

OJI HOLDINGS CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2019

OJI HOLDINGS CORPORATION

CONSOLIDATED BALANCE SHEETS

As of March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note1)
	2019	2018	2019
ASSETS			
Current assets			
Cash and deposits (Note 8 (2))	¥ 78,756	¥ 50,357	\$ 709,584
Notes and accounts receivable-trade (Notes 8 (2), (9))	334,852	325,373	3,016,961
Marketable securities	9,471	12,406	85,340
Merchandise and finished goods (Note 8 (2))	101,940	96,658	918,461
Work in process (Note 8 (2))	20,094	19,502	181,049
Raw materials and supplies (Note 8 (2))	94,758	86,994	853,754
Short-term loans receivable (Note 8 (2))	6,294	3,504	56,709
Accounts receivable-other	14,531	19,877	130,929
Other (Note 8 (2))	14,603	11,894	131,578
Allowance for doubtful accounts	(1,838)	(1,511)	(16,568)
Total current assets	673,465	625,056	6,067,801
Non-current assets			
Property, plant and equipment			
Buildings and structures	662,001	661,640	5,964,515
Accumulated depreciation (Note 8 (7))	(473,139)	(456,863)	(4,262,904)
Buildings and structures (Net) (Notes 8 (2), (8))	188,861	204,777	1,701,610
Machinery, equipment and vehicles	2,369,868	2,369,615	21,352,087
Accumulated depreciation (Note 8 (7))	(2,051,165)	(2,002,914)	(18,480,632)
Machinery, equipment and vehicles (Net) (Notes 8 (2), (8))	318,702	366,700	2,871,455
Tools, furniture and fixtures	59,894	60,141	539,637
Accumulated depreciation (Note 8 (7))	(54,979)	(54,827)	(495,355)
Tools, furniture and fixtures (Net) (Notes 8 (2),(8))	4,914	5,313	44,281
Land (Notes 8 (2), (5))	235,975	235,846	2,126,097
Forests (Note 8 (2))	110,882	112,590	999,034
Plantations (Notes 8 (2),(8))	89,719	93,238	808,358
Leased assets	9,012	9,077	81,201
Accumulated depreciation (Note 8 (7))	(6,715)	(6,288)	(60,506)
Leased assets (Net)	2,296	2,788	20,694
Construction in progress (Notes 8 (2), (8))	33,404	35,389	300,970
Total property, plant and equipment	984,759	1,056,644	8,872,502
Intangible assets			
Goodwill	6,682	9,664	60,211
Other (Note 8 (2), (8))	9,903	11,626	89,231
Total intangible assets	16,586	21,290	149,442

OJI HOLDINGS CORPORATION

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
Investments and other assets			
Investment securities (Notes 8 (1), (2))	186,287	162,336	1,678,421
Long-term loans receivable (Note 8 (2))	7,398	7,855	66,661
Long-term prepaid expenses	21,336	21,333	192,241
Net defined benefit asset	37,115	51,614	334,401
Deferred tax assets	10,732	2,820	96,699
Other (Note 8 (2))	14,806	13,261	133,405
Allowance for doubtful accounts	(1,119)	(1,460)	(10,085)
Total investments and other assets	276,558	257,762	2,491,746
Total non-current assets	1,277,904	1,335,696	11,513,691
Total assets	¥ 1,951,369	¥ 1,960,753	\$ 17,581,493

OJI HOLDINGS CORPORATION

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
LIABILITIES			
Current liabilities			
Notes and accounts payable-trade (Notes 8 (2), (9))	¥ 253,929	¥ 248,490	\$ 2,287,855
Short-term loans payable (Note 8 (2))	193,175	153,911	1,740,480
Commercial paper	3,000	1,000	27,029
Current portion of bonds	20,000	40,000	180,196
Accounts payable-other	16,705	16,062	150,509
Accrued expenses	48,912	49,560	440,692
Income taxes payable	17,941	9,320	161,645
Other	22,705	18,887	204,574
Total current liabilities	576,369	537,231	5,192,985
Non-current liabilities			
Bonds	70,000	60,000	630,687
Long-term loans payable (Note 8 (2))	334,402	392,511	3,012,907
Deferred tax liabilities	62,486	67,182	562,994
Deferred tax liabilities for land revaluation (Note 8 (5))	7,806	7,828	70,335
Net defined benefit liability	52,874	51,422	476,387
Long-term deposits	7,728	7,929	69,627
Other	24,295	26,635	218,898
Total non-current liabilities	559,593	613,509	5,041,839
Total liabilities	¥ 1,135,963	¥ 1,150,741	\$ 10,234,824
NET ASSETS			
Shareholders' equity			
Common stock	103,880	103,880	935,948
Capital surplus	110,474	112,086	995,359
Retained earnings	413,023	377,801	3,721,271
Treasury stock	(13,753)	(14,465)	(123,920)
Total shareholders' equity	613,625	579,303	5,528,658
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	32,981	39,287	297,154
Deferred gains (losses) on hedges	317	(170)	2,859
Revaluation reserve for land (Note 8 (5))	5,816	5,835	52,409
Foreign currency translation adjustment	13,223	31,973	119,140
Remeasurements of defined benefit plans	11,428	17,412	102,972
Total accumulated other comprehensive income	63,767	94,338	574,535
Share acquisition rights	222	246	2,004
Non-controlling interests	137,790	136,122	1,241,470
Total net assets	815,406	810,011	7,346,668
Total liabilities and net assets	¥ 1,951,369	¥ 1,960,753	\$ 17,581,493

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

CONSOLIDATED STATEMENTS OF INCOME

Fiscal years ended March 31, 2019 and 2018

(Consolidated Statements of Income)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
Net sales	¥ 1,550,991	¥ 1,485,895	\$ 13,974,157
Cost of sales (Notes 9 (1), (2))	1,175,093	1,144,157	10,587,384
Gross profit	375,897	341,737	3,386,773
Selling, general and administrative expenses			
Freight expenses	149,421	147,357	1,346,259
Warehouse expenses	6,652	7,281	59,941
Salaries and wages	52,886	54,060	476,497
Retirement benefit expenses	883	4,927	7,959
Depreciation and amortization	5,151	5,932	46,412
Other	50,689	51,396	456,702
Total selling, general and administrative expenses (Note 9 (1))	265,685	270,955	2,393,774
Operating income	110,212	70,781	992,998
Non-operating income			
Interest income	2,081	1,516	18,755
Dividends income	3,386	2,735	30,510
Equity in earnings of affiliates (Note 9 (3))	12,593	521	113,464
Other	9,535	6,123	85,910
Total non-operating income	27,596	10,896	248,641
Non-operating expenses			
Interest expenses	6,419	6,924	57,840
Exchange loss	4,046	607	36,457
Other	8,973	8,187	80,847
Total non-operating expenses	19,439	15,719	175,146
Ordinary Profit	118,370	65,958	1,066,494
Extraordinary income			
Gain on return of assets from retirement benefits trust (Note 9 (4))	11,224	-	101,132
Gain on sales of investment securities	2,091	912	18,846
Gain on revision of retirement benefit plan (Note 9 (5))	-	1,305	-
Other	2,175	5,439	19,604
Total extraordinary income	15,492	7,657	139,582
Extraordinary losses			
Impairment loss (Note 9 (6))	34,141	2,364	307,609
Other (Note 9 (6))	8,923	6,251	80,398
Total extraordinary losses	43,065	8,616	388,008
Profit before income taxes	90,797	64,999	818,068
Income taxes-current	31,227	17,794	281,355
Income taxes-deferred	(6,560)	3,836	(59,106)
Total income taxes	24,667	21,631	222,249
Profit	66,130	43,368	595,819
Profit attributable to non-controlling interests	14,152	7,145	127,511
Profit attributable to owners of parent	¥ 51,977	¥ 36,222	\$ 468,308

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

(Consolidated Statements of Comprehensive Income)**For the years ended March 31, 2019 and 2018**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
Profit	¥ 66,130	¥ 43,368	\$ 595,819
Other comprehensive income			
Valuation difference on available-for-sale securities	(5,054)	4,775	(45,538)
Deferred gains on hedges	501	544	4,522
Foreign currency translation adjustment	(21,945)	(2,344)	(197,728)
Remeasurements of defined benefit plans	(6,089)	12,754	(54,865)
Share of other comprehensive (loss)income of entities accounted for using equity method	(1,042)	1,478	(9,392)
Total other comprehensive (loss)income (Note 10(1))	(33,630)	17,208	(303,002)
Comprehensive income	¥ 32,499	¥ 60,576	\$ 292,817
(Breakdown)			
Comprehensive (loss)income attributable to owners of parent	¥ 22,603	¥ 54,971	\$ 203,649
Comprehensive income attributable to non-controlling interests	9,896	5,604	89,167

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

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Fiscal years ended March 31, 2019 and 2018

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
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 April 1, 2018	¥ 103,880	¥ 112,086	¥ 377,801	¥ (14,465)	¥ 579,303
Changes of items during the year					
Cash dividends	—	—	(10,900)	—	(10,900)
Profit attributable to owners of parent	—	—	51,977	—	51,977
Purchase of treasury stock	—	—	—	(50)	(50)
Disposal of treasury stock	—	(15)	—	41	25
Change in treasury stock arising from changes in equity in affiliates	—	—	—	68	68
Change of scope of consolidation	—	—	273	—	273
Transfer to capital surplus from retained earnings	—	15	(15)	—	—
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	(1,611)	—	—	(1,611)
Change in scope of equity method	—	—	(6,130)	651	(5,479)
Reversal of revaluation reserve for land	—	—	18	—	18
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	—	(1,611)	35,222	711	34,321
Balance at March 31, 2019	¥ 103,880	¥ 110,474	¥ 413,023	¥ (13,753)	¥ 613,625

