retirement benefit obligation	¥ 33,979
Decrease in plan assets	(19,435)
One-time amortization of actuarial loss	(568)
One-time amortization of prior service cost	—
Additional contribution to the defined contribution plans	(270)
Total	¥ 13,704

The amounts of assets to be transferred to the defined contribution plans were ¥ 5,876 million (\$ 55,315 thousand) for the fiscal year ended March 31, 2018 and ¥ 19,435 million for the fiscal year ended March 31, 2017. The amount

for the fiscal year ended March 31, 2018 was fully transferred in May 2018.

18. Stock Options

(1) The account title and the amount of expenses related to stock options

Account title: Selling, general and administrative expenses

Amount: ¥ — million (\$ — thousand) for the year ended March 31, 2018

¥ 21 million for the year ended March 31, 2017

(2) Content, size and changes of stock options

(i) Stock option plans

Stock option 2006	
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 140,000 shares
Grant date	August 15, 2006
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2007 If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2006 (June 29, 2006) to the date of the ordinary general meeting of shareholders in 2007
Exercise period	From August 16, 2006 to June 30, 2026

Stock option 2008	
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 215,000 shares
Grant date	July 14, 2008
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2009 If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2008 (June 27, 2008) to the date of the ordinary general meeting of shareholders in 2009
Exercise period	From July 15, 2008 to June 30, 2028

Stock option 2009	
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 174,000 shares
Grant date	July 13, 2009
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2010 If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2009 (June 26, 2009) to the date of the ordinary general meeting of shareholders in 2010
Exercise period	From July 14, 2009 to June 30, 2029

Stock option 2010	
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 220,000 shares
Grant date	July 16, 2010
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2011 If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2010 (June 29, 2010) to the date of the ordinary general meeting of shareholders in 2011
Exercise period	From July 17, 2010 to June 30, 2030

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Stock option 2011	
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 219,000 shares
Grant date	July 15, 2011
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2012 If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2011 (June 29, 2011) to the date of the ordinary general meeting of shareholders in 2012
Exercise period	From July 16, 2011 to June 30, 2031

Stock option 2012	
Individuals covered by the Plan	Directors of the Company: 12
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 219,000 shares
Grant date	July 17, 2012
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2013 If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2012 (June 28, 2012) to the date of the ordinary general meeting of shareholders in 2013
Exercise period	From July 18, 2012 to June 30, 2032

Stock option 2013	
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 220,000 shares
Grant date	July 16, 2013
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2014 If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2013 (June 27, 2013) to the date of the ordinary general meeting of shareholders in 2014
Exercise period	From July 17, 2013 to June 30, 2033

Stock option 2014	
Individuals covered by the Plan	Directors of the Company: 10
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 176,000 shares
Grant date	July 15, 2014
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2015 If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2014 (June 27, 2014) to the date of the ordinary general meeting of shareholders in 2015
Exercise period	From July 16, 2014 to June 30, 2034

OJI HOLDINGS CORPORATION

	Stock option 2015
Individuals covered by the Plan	Directors of the Company: 11
Type and number of shares to be issued upon the exercise of the share acquisition rights	Common stock: 199,000 shares
Grant date	July 14, 2015
Condition for the exercise of share acquisition rights	Grantee must continue to stay in the position of Director until the ordinary general meeting of shareholders in 2016 If a grantee retires the position before the above date, share acquisition rights are limited to the equivalent months in service.
Vesting period	From the date of the ordinary general meeting of shareholders in 2015 (June 26, 2015) to the date of the ordinary general meeting of shareholders in 2016
Exercise period	From July 15, 2015 to June 30, 2035

(ii) Changes in the number of stock options

For the year ended March 31, 2018

	Stock option 2006	Stock option 2008	Stock option 2009	Stock option 2010	Stock option 2011	Stock option 2012	Stock option 2013	Stock option 2014	Stock option 2015
	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)
Share acquisition rights which are not yet vested									
Outstanding as of March 31, 2017	—	—	—	—	—	—	—	—	—
Granted	—	—	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—	—	—
Vested	—	—	—	—	—	—	—	—	—
Outstanding as of March 31, 2018	—	—	—	—	—	—	—	—	—
Share acquisition rights which have already been vested									
Outstanding as of March 31, 2017	10,000	16,000	36,000	53,000	45,000	118,000	182,000	126,000	199,000
Vested	—	—	—	—	—	—	—	—	—
Exercised	—	—	12,000	23,000	—	—	24,000	—	—
Forfeited	—	—	—	—	—	—	—	—	—
Outstanding as of March 31, 2018	10,000	16,000	24,000	30,000	45,000	118,000	158,000	126,000	199,000

(iii) Price information of stock options

As at March 31, 2018

	Stock option 2006	Stock option 2008	Stock option 2009	Stock option 2010	Stock option 2011	Stock option 2012	Stock Option 2013	Stock Option 2014	Stock option 2015
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average market price of the stock at the time of exercise	—	—	675	752	—	—	683	—	—
Weighted average fair value per share at the granted date	579	351	285	334	307	189	351	324	432

	Stock option 2006	Stock option 2008	Stock option 2009	Stock option 2010	Stock option 2011	Stock option 2012	Stock option 2013	Stock option 2014	Stock option 2015
	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)	(U.S. dollars)
Exercise price	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Average market price of the stock at the time of exercise	—	—	6.35	7.08	—	—	6.43	—	—
Weighted average fair value per share at the granted date	5.45	3.30	2.68	3.14	2.89	1.78	3.30	3.05	4.07

(3) Method for estimating the number of vested options

Since it is difficult to reasonably estimate the number of options that will expire in the future, the number of vested options is calculated based on historical data for the options that have not yet been vested, and the number of options that have actually been forfeited compared to the number vested.

19. Income Taxes

(1) Significant components of deferred tax assets and deferred tax liabilities

	March 31, 2018 (Millions of yen)	March 31, 2017 (Millions of yen)	March 31, 2018 (Thousands of U.S. dollars)
Deferred tax assets			
Tax losses carried forward	¥ 19,233	¥ 22,091	\$ 181,037
Net defined benefit liability	22,853	4,560	215,113
Investment securities and others	10,851	11,912	102,144
Property, plant and equipment	8,694	8,125	81,835
Accrued bonuses	4,977	5,014	46,853
Allowance for doubtful accounts	1,974	2,400	18,587
Inventory	1,494	1,473	14,065
Other	13,050	12,960	122,836
Subtotal	83,129	68,538	782,473
Valuation allowance	(39,124)	(38,759)	(368,263)
Total deferred tax assets	44,005	29,778	414,210
Deferred tax liabilities			
Adjustment to book value of assets stated at fair value	(39,055)	(38,167)	(367,615)
Property, plant and equipment	(25,393)	(23,917)	(239,015)
Reserve for advanced depreciation of non-current assets	(10,202)	(10,288)	(96,032)
Net defined benefit liability	(22,139)	—	(208,394)
Valuation difference on available-for-sale securities	(16,808)	(14,696)	(158,212)
Reserve for special depreciation	(2,055)	(3,414)	(19,343)
Other	(542)	(519)	(5,104)
Total deferred tax liabilities	(116,196)	(91,003)	(1,093,718)
Net deferred tax liabilities	(72,190)	¥ (61,224)	\$ (679,508)

(2) Difference between the statutory tax rate and the effective tax rate of corporate income taxes

	For the fiscal year ended March 31	
	2018	2017
Statutory tax rate	30.9%	30.9%
(Adjustment)		
Non-deductible entertainment and social expenses, etc.	1.3	1.6
Non-taxable income of dividends received, etc.	(3.6)	(3.3)
Per capita levy of local inhabitant tax	0.8	0.8
Tax credit	(1.2)	(1.4)
Equity in earnings of affiliates	(0.3)	(0.7)
Different tax rates applied to foreign subsidiaries	(4.5)	3.8
Retained earnings of foreign subsidiaries, etc.	(0.3)	2.1
Amortization of goodwill	1.1	0.4
Change in valuation allowance	9.3	3.6
Other	(0.2)	(0.5)
Effective tax rate	33.3	37.3

20. Segment Information

(1) Overview of reporting segments

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The reporting segments of the Company consist of business units of the Group that are similar in terms of economic characteristics, production method or production process, types of market or customers to which products are sold and other characteristics. The Company has four reporting segments: "Household and Industrial Materials," "Functional Materials," "Forest Resources and Environmental Marketing" and "Printing and Communications Media." Business segments that are not included in the reporting segments are put together as "Other."

Major business lineup for the segments are as follows.