OJI HOLDINGS CORPORATION

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, 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
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 April 1, 2018	¥ 39,287	¥ (170)	¥ 5,835	¥ 31,973	¥ 17,412	¥ 94,338	¥ 246	¥ 136,122	¥ 810,011
Changes of items during the year									
Cash dividends	—	—	—	—	—	—	—	—	(10,900)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	51,977
Purchase of treasury stock	—	—	—	—	—	—	—	—	(50)
Disposal of treasury stock	—	—	—	—	—	—	—	—	25
Change in treasury stock arising from changes in equity in affiliates	—	—	—	—	—	—	—	—	68
Change of scope of consolidation	—	—	—	—	—	—	—	—	273

OJI HOLDINGS CORPORATION

Transfer to capital surplus from retained earnings	—	—	—	—	—	—	—	—	—
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	(1,611)
Change in scope of equity method	—	—	—	—	—	—	—	—	(5,479)
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	18
Net changes of items other than shareholders' equity	(6,306)	487	(18)	(18,749)	(5,983)	(30,570)	(24)	1,668	(28,926)
Total changes of items during the year	(6,306)	487	(18)	(18,749)	(5,983)	(30,570)	(24)	1,668	5,395
Balance at March 31, 2019	¥ 32,981	¥ 317	¥ 5,816	¥ 13,223	¥ 11,428	¥ 63,767	¥ 222	¥ 137,790	¥ 815,406

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, 2018	\$ 935,948	\$ 1,009,879	\$ 3,403,923	\$ (130,327)	\$ 5,219,423
Changes of items during the year					
Cash dividends	—	—	(98,214)	—	(98,214)
Profit attributable to owners of parent	—	—	468,308	—	468,308
Purchase of treasury stock	—	—	—	(452)	(452)
Disposal of treasury stock	—	(139)	—	371	231
Change in treasury stock arising from changes in equity in affiliates	—	—	—	619	619
Change of scope of consolidation	—	—	2,462	—	2,462
Transfer to capital surplus from retained earnings	—	139	(139)	—	—
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	(14,520)	—	—	(14,520)
Change in scope of equity method	—	—	(55,238)	5,869	(49,369)
Reversal of revaluation reserve for land	—	—	170	—	170
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the year	—	(14,520)	317,348	6,406	309,234
Balance at March 31, 2019	\$ 935,948	\$ 995,359	\$ 3,721,271	\$ (123,920)	\$ 5,528,658

OJI HOLDINGS CORPORATION

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, 2018	\$ 353,972	\$ (1,535)	\$ 52,579	\$ 288,071	\$ 156,884	\$ 849,973	\$ 2,222	\$ 1,226,439	\$ 7,298,058
Changes of items during the year									
Cash dividends	—	—	—	—	—	—	—	—	(98,214)
Profit attributable to owners of parent	—	—	—	—	—	—	—	—	468,308
Purchase of treasury stock	—	—	—	—	—	—	—	—	(452)
Disposal of treasury stock	—	—	—	—	—	—	—	—	231
Change in treasury stock arising from changes in equity in affiliates	—	—	—	—	—	—	—	—	619
Change of scope of consolidation	—	—	—	—	—	—	—	—	2,462
Transfer to capital surplus from retained earnings	—	—	—	—	—	—	—	—	—
Change in treasury stock of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	(14,520)
Change in scope of equity method	—	—	—	—	—	—	—	—	(49,369)
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	170
Net changes of items other than shareholders' equity	(56,818)	4,394	(170)	(168,931)	(53,911)	(275,437)	(217)	15,030	(260,624)
Total changes of items during the year	(56,818)	4,394	(170)	(168,931)	(53,911)	(275,437)	(217)	15,030	48,610
Balance at March 31, 2019	\$ 297,154	\$ 2,859	\$ 52,409	\$ 119,140	\$ 102,972	\$ 574,535	\$ 2,004	\$ 1,241,470	\$ 7,346,668

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2018	2019
Cash flows from operating activities			
Profit before income taxes	¥ 90,797	¥ 64,999	\$ 818,068
Depreciation and amortization	69,527	71,880	626,430
Impairment loss	34,141	2,364	307,609
Amortization of goodwill	1,685	2,119	15,188
Depletion of standing timber	8,457	7,999	76,200
Increase (decrease) in allowance for doubtful accounts	74	(338)	674
(Increase) decrease in net defined benefit asset	(3,490)	3,579	(31,447)
Increase in net defined benefit liability	2,192	328	19,755
Interest and dividend income	(5,468)	(4,251)	(49,265)
Interest expenses	6,419	6,924	57,840
Exchange loss (gain)	3,825	(1,584)	34,463
Equity in (earnings) losses of affiliates	(12,593)	(521)	(113,464)
Loss (gain) on sales of investment securities	(1,521)	(903)	(13,712)
Loss (gain) on return of assets from retirement benefits trust	(11,224)	—	(101,132)
Loss on disposal of non-current assets	1,933	2,329	17,416
Loss (gain) on sales of non-current assets	(132)	(5,252)	(1,194)
Business structure improvement expenses	1,348	283	12,149
(Increase) decrease in trade receivables	(14,005)	(32,142)	(126,184)
(Increase) decrease in inventories	(16,365)	(12,837)	(147,449)
Increase (decrease) in trade payables	6,381	40,379	57,495
Other	(6,078)	(5,288)	(54,764)
Subtotal	155,905	140,067	1,404,677
Interest and dividend income received	6,372	5,002	57,410
Interest paid	(6,366)	(6,812)	(57,358)
Income taxes paid	(15,339)	(15,079)	(138,208)
Net cash provided by operating activities	140,571	123,178	1,266,520
Cash flows from investing activities			
Purchase of securities	—	(1,130)	—
Proceeds from sales and redemption of marketable securities	70	—	633
Payment for acquisition of property, plant, equipment and intangible assets	(59,197)	(64,739)	(533,359)
Proceeds from sales of property, plant, equipment and intangible assets	530	3,133	4,780
Payment for acquisition of investment securities	(11,246)	(4,949)	(101,331)
Proceeds from sales and redemption of investment securities	5,131	1,724	46,233
Payment for acquisition of shares of subsidiaries resulting in change in scope of consolidation	—	(4,340)	—
Payment for loans receivable	(1,858)	(4,123)	(16,748)
Proceeds from collection of loans receivable	1,038	2,384	9,357
Other	(1,104)	(1,984)	(9,949)

OJI HOLDINGS CORPORATION

Net cash used in investing activities	(66,636)	(74,025)	(600,384)
Cash flows from financing activities			
Net (decrease) increase in short-term loans payable	(21,047)	14,046	(189,631)
Net increase (decrease) in commercial paper	2,000	(1,000)	18,019
Proceeds from long-term loans payable	26,897	34,202	242,342
Repayment of long-term loans payable	(21,004)	(57,036)	(189,244)
Proceeds from issuance of bonds	29,795	19,963	268,449
Payment for redemption of bonds	(40,000)	(40,000)	(360,392)
Payments from changes in ownership interests in subsidiaries that do not result in change of scope of consolidation	(10,424)	(440)	(93,924)
Payment for purchase of treasury stock	(50)	(119)	(452)
Dividend payments	(10,900)	(9,910)	(98,214)
Other	(805)	(1,498)	(7,253)
Net cash (used in) financing activities	(45,539)	(41,793)	(410,303)
Effect of exchange rate change on cash and cash equivalents	(2,241)	(310)	(20,199)
Net increase in cash and cash equivalents	26,152	7,049	235,633
Cash and cash equivalents at the beginning of the year	58,343	51,352	525,668
Increase in cash and cash equivalents resulting from mergers of subsidiaries	20	25	181
Increase in cash and cash equivalents from newly consolidated subsidiary	—	51	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(1,722)	(134)	(15,519)
Cash and cash equivalents at the end of the year (Note 12 (1))	¥ 82,794	¥ 58,343	\$ 745,962

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, 2018 have been reclassified to conform to the presentation in the financial statements as of and for the fiscal year ended March 31, 2019.
- (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 ¥ 110.99 to U.S. \$ 1.00, the approximate rate of exchange prevailing at March 31, 2019. 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: 190 (189 in the year ended March 31, 2018)

Main consolidated subsidiaries include:

Oji Container Co., Ltd., Oji Materia Co., Ltd., Oji Seitai Co., Ltd., Oji Packaging Co., Ltd., Oji Nepia Co., Ltd., Morishigyo Co., Ltd., Oji Interpack Co., Ltd., Chuetsu Package Co., Ltd., Oji Adba Co., Ltd., Oji Asia Packaging Sdn. Bhd., 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., Ojtex (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, 2019 are as follows:

The Company has newly added 6 companies into the scope of consolidation effective from the fiscal year ended March 31, 2019. The reason for this was the establishment of 6 new companies. In addition, 5 companies have been excluded from the scope of consolidation due to the restructuring of subsidiaries.

- (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: 1 (1 in the year ended March 31, 2018)

Company name: PT. Korintiga Hutani

Number of affiliates under the equity method: 23 (22 in the year ended March 31, 2018)

Main affiliates accounted for using the equity method include:

Mitsubishi Paper Mills Limited, Chuetsu Pulp & Paper Co., Ltd., Okayama Paper Industries Co., Ltd., Sunshine Oji (Shouguang) Specialty Paper Co., Ltd., Huizhou Nanyou Forest Development Co., Ltd., and other 18 companies.