Household and Industrial Materials: Containerboard, corrugated container, boxboard and packaging papers, folding cartons and paper bags, household paper, disposable diapers

Functional Materials: Specialty paper, thermal paper, adhesive paper, film

Forest Resources and Environmental Marketing: Pulp, energy, lumber

Printing and Communications Media: Newsprint, printing, publishing and communications paper

Other: Real estate, engineering, trading, logistics and other

(2) Methods to calculate amounts of sales, income or loss, assets, liabilities and other items by reporting segment

The accounting method applied for reporting segments is almost the same that described in Notes 1 to 5 of the Consolidated Financial Statements.

Segment profit is based on operating profit. Inter-segment sales and transfers are mainly based on market price.

(3) Information on amounts of sales, income or loss, assets, liabilities and other items by reporting segment

For the fiscal year ended March 31, 2018

	Reporting segments				Total	Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Household and industrial materials	Functional materials	Forest resources and environmental marketing	Printing and communications media					
(Millions of yen)									
Net Sales									
Sales to third parties	¥ 601,987	¥ 203,783	¥ 245,395	¥ 263,811	¥1,314,977	¥ 170,918	¥ 1,485,895	¥ -	¥ 1,485,895
Inter-segment sales and transfers	49,332	17,015	53,095	27,176	146,620	106,086	252,706	(252,706)	-
Total sales	651,319	220,798	298,490	290,988	1,461,597	277,004	1,738,602	(252,706)	1,485,895
Segment profit (loss)	5,436	18,559	42,305	(4,502)	61,799	8,756	70,555	226	70,781
Segment assets	602,221	224,090	570,482	327,300	1,724,095	398,719	2,122,814	(154,823)	1,967,991
Other items									
Depreciation and amortization (Note 4)	26,499	7,171	17,774	15,801	67,247	4,632	71,880	-	71,880
Increase in property, plant, equipment and intangible assets (Note 4)	24,966	4,774	30,304	4,770	64,816	4,481	69,297	-	69,297

For the fiscal year ended March 31, 2018

	Reporting segments				Total	Other (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Household and industrial materials	Functional materials	Forest resources and environmental marketing	Printing and communications media					
(Thousands of U.S. dollars)									
Net Sales									
Sales to third parties	\$ 5,666,296	\$ 1,918,138	\$ 2,309,819	\$ 2,483,166	\$ 12,377,421	\$1,608,795	\$ 13,986,217	\$ -	\$ 13,986,217
Inter-segment sales and transfers	464,347	160,161	499,768	255,805	1,380,084	998,554	2,378,638	(2,378,638)	-
Total sales	6,130,644	2,078,300	2,809,587	2,738,972	13,757,505	2,607,350	16,364,855	(2,378,638)	13,986,217
Segment profit (loss)	51,167	174,697	398,210	(42,380)	581,694	82,423	664,117	2,128	666,245
Segment assets	5,668,502	2,109,287	5,369,748	3,080,766	16,228,304	3,753,005	19,981,310	(1,457,294)	18,524,015
Other items									
Depreciation and	249,433	67,504	167,306	148,738	632,981	43,600	676,582	-	676,582

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amortization (Note 4) Increase in property, plant, equipment and intangible assets (Note 4)	235,004	44,938	285,246	44,904	610,094	42,182	652,276	-	652,276
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Notes

1. "Other" is a business segment which is not included in the reporting segments, and included in this segment are real estate, engineering, trading, logistics and other businesses.
2. "Adjustments" are as follows.
 - (1) Adjustment for segment profit (loss), ¥ 226 million (\$ 2,128 thousand), primarily consists of adjustment related to internal transactions.
 - (2) Adjustment for segment assets, ¥ (154,823) million (\$ (1,457,294) thousand), includes the following items.
 - Elimination of inter-segment debts and credits, and other, ¥ (179,389) million (\$ (1,688,532) thousand)
 - Group-wide assets* not allocated to each reporting segment, ¥ 24,566 million (\$ 231,237 thousand)
- *Group-wide assets: investment securities not allocated to each reporting segment
3. Adjustment is made between segment profit (loss) and operating profit of the consolidated statement of income.
4. Long-term prepaid expenses and the related depreciation and amortization are included in the amounts of depreciation and amortization, and increase in property, plant, equipment and intangible assets.