The Company has newly added two companies into the scope of equity method accounting and excluded one company from the same scope effective from the fiscal year ended March 31, 2019.

- (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 Papéis Especiais Ltda., Celulose Nipo-Brasileira S.A., Jiangsu Oji Paper Co., Ltd., Oji Oceania Management (NZ) Ltd., Oji Fibre Solutions (NZ) Ltd. and 81 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

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, 2019, 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.

(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 – 19 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. Changes in Accounting Policies

(Application of IFRS 15 Revenue from Contracts with Customers)

The Group's subsidiaries that are subject to IFRS applied IFRS 15 Revenue from Contract with Customers effective from the beginning of the fiscal year ended March 31, 2019. The impact on the consolidated financial statements from the application of this accounting standard is immaterial.

(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

As of March 31, 2019, of those newly established or revised accounting standards the Group has not applied the following standards:

The Group's IFRS-compliant subsidiaries have adopted IFRS 16 "Leases" from the first quarter of the year ending March 31, 2020. Accordingly, right-of-use assets and lease liabilities are recognized at the commencement date for all leases. In applying this accounting standard, the Group's IFRS-compliant subsidiaries have adopted the transitional method which recognizes the cumulative effects at the commencement date of the standard. As a result, the quarterly balance sheet as of the reporting date shows increases in "Other, net" in "Property, plant and equipment" of ¥16,950 million, "Other" in "Current liabilities" of ¥2,199 million, and "Other" in "Non-current liabilities" of ¥15,234 million. In addition, land-use rights of ¥17,193 million, which were previously included in "Other" in "Investment and other assets", are included in "Other, net" in "Property, plant and equipment" as right-of-use assets.

The amount of the impact from the application of the accounting standards noted below is currently being assessed.

Name of accounting standards, etc.	Outline	Fiscal year in which Company will apply standard, etc.
Revenue from Contracts with Customers ASU 2014-09	Revisions to accounting for revenue recognition	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) Change accompanying application of Partial Amendments to Accounting Standard for Tax Effect Accounting

The Company applied Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018, "Partial Amendments to Tax Effect Accounting Standard") effective from the beginning of the fiscal year ended March 31, 2019, and changed to the method of presenting deferred tax assets in investments and other assets, and presenting deferred tax liabilities in non-current liabilities, and also changed the notes on tax effect accounting.

As a result, "Deferred tax assets" in "Current assets" on the consolidated balance sheets for the fiscal year ended March 31, 2018 has decreased ¥ 8,185 million, and "Deferred tax assets" in "Investments and other assets" has increased ¥ 947 million. "Other" in "Current liabilities" has also decreased ¥ 506 million and

“Deferred tax liabilities” in “Non-current liabilities” has decreased ¥ 6,731 million.

Furthermore, deferred tax assets and liabilities for the same taxable entity are presented on a net basis, and therefore total assets decreased by ¥ 7,238 million compared with the amount before the change.

The content described in Note 8 (excluding total valuation allowance) and Note 9, stipulated in paragraphs 3 through 5 of the Partial Amendments to Tax Effect Accounting Standard, have been added to the notes on tax effect accounting. However, the content relating to the fiscal year ended March 31, 2018 has been omitted in accordance with the transitional treatment provided for in paragraph 7 of the Partial Amendments to Tax Effect Accounting Standard.

(2) Consolidated Balance Sheets

“Provision for loss on litigation,” which was presented separately in “Non-current liabilities” for the fiscal year ended March 31, 2018, has decreased in materiality, and is included in “Other” for the fiscal year ended March 31, 2019. To reflect this change in the method of presentation, the consolidated balance sheets for the fiscal year ended March 31, 2018 have been restated.

As a result, ¥ 2,717 million that was presented as “Provision for loss on litigation” in “Non-current liabilities” in the consolidated balance sheets for the fiscal year ended March 31, 2018 is now reclassified and included in “Other.”

(3) Consolidated Statements of Income

“Insurance income,” which was presented separately in “Non-operating income” for the fiscal year ended March 31, 2018 has decreased in materiality and is included in “Other” for the fiscal year ended March 31, 2019. To reflect this change in the method of presentation, the consolidated statements of income for the fiscal year ended March 31, 2018 have been restated.

As a result, ¥ 1,609 million that was presented as “Insurance income” in “Non-operating income” in the consolidated statements of income for the fiscal year ended March 31, 2018 is now reclassified and included in “Other.”

“Gain on sales of non-current assets,” which was presented separately in “Extraordinary income” for the fiscal year ended March 31, 2018 has decreased in materiality and is included in “Other” for the fiscal year ended March 31, 2019. To reflect this change in the method of presentation, the consolidated statements of income for the fiscal year ended March 31, 2018 have been restated.

As a result, ¥ 5,252 million that was presented as “Gain on sales of non-current assets” in “Extraordinary income” in the consolidated statements of income for the fiscal year ended March 31, 2018 is now reclassified and included in “Other.”

“Loss on disposal of non-current assets” and “Loss on disaster,” which were presented separately in “Extraordinary losses” for the fiscal year ended March 31, 2018 have decreased in materiality and are included in “Other” for the fiscal year ended March 31, 2019. To reflect this change in the method of presentation, the consolidated statements of income for the fiscal year ended March 31, 2018 have been restated.

As a result, ¥ 2,329 million that was presented as “Loss on disposal of non-current assets,” and ¥2,153 million that was presented as “Loss on disaster” in “Extraordinary losses” in the consolidated statements of income for the fiscal year ended March 31, 2018 are now reclassified and included in “Other.”

(4) Consolidated Statements of Cash Flows

“Loss on disaster,” which was presented separately in “Cash flows from operating activities” for the fiscal year ended March 31, 2018, has decreased in materiality and is included in “Other” for the fiscal year ended March 31, 2019. To reflect this change in the method of presentation, the consolidated financial statements for the fiscal year ended March 31, 2018 have been restated.

As a result, ¥ 2,153 million that was presented as “Loss on disaster” in “Cash flows from operating activities” for the fiscal year ended March 31, 2018 is now reclassified and included in “Other.”

“Proceeds from disposal of treasury stock,” which was presented separately in “Cash flows from financing activities” for the fiscal year ended March 31, 2018 has decreased in materiality and is included in “Other” for the fiscal year ended March 31, 2019. To reflect this change in the method of presentation, the consolidated financial statements for the fiscal year ended March 31, 2018 have been restated.

As a result, ¥ 2 million that was presented as “Proceeds from disposal of treasury stock” in “Cash flows from financing activities” is now reclassified and included 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
	2019	2018	2019
Stocks	¥ 69,757	¥ 55,711	\$ 628,506
Investments in capital	98	98	887

(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 (¥ 3,510 million (\$ 31,624 thousand)) (¥ 3,888 million as of March 31, 2018), for long-term loans payable (including the amount scheduled to be repaid within one year) (¥ 2,132 million (\$ 19,217 thousand)) (¥ 2,407 million as of March 31, 2018), notes and accounts payable-trade (¥ 400 million (\$ 3,609 thousand)) (¥ 326 million as of March 31, 2018).

	Book value		
	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2019	2018	2019
Cash and deposits	¥ 3,537	¥ 2,298	\$ 31,867
Notes and accounts receivable-trade	3,267	3,287	29,442
Merchandise and finished goods	2,209	1,901	19,908
Work in process	20	42	183
Raw materials and supplies	536	472	4,830
Short-term loans receivable	4,630	4,174	41,719
Current assets - other	2,953	2,047	26,609
Buildings and structures	9,663	12,118	87,068
Machinery, equipment and vehicles	9,115	9,984	82,130
Tools, furniture and fixtures	151	119	1,368
Land	12,199	12,497	109,911
Forests	897	819	8,085
Plantations	18,859	19,197	169,918
Construction in progress	988	314	8,909
Intangible assets - other	1,274	1,064	11,483
Investment securities	926	889	8,348
Investment and other asset - other	20	20	180
Total	¥ 71,251	¥ 71,249	\$ 641,966

- (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 (\$ 2,567 thousand), (¥ 285 million as of March 31, 2018)).

	Book value		
	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2019	2018	2019
Buildings and structures	¥ 469	¥ 454	\$ 4,234
Machinery, equipment and vehicles	477	538	4,302
Tools, furniture and fixtures	13	19	120
Land	1,024	1,024	9,226
Total	¥ 1,984	¥ 2,036	\$ 17,883

- (iii) Assets pledged as collateral for long-term loans payable (including the amount scheduled to be repaid within one year) (¥ 72 million (\$ 650 thousand)) (¥ 141 million as of March 31, 2018).

	Book value		
	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2019	2018	2019
Long-term loans receivable	¥ 120	¥ 317	\$ 1,085

- (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, 2019 and 2018 respectively.

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2019	2018	2019
Forest Corporation, Tokyo Branch	¥ 7,918	¥ 7,646	\$ 71,339
PT. Korintiga Hutani	7,103	7,126	64,005
Other	1,496	1,926	13,481
Total	¥ 16,518	¥ 16,699	\$ 148,826

- (4) Notes discounted, etc.

Notes discounted: ¥ 13,631 million (\$ 122,813 thousand) and ¥ 13,979 million as of March 31, 2019 and 2018, respectively
Notes receivable endorsed: ¥ 849 million (\$ 7,652 thousand) and ¥ 535 million as of March 31, 2019 and 2018, respectively

- (5) 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

- (6) 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, 2019 and 2018 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2019	2018	2019
Aggregate amount of loan commitment	¥ 50,000	¥ 50,000	\$ 450,491
Balance of loan outstanding	–	–	–
Unused portion	¥ 50,000	¥ 50,000	\$ 450,491

- (7) Accumulated depreciation includes accumulated impairment losses.