For the fiscal year ended March 31, 2017

	Reporting segments				Total	Other (Note 1)	Total	Adjust- ments (Note 2)	Consolidated (Note 3)
	House- hold and industrial materials	Function- al materials	Forest resources and environ- mental marketing	Printing and communi- cations media					
(Millions of yen)									
Net Sales									
Sales to third parties	¥ 577,160	¥ 200,566	¥ 219,634	¥ 268,907	¥ 1,266,269	¥ 173,585	¥ 1,439,855	¥ —	¥ 1,439,855
Inter-segment sales and transfers	43,121	17,029	50,700	27,227	138,078	96,107	234,186	(234,186)	—
Total sales	620,281	217,595	270,335	296,135	1,404,348	269,693	1,674,041	(234,186)	1,439,855
Segment profit	18,830	17,548	19,124	5,527	61,031	8,900	69,931	311	70,243
Segment assets	595,752	196,811	545,133	317,863	1,655,561	372,482	2,028,043	(127,013)	1,901,029
Other items									
Depreciation and amortization (Note 4)	27,125	8,173	18,058	16,589	69,947	4,911	74,858	—	74,858
Increase in property, plant, equipment and intangible assets (Note 4)	21,313	4,827	27,675	5,757	59,574	4,147	63,721	—	63,721

Notes

- “Other” is a business segment which is not included in the reporting segments, and included in this segment are real estate, engineering, trading, logistics and other businesses.
- “Adjustments” are as follows.
 - Adjustment for segment profit, ¥ 311 million, primarily consists of adjustment related to internal transactions.
 - Adjustment for segment assets, ¥ (127,013) million, includes the following items.
 - Elimination of inter-segment debts and credits, and other, ¥ (150,890) million
 - Group-wide assets* not allocated to each reporting segment, ¥ 23,876 million
- Adjustment is made between segment profit (loss) and operating profit of the consolidated statement of income.
- Long-term prepaid expenses and the related depreciation and amortization are included in the amounts of depreciation and amortization, and increase in property, plant, equipment and intangible assets.

(4) Related information

For the fiscal year ended March 31, 2018

(i) Information by product and service

The reporting segments of the Company are the business units identified by product and service. There is no additional information to be disclosed.

(ii) Information by region

(a) Net Sales

Japan	Asia	North America	South America	Europe	Oceania	Other	Total
(Millions of yen)							
¥ 1,024,952	¥ 293,743	¥ 30,074	¥ 25,229	¥ 44,927	¥ 61,860	¥ 5,107	¥ 1,485,895

Japan	Asia	North America	South America	Europe	Oceania	Other	Total
(Thousands of U.S. dollars)							
\$ 9,647,519	\$ 2,764,903	\$ 283,080	\$ 237,472	\$ 422,888	\$ 582,274	\$ 48,079	\$ 13,986,217

(b) Property, plant and equipment

Japan	China	Asia	North America	Brazil	Europe	Oceania	Total
(Millions of yen)							
¥ 590,201	¥ 109,049	¥ 43,315	¥ 1,984	¥ 211,984	¥ 4,637	¥ 95,470	¥ 1,056,644

Japan	China	Asia	North America	Brazil	Europe	Oceania	Total
(Thousands of U.S. dollars)							
\$ 5,555,357	\$ 1,026,447	\$ 407,718	\$ 18,681	\$ 1,995,335	\$ 43,650	\$ 898,631	\$ 9,945,821

(iii) Information by major customer

Information by major customer is omitted, since there is no external customer whose sales exceed 10% or more of the net sales in the consolidated statement of income.

For the fiscal year ended March 31, 2017

(i) Information by product and service

The reporting segments of the Company are the business units identified by product and service. There is no additional information to be disclosed.

(ii) Information by region

(a) Net Sales

Japan	Asia	North America	South America	Europe	Oceania	Other	Total
(Millions of yen)							
¥ 1,033,713	¥ 247,478	¥ 28,754	¥ 25,482	¥ 37,956	¥ 61,303	¥ 5,166	¥ 1,439,855

(b) Property, plant and equipment

Japan	China	Asia	North America	Brazil	Europe	Oceania	Total
(Millions of yen)							
¥ 604,750	¥ 108,283	¥ 42,478	¥ 2,480	¥ 214,559	¥ 4,621	¥ 92,949	¥ 1,070,124

(iii) Information by major customer

Information by major customer is omitted, since there is no external customer whose sales exceed 10% or more of the net sales in the consolidated statement of income.

(5) Information on impairment loss of property, plant and equipment by reporting segment

For the fiscal year ended March 31, 2018

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note 1)	Total (Note 2)
	(Millions of yen)					
Impairment loss	¥ 2,147	¥ 5	¥ 1	¥ 0	¥ 216	¥ 2,369

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note 1)	Total (Note 2)
	(Thousands of U.S. dollars)					
Impairment loss	\$ 20,210	\$ 47	\$ 14	\$ 8	\$ 2,021	\$ 22,303

Notes:

1. The amount of "Other" is the amount related to business segments not included in reporting segments and other.
2. Of the impairment loss of ¥ 2,369 million (\$ 22,303 thousand) for the fiscal year ended March 31, 2018, ¥ 5million (\$ 47 thousand) is included in other of extraordinary losses.