- (8) The amounts of advanced depreciation deducted directly from the acquisition costs of certain non-current assets for the fiscal years ended March 31, 2019 and 2018 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2019	2018	2019
Buildings and structures	¥ 11	¥ 11	\$ 107
Machinery, equipment and vehicles	57	64	517
Tools, furniture and fixtures	–	1	–
Plantations	181	182	1,635
Construction in progress	–	19	–
Software	0	–	0
Total	¥ 250	¥ 279	\$ 2,260

- (9) 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, 2019 was a holiday for financial institutions, the notes, etc. matured as of that date were included in the balance at March 31, 2019 as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2019	2018	2019
Notes receivables	¥ 6,517	¥ 6,032	\$ 58,717
Notes payables	11,577	10,574	\$ 104,315

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, 2019 and 2018 were ¥ 8,769 million (\$ 79,012 thousand) and ¥ 8,952 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, 2019 and 2018 was ¥ 326 million (\$ 2,938 thousand) and ¥ 370 million, respectively.
- (3) Equity in earnings of affiliates
Due to payments related to the issuance of shares through third party allotment from Mitsubishi Paper Mills Limited (“Mitsubishi Paper Mills”) and the acquisition of shares of Mitsubishi Paper Mills from shareholders of Mitsubishi Paper Mills, an amount of ¥ 10,884 million (\$ 98,071 thousand) is included, which is equivalent to the negative goodwill arising with the application of the equity method to Mitsubishi Paper Mills.
- (4) Gain on return of assets from retirement benefits trust
At consolidated subsidiaries, retirement benefits trust assets were substantially greater than retirement benefit obligations, and it is anticipated that this situation will persist in the future. Therefore, the Company received a partial return of retirement benefits trust assets. Accompanying this, the unrecognized actuarial differences corresponding to the retirement benefits trust assets that were returned were treated as a lump sum.

(5) 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.

(6) Impairment loss

For the fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

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

Use	Location	Impairment loss		Type
		(Millions of yen)	(Thousands of U.S. dollars)	
Oji Paper Co., Ltd. Paper business assets	Tokushima Prefecture, Tottori Prefecture Aichi Prefecture, others	¥ 29,603	\$ 266,717	Buildings, equipment and machinery, etc.

Asset grouping is conducted for the smallest, largely independent cash generating unit based on business segments for business assets and individual property units for leased real estate and idle assets.

In the fiscal year ended March 31, 2019, for asset groups continuously posting operating losses, and idle assets whose market value had significantly declined, the Group reduced the book value to the recoverable amount for those assets with a recoverable amount less than the book value, and recorded the reduction as impairment loss of ¥ 35,269 million (\$ 317,771 thousand) in extraordinary losses.

The breakdown of the losses are as follows: buildings and structures of ¥ 7,657 million (\$ 68,989 thousand); machinery, equipment and vehicles of ¥ 26,877 million (\$ 242,159 thousand); and other of ¥ 735 million (\$ 6,622 thousand). Also, ¥ 1,127 million (\$ 10,161 thousand) of this was included in “Other” in “Extraordinary losses.”

With respect to paper business assets of Oji Paper Co., Ltd., as a result of conservative estimates of future revenue, etc. given the current business environment and serious consideration of future recoverability, it is expected that the recoverable amount will be lower than the book value and, 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 4.80 to 8.20%. In addition, 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, 2018 (April 1, 2017 – March 31, 2018)

Asset grouping is conducted for the smallest, largely independent cash generating units based on business segments for business assets and individual property units for leased real estate and idle assets.

In the fiscal year ended March 31, 2018, for asset groups continuously posting operating losses, and idle assets which market value had significantly declined, the Group reduced the book value to the recoverable amount for those assets with a recoverable amount less than the book value, and recorded the reduction as impairment loss of ¥ 2,369 million in extraordinary losses.

The breakdown of the losses are as follows: buildings and structures of ¥ 9 million; machinery, equipment and vehicles of ¥ 828 million; land of ¥822 million; plantations of ¥ 202 million; goodwill of ¥ 501 million; and other of ¥ 5 million. Also, ¥5 million of this was included in “Other” in “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%. In addition, when the value in use based on future cash flows is negative, the recoverable value is considered to be zero.

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, 2019 and 2018

	(Millions of yen)		(Thousands of U.S. dollars)
	2019	2018	2019
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ (5,902)	¥ 7,288	\$ (53,184)
Reclassification adjustments	(1,368)	(400)	(12,333)
Amount before tax effect	(7,271)	6,887	(65,517)
Tax effect	2,217	(2,112)	19,978
Valuation difference on available-for-sale securities	(5,054)	4,775	(45,538)
Deferred gains (losses) on hedges:			
Amount arising during the year	(360)	1,350	(3,250)
Reclassification adjustments for gains and losses included in net income	1,059	(594)	9,544
Before tax effect adjustment	698	756	6,294
Tax effect	(196)	(212)	(1,771)
Deferred gains on hedges	501	544	4,522
Foreign currency translation adjustment:			
Amount arising during the year	(21,277)	(2,343)	(191,702)
Reclassification adjustments for gains and losses included in net income	(630)	(0)	(5,681)
Amount before tax effect	(21,907)	(2,344)	(197,383)
Tax effect	(38)	-	(344)
Foreign currency translation adjustment	(21,945)	(2,344)	(197,728)
Remeasurements of defined benefit plans:			
Amount arising during the year	3,929	11,993	35,405
Reclassification adjustments for gains and losses included in net income	(12,843)	6,387	(115,720)
Amount before tax effect	(8,914)	18,380	(80,314)
Tax effect	2,824	(5,625)	25,449
Remeasurements of defined benefit plans	(6,089)	12,754	(54,865)
Share of other comprehensive income of affiliates accounted for using the equity method:			
Amount arising during the year	(947)	2,380	(8,536)
Reclassification adjustments for gains and losses included in net income	(94)	(902)	(855)
Share of other comprehensive income of investments for which the equity method is applied	(1,042)	1,478	(9,392)
Other comprehensive income	¥ (33,630)	¥ 17,208	\$ (303,002)

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, 2019

Type of shares	Number of shares at April 1, 2018	Increase	Decrease	Number of shares at March 31, 2019
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)	25,937,293	72,422	1,247,649	24,762,066
Total	25,937,293	72,422	1,247,649	24,762,066

Notes:

- | | |
|--|-----------|
| 1. Increase in treasury stock | 72,422 |
| Details of the increase are as follows: | |
| Increase due to purchase of shares of less than the standard unit | 69,544 |
| Increase in treasury stock due to increase in shares of the Company attributable to the Company arising from an increase in equity method affiliates | 2,878 |
| 2. Decrease in treasury stock | 1,247,649 |
| Details of the decrease are as follows: | |
| Decrease due to exercising of stock options | 71,000 |
| Decrease in treasury stock due to decrease in shares of the Company attributable to the Company arising from a decrease in equity method affiliates | 1,062,674 |
| Decrease due to sale of shares of less than the standard unit | 2,155 |
| Decrease in treasury stock arising from changes in the Company's ownership interest in equity method affiliates | 111,820 |
| 3. Number of shares of treasury stock at the end of the fiscal year ended March 31, 2019, includes 1,181,416 shares held by the Board Benefit Trust at March 31, 2019. | |

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. Number of shares of treasury stock at the end of the fiscal year ended March 31, 2019, includes 1,181,416 shares held by the Board Benefit Trust at March 31, 2019. | |

(2) Share acquisition rights

For the fiscal year ended March 31, 2019

Company	Description	Type of shares issued	Number of shares issued				Balance at March 31, 2019	
			Number of shares at April 1, 2018	Increase	Decrease	Number of shares at March 31, 2019	(Millions of yen)	(Thousands of U.S. dollars)
Parent company	Share acquisition rights as stock options	—	—	—	—	—	¥ 222	\$ 2,004
Total		—	—	—	—	—	¥ 222	\$ 2,004

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)	
Parent company	Share acquisition rights as stock options	—	—	—	—	—	¥ 246	
Total		—	—	—	—	—	¥ 246	

(3) Dividends

(i) Amount of cash dividends distributed

For the fiscal year ended March 31, 2019

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 11, 2018	Common stock	¥ 4,955	\$ 44,644	¥ 5.0	March 31, 2018	June 6, 2018
Board of Directors' Meeting held on November 1, 2018	Common stock	5,945	53,570	6.0	September 30, 2018	December 3, 2018

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 11, 2018 (included amount; ¥ 5 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 1, 2018 (included amount; ¥ 7 million).

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)				
Board of Directors' Meeting held on May 12, 2017	Common stock	¥ 4,955		¥ 5.0	March 31, 2017	June 7, 2017
Board of Directors' Meeting held on November 6, 2017	Common stock	4,955		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).

(ii) Dividends with the cut-off date falling within the fiscal year ended March 31, 2019 and the effective date in the fiscal year ending March 31, 2020

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 13, 2019	Common stock	¥ 5,946	\$ 53,573	Retained earnings	¥ 6.0	March 31, 2019	June 6, 2019

Note: Dividends for shares in Board Benefit Trust are included in total dividend amount (included amount; ¥ 7 million).

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

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 11, 2018	Common stock	¥ 4,955		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).

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, 2019 and 2018 are reconciled to the accounts reported in the consolidated balance sheets as of March 31, 2019 and 2018 as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2019	2018	2019
Cash and deposits	¥ 78,756	¥ 50,357	\$ 709,584
Time deposits with maturities of more than three months	(2,791)	(1,432)	(25,147)
Marketable securities	6,828	9,418	61,525
Cash and cash equivalents	¥ 82,794	¥ 58,343	\$ 745,962

(2) Important non-financial transactions
 Partial return of retirement benefits trust assets

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2019	2018	2019
Increase in investment securities due to partial return of retirement benefits trust assets	¥ 19,935	—	\$ 179,615

13. Lease Transactions

(1) Finance lease transactions

Finance lease transactions without the 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, 2019 and 2018:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2019	2018	2019
Due within one year	¥ 619	¥ 539	\$ 5,583
Due after one year	1,532	1,492	13,809
Total	¥ 2,152	¥ 2,031	\$ 19,392

Future minimum lease income under non-cancellable operating leases as of March 31, 2019 and 2018:

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2019	2018	2019
Due within one year	¥ 752	¥ 752	\$ 6,780
Due after one year	10,518	11,271	94,770
Total	¥ 11,271	¥ 12,023	\$ 101,551

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.

All of the payment terms of payables, such as notes and accounts payable-trade, are 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 the due dates and balances of receivables by customer .
- Each sales department of the Company periodically monitors and investigates, as necessary, the credit position of key customers.

The Company only enters into derivative transactions with highly rated financial institutions to reduce counterparty risk.

(b) Market risk management (risks related to foreign 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 the foreign exchange risk exposure for their accounts receivable/payable-trade, borrowings, debt, etc. which is denominated in foreign currencies and expected to arise in the normal 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 presumably sufficient liquidity on hand based on deposits and withdrawals information reported from departments and the consolidated subsidiaries that carry out group-wide financing together with the Company.

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

(iv) Supplementary explanation: 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, 2019 and 2018 respectively.

However, financial instruments which were difficult to be measured, have not be included within the below tables. (See Note 2. Financial instruments for which the fair value is deemed to be difficult to measure)

As of March 31, 2019

(Millions of yen)

	Book value	Fair value	Difference
① Cash and deposits	¥ 78,756	¥ 78,756	¥ -
② Notes and accounts receivable-trade	334,852		
③ Short-term loans receivable	6,294		
Allowance for doubtful accounts(*1)	(1,836)		
	339,310	339,310	-
④ Long-term loans receivable	7,398		
Allowance for doubtful accounts(*2)	(1,112)		
	6,286	6,474	188
⑤ Marketable securities and investment securities			
(i) Held-to-maturity debt securities	6,828	6,828	-
(ii) Stocks of affiliates	35,648	13,911	(21,737)
(iii) Available-for-sale securities	114,222	114,222	-
Total assets	581,052	559,502	(21,549)
① Notes and accounts payable-trade	253,929	253,929	-
② Short-term loans payable	112,673	112,673	-
③ Commercial paper	3,000	3,000	-
④ Bonds	90,000	91,201	1,201
⑤ Long-term loans payable	414,904	422,965	8,060
Total liabilities	874,507	883,769	9,261
Derivative transactions(*3)	808	808	-

(Thousands of U.S. dollars)

	Book value	Fair value	Difference
① Cash and deposits	\$ 709,584	\$ 709,584	\$ -
② Notes and accounts receivable-trade	3,016,961		
③ Short-term loans receivable	56,709		
Allowance for doubtful accounts(*1)	(16,547)		
	3,057,123	3,057,123	-
④ Long-term loans receivable	66,661		
Allowance for doubtful accounts(*2)	(10,024)		
	56,636	58,331	1,695
⑤ Marketable securities and investment securities			
(i) Held-to-maturity debt securities	61,525	61,525	-
(ii) Stocks of affiliates	321,186	125,336	(195,850)
(iii) Available-for-sale securities	1,029,119	1,029,119	-
Total assets	5,235,176	5,041,020	(194,155)
① Notes and accounts payable-trade	2,287,855	2,287,855	-
② Short-term loans payable	1,015,170	1,015,170	-
③ Commercial paper	27,029	27,029	-
④ Bonds	810,883	821,704	10,820
⑤ Long-term loans payable	3,738,217	3,810,842	72,624
Total liabilities	7,879,157	7,962,602	83,445
Derivative transactions(*3)	7,282	7,282	-

(*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.

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)	-

(*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 deposits②Notes 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 as of March 31, 2019 and 2018 were ¥ 80,502 million (\$ 725,310 thousand) and ¥ 16,870 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 as of March 31, 2019 and 2018 were ¥ 20,000 million (\$ 180,196 thousand) and ¥ 40,000 million, respectively).

⑤ Long-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 and appropriate 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, 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 as of March 31, 2019 and 2018 were ¥ 80,502 million (\$ 725,310 thousand) and ¥ 16,870 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
	2019	2018	2019
Non-listed stocks	¥ 39,060	¥ 46,821	\$ 351,929

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, 2019

	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	¥ 75,965	¥ –	¥ –	¥ –
Notes and accounts receivable-trade	334,852	–	–	–
Short-term loans receivable	6,294	–	–	–
Long-term loans receivable	–	3,333	3,689	375
Marketable securities and investment securities				
Held-to-maturity debt securities				
Others	6,828	–	–	–
Total	¥ 423,939	¥ 3,333	¥ 3,689	¥ 375

	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	\$ 684,437	\$ –	\$ –	\$ –
Notes and accounts receivable-trade	3,016,961	–	–	–
Short-term loans receivable	56,709	–	–	–
Long-term loans receivable	–	30,030	33,243	3,386
Marketable securities and investment securities				

OJI HOLDINGS CORPORATION

	Held-to-maturity debt securities				
	Others	61,525	–	–	–
Total		\$ 3,819,614	\$ 30,030	\$ 33,243	\$ 3,386

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

4. The repayment schedule for bonds, long-term loans payable and other interest-bearing liabilities subsequent to March 31, 2019

	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	¥ 112,673	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial paper	3,000	–	–	–	–	–
Bonds	20,000	20,000	–	–	–	50,000
Long-term loans payable	80,502	42,265	3,319	58,538	68,031	162,247
Total	¥ 216,175	¥ 62,265	¥ 3,319	¥ 58,538	¥ 68,031	¥ 212,247

	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	\$ 1,015,170	\$ –	\$ –	\$ –	\$ –	\$ –
Commercial paper	27,029	–	–	–	–	–
Bonds	180,196	180,196	–	–	–	450,491
Long-term loans payable	725,310	380,802	29,909	527,419	612,952	1,461,822
Total	\$ 1,947,706	\$ 560,999	\$ 29,909	\$ 527,419	\$ 612,952	\$ 1,912,313

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

15. Securities

(1) Held-to-maturity debt securities

As of March 31, 2019

		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	–	–	–
	③ Others	–	–	–
	Total	–	–	–
Securities with a book value exceeding market value	① Government bonds, local government bonds and others	–	–	–
	② Corporate bonds	–	–	–
	③ Others	6,828	6,828	–
	Total	6,828	6,828	–
Total		¥ 6,828	¥ 6,828	¥ –

		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	–	–	–
	③ Others	–	–	–
	Total	–	–	–
Securities with a book value exceeding market value	① Government bonds, local government bonds and others	–	–	–
	② Corporate bonds	–	–	–
	③ Others	61,525	61,525	–
	Total	61,525	61,525	–
Total		\$ 61,525	\$ 61,525	\$ –

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

(2) Available-for-sale securities

As of March 31, 2019

		Book value	Acquisition cost	Difference
		(Millions of yen)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	¥ 104,053	¥ 55,188	¥ 48,864
	② Others	-	-	-
	Total	104,053	55,188	48,864
Securities with a book value not exceeding acquisition cost	① Corporate stocks	6,173	6,620	(447)
	② Others	3,995	4,365	(370)
	Total	10,168	10,985	(817)
Total		¥ 114,222	¥ 66,174	¥ 48,047

		Book value	Acquisition cost	Difference
		(Thousands of U.S. dollars)		
Securities with a book value exceeding acquisition cost	① Corporate stocks	\$ 937,504	\$ 497,242	\$ 440,261
	② Others	-	-	-
	Total	937,504	497,242	440,261
Securities with a book value not exceeding acquisition cost	① Corporate stocks	55,619	59,648	(4,028)
	② Others	35,996	39,330	(3,334)
	Total	91,615	98,979	(7,363)
Total		\$ 1,029,119	\$ 596,221	\$ 432,898

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: ¥ 4,852 million (\$ 43,722 thousand))

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

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)

(3) Available-for-sale securities sold

For the fiscal year ended March 31, 2019

	Proceeds from sales	Gains	Losses
	(Millions of yen)		
Corporate stocks	¥ 4,348	¥ 1,962	¥ 563

	Proceeds from sales	Gains	Losses
	(Thousands of U.S. dollars)		
Corporate stocks	\$ 39,176	\$ 17,680	\$ 5,076

For the fiscal year ended March 31, 2018

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

(4) Impairment of available-for-sale securities

	(Millions of yen)		(Thousands of U.S. dollars)
	March 31		March 31
	2019	2018	2019
Corporate stocks	¥ 2	¥ 509	\$ 22