For the fiscal year ended March 31, 2017

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note 1)	Total (Note 2)
	(Millions of yen)					
Impairment loss	¥ 902	¥ 3,048	¥ 1,520	¥ —	¥ 1,511	¥ 6,983

Notes:

1. The amount of "Other" is the amount related to business segments not included in reporting segments and other.
2. Of the impairment loss of ¥ 6,983 million for the fiscal year ended March 31, 2017, ¥ 11million is included in other of extraordinary losses.

(6) Information on amortization and ending balance of goodwill by reporting segment

As of and for the fiscal year ended March 31, 2018

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note 1)	Total
	(Millions of yen)					
Amortized amount of goodwill	¥ 1,546	¥ 559	¥ (0)	¥ —	¥ 13	¥ 2,119
Balance of goodwill	4,467	5,043	(9)	—	162	9,664

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note 1)	Total
	(Thousands of U.S. dollars)					
Amortized amount of goodwill	\$ 14,559	\$ 5,267	\$ (7)	\$ -	\$ 127	\$ 19,947
Balance of goodwill	42,049	47,471	(86)	-	1,531	90,966

Note1: Amount for "Other" is the amount relating to business segments not included in reporting segments.

As of and for the fiscal year ended March 31, 2017

	Household and industrial materials	Functional materials	Forest resources and marketing	Printing and communications media	Other (Note 1)	Total
(Millions of yen)						
Amortized amount of goodwill	¥ 1,346	¥ 451	¥ (0)	¥—	¥ 15	¥ 1,812
Balance of goodwill	5,968	3,367	(9)	—	177	9,503

Note1: Amount for “Other” is the amount relating to business segments not included in reporting segments.

(7) Information on gain on bargain purchase by reporting segment

For the fiscal year ended March 31, 2018

None

For the fiscal year ended March 31, 2017

Information on gain on bargain purchase is omitted, since the amount is immaterial.

(8) Information on Transactions with Related Parties

For the fiscal year ended March 31, 2018

(i) Transactions with related parties

Significant transactions with related parties

None

(ii) Notes on significant affiliates

Summary of financial information on significant affiliates

None

For the fiscal year ended March 31, 2017

(i) Transactions with related parties

Significant transactions with related parties

None

(ii) Notes on significant affiliates

Summary of financial information on significant affiliates

None

21. Per Share Information

As of and for the fiscal years ended March 31, 2018 and 2017

	(Yen)		(U.S. dollars)
	2018	2017	2018
Net assets per share	¥ 681.52	¥ 635.95	\$ 6.41
Profit per share	¥ 36.64	¥ 40.74	\$ 0.34
Diluted profit per share (Note 1)	¥ 36.62	¥ 40.70	\$ 0.34

Note 1: Bases for computations of profit per share and diluted profit per share are as follows:

For the fiscal years ended March 31, 2018 and 2017

	(Millions of yen)		(Thousands of U.S. dollars)
	2018	2017	2018
Profit per share			
Profit attributable to owners of parent	¥ 36,222	¥ 40,270	\$ 340,950
Amount not attributable to common Shareholders	–	–	–
Profit attributable to owners of parent allocated to common stock	36,222	40,270	340,950
Average number of shares outstanding during the period	thousand shares 988,480	thousand shares 988,551	thousand shares 988,480
Diluted profit per share			
Adjusted amount of profit attributable to owners of parent	–	–	–
Increase in shares of common stock	thousand shares 760	thousand shares 814	thousand shares 760
(Share acquisition rights among the above increase)	(thousand shares) (760)	(thousand shares) (814)	(thousand shares) (760)

Note: In computation of “Net assets per share,” the treasury stock held by the Board Benefit Trust, which is recognized as treasury stock under shareholders' equity, is included in treasury stock deducted from the total number of issued shares at the end of the fiscal year (1,215 thousand shares for the fiscal year ended March 31, 2017 and 1,181 thousand shares for the fiscal year ended March 31, 2018).

Further, in computations of “Profit per share” and “Diluted profit per share,” the said treasury stock is included in treasury stock deducted in computation of the average number of shares outstanding during the period (747 thousand shares for the fiscal year ended March 31, 2017 and 1,193 thousand shares for the fiscal year ended March 31, 2018.)