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, 2019

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	¥ 12,206	¥ -	¥ (99)
	Sell: Japanese yen, Buy: New Zealand dollars	Accounts receivable-trade	446	-	0
	Sell: Euro, Buy: New Zealand dollars	Accounts receivable-trade	257	-	7
	Buy				
	Buy U.S. dollars Sell New Zealand dollars	Accounts payable-trade	1	-	0
	Buy Euro Sell New Zealand dollars	Accounts payable-trade	56	-	(3)
	Buy Swiss franc Sell New Zealand dollars	Accounts payable-trade	6	-	(0)
	Currency Options				
Buy: Call options Sell: Put options U.S. dollars, New Zealand dollars	Accounts receivable-trade	310	-	17	
Buy: Call options Sell: Put options Japanese yen, New Zealand dollars	Accounts receivable-trade	141	-	9	
Total			¥ 13,427	¥ -	¥ (67)
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	2,024	-	(2)
	Buy				
U.S. dollars	Accounts payable-trade	1,009	-	3	
Euro	Accounts payable-trade	39	-	(0)	
Total			¥ 3,073	¥ -	¥ 1

OJI HOLDINGS CORPORATION

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	\$ 109,975	\$ -	\$ (894)
	Sell: Japanese yen, Buy: New Zealand dollars	Accounts receivable-trade	4,022	-	8
	Sell: Euro, Buy: New Zealand dollars	Accounts receivable-trade	2,318	-	65
	Buy				
	Buy U.S. dollars Sell New Zealand dollars	Accounts payable-trade	17	-	0
	Buy Euro Sell New Zealand dollars	Accounts payable-trade	513	-	(35)
	Buy Swiss franc Sell New Zealand dollars	Accounts payable-trade	60	-	(4)
	Currency Options				
Buy: Call options Sell: Put options U.S. dollars, New Zealand dollars	Accounts receivable-trade	2,794	-	161	
Buy: Call options Sell: Put options Japanese yen, New Zealand dollars	Accounts receivable-trade	1,278	-	88	
Total			\$ 120,980	\$ -	\$ (610)
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	18,241	-	(20)
	Buy				
U.S. dollars	Accounts payable-trade	9,091	-	35	
Euro	Accounts payable-trade	357	-	(4)	
Total			\$ 27,690	\$ -	\$ 10

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, 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, New Zealand dollars	Accounts receivable-trade	8,894	-	331	
Buy: Call options					
Sell: Put options					
Japanese yen, New Zealand dollars	Accounts receivable-trade	301	-	(1)	
Buy: Call options					
Sell: Put options					
Euro, New Zealand dollars	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)

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, 2019

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	¥ 20,000	¥ 20,000	¥ (450)
Special treatment of interest rate swap	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	206,102	164,049	(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			¥ 262,129	¥ 220,076	¥ (450)

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	\$ 180,196	\$ 180,196	\$ (4,060)
Special treatment of interest rate swap	Interest rate swaps Floating rate received for fixed rate	Long-term loans payable	1,856,942	1,478,053	(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	324,596	324,596	(Note 2)
Total			\$ 2,361,735	\$ 1,982,847	\$ (4,060)

Notes:

1. Fair value is calculated based on the prices provided by counterparty financial institutions and others.
2. When an interest swap contract meets the criteria for the special treatment and the integrated treatment of interest rate and currency swap (special and appropriate 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 interest rate swaps, interest rate and currency swaps accounted for by special treatment and the integrated treatment, is included in the hedged long-term loans payable.

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	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)

OJI HOLDINGS CORPORATION

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)

Notes:

1. Fair value is calculated based on the prices provided by counterparty financial institutions, and others.
2. When an interest swap contract meets the criteria for the special treatment and the integrated treatment of interest rate and currency swap (special and appropriate 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 interest rate swaps, interest rate and currency swaps accounted for by special treatment and the integrated treatment, is included in the hedged long-term loans payable.

(iii) Commodity-related derivatives

As of March 31, 2019

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	¥ 2,961	¥ 2,232	¥ 1,119
Total			¥ 2,961	¥ 2,232	¥ 1,119

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	\$ 26,679	\$ 20,113	\$ 10,083
Total			\$ 26,679	\$ 20,113	\$ 10,083

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

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)

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.

(2) Defined benefit plans (including 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, 2019

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Beginning balance of retirement benefit obligation	¥ 132,364	\$ 1,192,579
Service cost	3,208	28,904
Interest cost	360	3,250
Actuarial loss	(1,490)	(13,428)
Prior service cost	(8)	(74)
Payment of retirement benefits	(9,177)	(82,690)
Decrease on the transfer to a defined contribution plan	—	—
Other	1,235	11,128
Ending balance of retirement benefit obligation	¥ 126,492	\$ 1,139,670

For the fiscal year ended March 31, 2018

	<u>Millions of yen</u>
Beginning balance of retirement benefit obligation	¥ 143,813
Service cost	4,644
Interest cost	448
Actuarial loss	3,253
Prior service cost	(3,923)
Payment of retirement benefits	(10,375)
Decrease on the transfer to a defined contribution plan	(6,839)
Other	1,343
Ending balance of retirement benefit obligation	¥ 132,364

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

For the fiscal year ended March 31, 2019

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Beginning balance of plan assets	¥ 138,056	\$ 1,243,865
Expected return on plan assets	2,110	19,016
Actuarial gain	2,431	21,903
Employer contributions	737	6,645
Payment of retirement benefits	(7,156)	(64,482)
Decrease on the transfer to a defined contribution plan	—	—
Return of trust assets	(19,935)	(179,615)
Other	(21)	(198)
Ending balance of plan assets	¥ 116,221	\$ 1,047,134

OJI HOLDINGS CORPORATION

For the fiscal year ended March 31, 2018

	<u>Millions of yen</u>
Beginning balance of plan assets	¥ 135,722
Expected return on plan assets	2,223
Actuarial gain	11,323
Employer contributions	2,599
Payment of retirement benefits	(7,902)
Decrease on the transfer to a defined contribution plan	(5,876)
Return of trust assets	—
Other	(33)
Ending balance of plan assets	¥ 138,056

(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, 2019

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Beginning balance of net defined benefit liability	¥ 5,500	\$ 49,560
Retirement benefit expenses	1,145	10,321
Payment of retirement benefits	(1,292)	(11,646)
Plan contributions	(582)	(5,248)
Other	718	6,471
Ending balance of net defined benefit liability	¥ 5,488	\$ 49,458

For the fiscal year ended March 31, 2018

	<u>Millions of yen</u>
Beginning balance of net defined benefit liability	¥ 6,497
Retirement benefit expenses	945
Payment of retirement benefits	(715)
Plan contributions	(609)
Other	(617)
Ending balance of net defined benefit liability	¥ 5,500

(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, 2019

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Funded retirement benefit obligation	¥ 88,701	\$ 799,181
Plan assets	(125,168)	(1,127,742)
	(36,467)	(328,561)
Unfunded retirement benefit obligation	52,225	470,546
Net liabilities and assets recorded on the consolidated balance sheets	15,758	141,985
Net defined benefit liability	52,874	476,387
Net defined benefit asset	(37,115)	(334,401)
Net liabilities and assets recorded on the consolidated balance sheets	¥ 15,758	\$ 141,985

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

For the fiscal year ended March 31, 2018

	<u>Millions of yen</u>
Funded retirement benefit obligation	¥ 101,932
Plan assets	(152,611)
	(50,679)
Unfunded retirement benefit obligation	50,487
Net liabilities and assets recorded on the consolidated balance sheets	(191)

OJI HOLDINGS CORPORATION

Net defined benefit liability	51,422
Net defined benefit asset	(51,614)
Net liabilities and assets recorded on the consolidated balance sheets	¥ (191)

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

(v) Components of retirement benefit expenses

For the fiscal year ended March 31, 2019

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Service costs	¥ 3,208	\$ 28,904
Interest cost	360	3,250
Expected return on plan assets	(2,110)	(19,016)
Amortization of actuarial loss	(517)	(4,661)
Amortization of prior service cost	(1,101)	(9,926)
Retirement benefit expenses calculated by simplified method	1,145	10,321
Gain on return of assets from retirement benefits trust assets (Note 1)	(11,224)	(101,132)
Profit (loss) on the transfer to a defined contribution plan (Note 1)	—	—
Special retirement expenses (Note 2)	719	6,486
Extra retirement payments (Note 3)	1,706	15,375
Retirement benefit expenses related to defined benefit plans	¥ (7,813)	\$ (70,396)

For the fiscal year ended March 31, 2018

	<u>Millions of yen</u>
Service costs	¥ 4,644
Interest cost	448
Expected return on plan assets	(2,223)
Amortization of actuarial loss	7,313
Amortization of prior service cost	(860)
Retirement benefit expenses calculated by simplified method	945
Gain on return of assets from retirement benefits trust assets (Note 1)	—
Profit (loss) on the transfer to a defined contribution plan (Note 1)	(1,305)
Special retirement expenses (Note 2)	—
Extra retirement payments (Note 3)	1,374
Retirement benefit expenses related to defined benefit plans	¥ 10,336

Notes:

1. Profit (loss) on the transfer to a defined contribution plan is accounted for in "Extraordinary Income".
2. Extra retirement payments arising from business structure improvement were recorded in "Other" under extraordinary losses.
3. Extra retirement payments associated with transferees and retirees were recorded in "Other" under 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, 2019

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Prior service cost	¥ (1,093)	\$ (9,852)
Actuarial loss	(7,820)	(70,462)
Total	¥ (8,914)	\$ (80,314)

For the fiscal year ended March 31, 2018

	<u>Millions of yen</u>
Prior service cost	¥ 2,602
Actuarial loss	15,778
Total	¥ 18,380

(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):

For the fiscal year ended March 31, 2019

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Unrecognized prior service cost	¥ (7,737)	\$ (69,717)
Unrecognized actuarial gain	(8,756)	(78,897)
Total	¥ (16,494)	\$ (148,614)

For the fiscal year ended March 31, 2018

	<u>Millions of yen</u>
Unrecognized prior service cost	¥ (8,831)
Unrecognized actuarial gain	(16,577)
Total	¥ (25,408)

(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.

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018
Domestic corporate stocks	43 %	46 %
Overseas corporate stocks	7	5
Domestic bonds	5	7
Overseas bonds	6	5
Cash and deposits	2	4
Life insurance general accounts	19	19
Alternative investments (Note 1)	17	14
Other	0	0
Total (Note 2)	100	100

Notes:

- Alternative investments are mainly investments in hedge funds, etc.
- Retirement benefit trusts established for corporate pension plans constituted 37% of total plan assets in the fiscal year ended March 31, 2019 and 40% in the fiscal year ended March 31, 2018.

(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

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018
(a) Discount rates		
Domestic	0.1 – 0.6 %	0.1 – 0.6 %
Overseas	1.9 – 4.9	1.9 – 5.2
(b) Long-term expected rates of return on plan assets		
Domestic	0.1 – 2.5 %	0.2 – 2.5 %
Overseas	1.8 – 7.0	1.8 – 7.0

(c) Expected rates of salary increases		
Domestic	1.4 – 8.3 %	1.5 – 8.3 %
Overseas	1.8 – 2.5	1.8 – 3.5

(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 ¥ 2,142 million (\$ 19,302 thousand) in the fiscal year ended March 31, 2019 and ¥ 1,848 million in the fiscal year ended March 31, 2018.

(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, 2019

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Decrease in retirement benefit obligation	¥ —	\$ —
Decrease in plan assets	—	—
One-time amortization of actuarial loss	—	—
One-time amortization of prior service cost	—	—
Total	¥ —	\$ —

For the fiscal year ended March 31, 2018

	<u>Millions of yen</u>
Decrease in retirement benefit obligation	¥ 7,116
Decrease in plan assets	(5,876)
One-time amortization of actuarial loss	(395)
One-time amortization of prior service cost	460
Total	¥ 1,305

The amounts of assets to be transferred to the defined contribution plans were ¥ 5,876 million for the fiscal year ended March 31, 2018, and the amount 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, 2019
	¥ — million for the year ended March 31, 2018

(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

OJI HOLDINGS CORPORATION

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

This table shows stock options outstanding for the fiscal year ended March 31, 2019, and the quantities are expressed in equivalent number of shares.

(a) Quantity of stock options

	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, 2018	—	—	—	—	—	—	—	—	—
Granted	—	—	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—	—	—
Vested	—	—	—	—	—	—	—	—	—
Outstanding as of March 31, 2019	—	—	—	—	—	—	—	—	—
Share acquisition rights which have already been vested									
Outstanding as of March 31, 2018	10,000	16,000	24,000	30,000	45,000	118,000	158,000	126,000	199,000
Vested	—	—	—	—	—	—	—	—	—
Exercised	10,000	16,000	—	—	15,000	15,000	15,000	—	—
Forfeited	—	—	—	—	—	—	—	—	—
Outstanding as of March 31, 2019	—	—	24,000	30,000	30,000	103,000	143,000	126,000	199,000

(b) Price information of stock options

As of March 31, 2019

	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	729	729	—	—	602	602	596	—	—
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	6.56	6.56	—	—	5.42	5.42	5.36	—	—

OJI HOLDINGS CORPORATION

Weighted average fair value per share at the granted date	5.21	3.16	2.56	3.00	2.76	1.70	3.16	2.91	3.89
---	------	------	------	------	------	------	------	------	------

(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. Tax Effect Accounting

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

	March 31, 2019 (Millions of yen)	March 31, 2018 (Millions of yen)	March 31, 2019 (Thousands of U.S. dollars)
Deferred tax assets			
Tax losses carried forward (Note)	¥ 18,295	¥ 19,233	\$ 164,837
Net defined benefit liability	24,683	22,853	222,396
Investment securities and others	7,737	10,851	69,717
Property, plant and equipment	27,693	8,694	249,515
Accrued bonuses	4,984	4,977	44,906
Inventory	1,833	1,494	16,523
Other	13,734	15,024	123,746
Subtotal	98,963	83,129	891,643
Valuation allowance for tax losses carried forward (Note)	(15,019)	—	(135,322)
Valuation allowance for total of deductible temporary differences	(29,511)	—	(265,893)
Valuation allowance	(44,530)	(39,124)	(401,215)
Total deferred tax assets	54,432	44,005	490,427
Deferred tax liabilities			
Adjustment to book value of assets stated at fair value	(36,366)	(39,055)	(327,656)
Property, plant and equipment	(23,850)	(25,393)	(214,891)
Reserve for advanced depreciation of non-current assets	(10,029)	(10,202)	(90,361)
Net defined benefit liability	(19,559)	(22,139)	(176,231)
Investment securities	(6,028)	—	(54,316)
Valuation difference on available-for-sale securities	(14,537)	(16,808)	(130,976)
Reserve for special depreciation	(1,630)	(2,055)	(14,689)
Other	(1,990)	(542)	(17,933)
Total deferred tax liabilities	(113,993)	(116,196)	(1,027,058)
Net deferred tax liabilities	¥ (59,560)	¥ (72,190)	\$ (536,631)

(Changes in Presentation Method)

“Allowance for doubtful accounts,” which was presented separately in deferred tax assets for the fiscal year ended March 31, 2018, has decreased in materiality, and has been included in “Other” for the fiscal year ended March 31, 2019. To reflect this change, the Notes for the fiscal year ended March 31, 2018 have been restated.

As a result, ¥ 1,974 million that was presented as “Allowance for doubtful accounts” in deferred tax assets for the fiscal year ended March 31, 2018, is now reclassified and included in “Other.”

(Note) Amount of tax losses carried forward and deferred tax assets by carry forward period

For the fiscal year ended March 31, 2019

(Millions of yen)

	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	Total
Tax losses carried forward*	¥ 3,063	¥ 2,970	¥ 3,562	¥ 412	¥ 1,096	¥ 7,190	¥ 18,295
Valuation allowance	(1,974)	(2,524)	(2,090)	(403)	(1,079)	(6,946)	(15,019)
Deferred tax assets	1,088	445	1,472	8	16	243	3,275

(Thousands of U.S. dollars)

OJI HOLDINGS CORPORATION

	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	Total
Tax losses carried forward*	\$ 27,602	\$ 26,762	\$ 32,096	\$ 3,712	\$ 9,878	\$ 64,784	\$ 164,837
Valuation allowance	(17,793)	(22,747)	(18,830)	(3,632)	(9,729)	(62,588)	(135,322)
Deferred tax assets	9,809	4,014	13,265	80	149	2,196	29,515

* Tax losses carried forward is the amount multiplied by the statutory tax rate.

(2) Difference between the statutory tax rate and the effective rate of the tax burden after applying tax effect accounting

	For the fiscal year ended March 31	
	2019	2018
Statutory tax rate	30.6%	30.9%
(Adjustment)		
Non-deductible entertainment and social expenses, etc.	1.0	1.3
Non-taxable income of dividends received, etc.	(2.1)	(3.6)
Per capita levy of local inhabitant tax	0.6	0.8
Tax credit	(1.3)	(1.2)
Equity in earnings of affiliates	(4.2)	(0.3)
Different tax rates applied to foreign subsidiaries	(2.2)	(4.5)
Amortization of goodwill	0.7	1.1
Change in valuation allowance	2.2	9.3
Other	2.0	(0.5)
Effective rate of the tax burden	27.2	33.3

(Changes in Presentation Method)

“Retained earnings of foreign subsidiaries, etc.,” which was presented separately for the fiscal year ended March 31, 2019 has decreased in materiality, and has been included in “Other” for the fiscal year ended March 31, 2019. To reflect this change, the Notes for the fiscal year ended March 31, 2018 have been restated.

As a result, the (0.3%) that was presented as “Retained earnings of foreign subsidiaries, etc.” for the fiscal year ended March 31, 2018 is now reclassified and included in “Other.”