22. Significant Subsequent Events

None

23. Consolidated Supplementary Schedules

(1) Bonds

Company	Name	Date of issue	Balance as of April 1, 2017 (Millions of yen)	Balance as of March 31, 2018 (Millions of yen)	Balance as of March 31, 2018 (Thousands of U.S. dollars)	Interest rate (%)	Collateral	Maturity
Oji Holdings Corporation	Bond No.26	July 28, 2010	¥ 20,000 (¥ 20,000)	¥ –	\$ –	0.86	None	July 28, 2017
Oji Holdings Corporation	Bond No.28	July 27, 2011	20,000	20,000 (20,000)	188,253 (188,253)	0.86	None	July 27, 2018
Oji Holdings Corporation	Bond No.29	July 26, 2012	20,000 (20,000)	–		0.39	None	July 26, 2017
Oji Holdings Corporation	Bond No.30	July 26, 2012	20,000	20,000	188,253	0.61	None	July 26, 2019
Oji Holdings Corporation	Bond No.31	July 26, 2013	20,000	20,000 (20,000)	188,253 (188,253)	0.48	None	July 26, 2018
Oji Holdings Corporation	Bond No.32	July 26, 2013	20,000	20,000	188,253	0.79	None	July 24, 2020
Oji Holdings Corporation	Bond No.33	January 26, 2018	–	10,000	94,126	0.28	None	January 24, 2025
Oji Holdings Corporation	Bond No.34	January 26, 2018	–	10,000	94,126	0.43	None	January 26, 2028
Total	–	–	¥ 120,000 (¥ 40,000)	¥ 100,000 (¥ 40,000)	\$ 941,265 (\$ 376,506)	–	–	–

Notes:

- The amounts indicated in parentheses above represent redemption amounts due in one year or less.
- The aggregate annual redemption amount of bonds within five years subsequent to March 31, 2018 is as follows:

Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(Millions of yen)				
¥ 40,000	¥ 20,000	¥ 20,000	¥ –	¥ –

Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(Thousands of U.S. dollars)				
\$ 376,506	\$ 188,253	\$ 188,253	\$ –	\$ –

(2) Short term loans payable and long-term loans payable

	April 1, 2017 (Millions of yen)	March 31, 2018 (Millions of yen)	March 31, 2018 (Thousands of U.S. dollars)	Average interest rate (%)	Maturity
Short-term loans payable	¥ 121,748	¥ 137,041	\$ 1,289,922	1.39	–
Current portion of long-term loans payable	56,731	16,870	158,793	2.14	–
Current portion of lease obligations	1,036	1,070	10,080	–	–
Long-term loans payable (excluding current portion)	376,835	392,511	3,694,576	0.80	Due 2019 through 2053
Lease obligations (excluding	2,337	2,055	19,350	–	Due 2019

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current portion)					through 2026
Other interest bearing liability Commercial Paper (current portion)	2,000	1,000	9,412	(0.00)	–
Total	¥ 560,689	¥ 550,550	\$ 5,182,136	–	–

Notes:

1. The above average interest rate is the weighted-average interest rate applicable to the above loans at the end of each fiscal year.
2. The average interest rates of lease obligations are not indicated above as lease obligations before deduction of interest are included in the consolidated balance sheets.
3. The aggregate annual repayment amounts of long-term loans payable and lease obligations (excluding current portion) within five years subsequent to March 31, 2018 are as follows:

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(Millions of yen)				
Long-term loans payable	¥ 78,324	¥ 40,034	¥ 1,125	¥ 59,012
Lease obligation	831	483	315	241

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(Thousands of U.S. dollars)				
Long-term loans payable	\$ 737,238	\$ 376,832	\$ 10,592	\$ 555,465
Lease obligation	7,827	4,554	2,965	2,276

(3) Asset Retirement Obligations

As the asset retirement obligations as of April 1, 2017 and March 31, 2018 account for less than 1% of the total liabilities and net assets as of the same dates, this information is omitted pursuant to the provision of Article 92-2 of the Regulation for Consolidated Financial Statements.



Independent Auditor's Report

To the Board of Directors of Oji Holdings Corporation

We have audited the accompanying consolidated financial statements of Oji Holdings Corporation ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2018, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2018 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

PricewaterhouseCoopers Aarata LLC

October 9, 2018

PricewaterhouseCoopers Aarata LLC

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