20. Segment Information

(1) Overview of reporting segments

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 and corrugated container, boxboard and folding cartons, packaging papers and paper bags, household paper, disposable diapers
Functional Materials:	Specialty paper, thermal paper, adhesive paper, film
Forest Resources and Environmental Marketing:	Pulp, energy, afforestation and lumber processing
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, 2019

	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	¥ 627,788	¥ 209,242	¥ 270,713	¥ 257,557	¥ 1,365,302	¥ 185,689	¥ 1,550,991	¥ -	¥ 1,550,991
Inter-segment sales and transfers	53,401	14,880	55,753	45,329	169,365	108,488	277,854	(277,854)	-
Total sales	681,190	224,123	326,467	302,887	1,534,668	294,177	1,828,846	(277,854)	1,550,991
Segment profit (loss)	22,408	18,357	64,644	(4,819)	100,591	9,846	110,437	(224)	110,212
Segment assets	657,044	216,992	579,254	272,467	1,725,758	379,519	2,105,277	(153,908)	1,951,369
Other items									
Depreciation and amortization (Note 4)	26,043	6,780	17,495	14,681	65,000	4,526	69,527	-	69,527
Increase in property, plant, equipment and intangible assets (Note 4)	25,354	4,549	23,859	4,260	58,025	4,111	62,136	-	62,136

	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					
(Thousands of U.S. dollars)									
Net Sales									
Sales to third parties	\$ 5,656,265	\$ 1,885,238	\$ 2,439,080	\$ 2,320,547	\$ 12,301,131	\$ 1,673,025	\$ 13,974,157	-	\$ 13,974,157
Inter-segment sales and transfers	481,135	134,073	502,331	408,413	1,525,954	977,464	2,503,419	(2,503,419)	-
Total sales	6,137,401	2,019,311	2,941,412	2,728,960	13,827,086	2,650,490	16,477,576	(2,503,419)	13,974,157
Segment profit (loss)	201,896	165,397	582,436	(43,420)	906,309	88,714	995,023	(2,025)	992,998
Segment assets	5,919,853	1,955,064	5,218,976	2,454,883	15,548,778	3,419,398	18,968,177	(1,386,683)	17,581,493
Other items									
Depreciation and amortization (Note 4)	234,643	61,090	157,634	132,275	585,644	40,786	626,430	-	626,430
Increase in property, plant, equipment and intangible assets (Note 4)	228,442	40,993	214,970	38,388	522,794	37,040	559,835	-	559,835

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 (loss), ¥ (224) million (\$ (2,025) thousand), primarily consists of adjustment related to internal transactions.
 - Adjustment for segment assets, ¥ (153,908) million (\$ (1,386,683) thousand), includes the following items.
 - Elimination of inter-segment debts and credits, and other, ¥ (174,511) million (\$ (1,572,315) thousand)
 - Group-wide assets* not allocated to each reporting segment, ¥ 20,603 million (\$ 185,631 thousand)
- 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, increase in property, plant, equipment and intangible assets.

For the fiscal year ended March 31, 2018

	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	¥ 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	41,621	161,064	106,086	267,150	(267,150)	—
Total sales	651,319	220,798	298,490	305,432	1,476,041	277,004	1,753,046	(267,150)	1,485,895
Segment profit (loss)	5,436	18,559	38,954	(1,151)	61,799	8,756	70,555	226	70,781
Segment assets	599,488	222,901	570,007	325,807	1,718,204	397,371	2,115,576	(154,823)	1,960,753
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

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 (loss), ¥ 226 million, primarily consists of adjustment related to internal transactions.
 - Adjustment for segment assets, ¥ (154,823) million, includes the following items:
 - Elimination of inter-segment debts and credits, and other, ¥ (179,389) million
 - Group-wide assets* not allocated to each reporting segment, ¥ 24,566 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, increase in property, plant, equipment and intangible assets.

(4) Matters relating to Changes in Reporting Segments

As a result of a revision of internal management classifications, from the first quarter of the fiscal year ended March 31, 2019, for income arising from effective utilization of equipment at “Printing and communications media” sites in Japan, net sales were recorded in “Inter-segment sales and transfers” of “Printing and communications media,” and segment profit (loss) was changed from “Forest resources and environmental marketing” to “Printing and communications media.” There are no changes in “Sales to third parties,” which continues to be recorded in “Forest resources and environmental marketing.” Segment information for the fiscal year ended March 31, 2018 was prepared based on the reporting segment categories following the changes.

(5) Related information

For the fiscal year ended March 31, 2019

(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)							
¥ 1,054,917	¥ 320,824	¥ 33,660	¥ 25,757	¥ 51,503	¥ 60,785	¥ 3,542	¥ 1,550,991

Japan	Asia	North America	South America	Europe	Oceania	Other	Total
(Thousands of U.S. dollars)							
\$ 9,504,615	\$ 2,890,574	\$ 303,277	\$ 232,069	\$ 464,038	\$ 547,666	\$ 31,916	\$ 13,974,157

(b) Property, plant and equipment

Japan	China	Asia	North America	Brazil	Europe	Oceania	Total
(Millions of yen)							
¥ 543,590	¥ 101,987	¥ 43,676	¥ 1,938	¥ 202,457	¥ 4,084	¥ 87,024	¥ 984,759

Japan	China	Asia	North America	Brazil	Europe	Oceania	Total
(Thousands of U.S. dollars)							
\$ 4,897,653	\$ 918,884	\$ 393,516	\$ 17,467	\$ 1,824,103	\$ 36,802	\$ 784,074	\$ 8,872,502

(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, 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

(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

(iii) Information by major customer

The information by major customer is omitted as there are no external customers whose sales exceed 10% or more of the net sales in the consolidated statement of income.

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

For the fiscal year ended March 31, 2019

	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	¥ 1,619	¥ 2,746	¥ 4	¥ 29,728	¥ 1,172	¥ 35,269

	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	\$ 14,589	\$ 24,743	\$ 39	\$ 267,845	\$ 10,561	\$ 317,771

Notes:

1. The amount of "Other" represents amount related to business segments which is not included in reporting segments and other.
2. The impairment loss of ¥ 35,269 million (\$ 317,771 thousand) for the fiscal year ended March 31, 2019, ¥ 1,127million (\$ 10,161 thousand) is included in other of extraordinary losses.

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

Notes:

1. The amount of "Other" represents amount related to business segments which is not included in reporting segments and other.
2. The impairment loss of ¥ 2,369 million for the fiscal year ended March 31, 2018, ¥ 5 million is included in other of extraordinary losses.

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

As of and for the fiscal year ended March 31, 2019

	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	¥ 1,052	¥ 622	¥ (0)	¥ —	¥ 11	¥ 1,685
Balance of goodwill	2,660	3,907	(6)	—	122	6,682

	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	\$ 9,485	\$ 5,607	\$ (5)	\$ —	\$ 102	\$ 15,188
Balance of goodwill	23,967	35,202	(61)	—	1,102	60,211

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

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

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

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

For the fiscal year ended March 31, 2019

None

For the fiscal year ended March 31, 2018

None

(9) Information on Transactions with Related Parties

For the fiscal year ended March 31, 2019

(i) Transactions with related parties

Related party transactions with the Company which have submitted consolidated financial statements and their subsidiaries

Corporate Pensions for Employees, etc.

Type	Trade name of organization or name	Address	Capital or investment (millions of yen)	Business description or occupation	Percentage of ownership such as voting rights (%)
Corporate pensions	Retirement benefits trust	—	—	—	—

Relationship with related party	Details of transactions	Amount of transactions		Title	End of fiscal year balance (millions of yen)
		(Millions of yen)	(Thousands of U.S. dollars)		
Retirement benefit accounting pension assets	Partial return of assets	¥19,935	\$ 179,615	—	—

(ii) Notes on significant affiliates

Summary of financial information on significant affiliates

None

For the fiscal year ended March 31, 2018

(i) Transactions with related parties

Related party transactions with the Company which have submitted consolidated financial statements and their subsidiaries

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, 2019 and 2018

	(Yen)		(U.S. dollars)
	2019	2018	2019
Net assets per share	¥ 684.50	¥ 681.52	\$ 6.16
Profit per share	¥ 52.52	¥ 36.64	\$ 0.47
Diluted profit per share (Note 1)	¥ 52.49	¥ 36.62	\$ 0.47

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

For the fiscal years ended March 31, 2019 and 2018

	(Millions of yen)		(Thousands of U.S. dollars)
	2019	2018	2019
Profit per share			
Profit attributable to owners of parent	¥ 51,977	¥ 36,222	\$ 468,308
Amount not attributable to common Shareholders	–	–	–
Profit attributable to owners of parent allocated to common stock	51,977	36,222	468,308
Average number of shares outstanding during the period	thousand shares 989,601	thousand shares 988,480	thousand shares 989,601
Diluted profit per share			
Adjusted amount of profit attributable to owners of parent	–	–	–
Increase in shares of common stock	thousand shares 693	thousand shares 760	thousand shares 693
(Share acquisition rights among the above increase)	(thousand shares) (693)	(thousand shares) (760)	(thousand shares) (693)

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 (1,181 thousand shares for the fiscal year ended March 31, 2019 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 treasury stock is included in treasury stock deducted in computation of the average number of shares outstanding during the period (1,181 thousand shares for the fiscal year ended March 31, 2019 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, 2018 (Millions of yen)	Balance as of March 31, 2019 (Millions of yen)	Balance as of March 31, 2019 (Thousands of U.S. dollars)	Interest rate (%)	Collateral	Maturity
Oji Holdings Corporation	Bond No.28	July 27, 2011	20,000 (20,000)	—	—	0.86	None	July 27, 2018
Oji Holdings Corporation	Bond No.30	July 26, 2012	20,000	20,000 (20,000)	180,196 (180,196)	0.61	None	July 26, 2019
Oji Holdings Corporation	Bond No.31	July 26, 2013	20,000 (20,000)	—	—	0.48	None	July 26, 2018
Oji Holdings Corporation	Bond No.32	July 26, 2013	20,000	20,000	180,196	0.79	None	July 24, 2020
Oji Holdings Corporation	Bond No.33	January 26, 2018	10,000	10,000	90,098	0.28	None	January 24, 2025
Oji Holdings Corporation	Bond No.34	January 26, 2018	10,000	10,000	90,098	0.43	None	January 26, 2028
Oji Holdings Corporation	Bond No.35	November 29, 2018	—	20,000	180,196	0.45	None	November 29, 2028
Oji Holdings Corporation	Bond No.36	November 29, 2018	—	10,000	90,098	1.08	None	November 29, 2038
Total	—	—	¥ 100,000 (¥ 40,000)	¥ 90,000 (¥ 20,000)	\$ 810,883 (\$ 180,196)	—	—	—

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, 2019 are 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)				
¥ 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)				
\$ 180,196	\$ 180,196	\$ —	\$ —	\$ —

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

	April 1, 2018 (Millions of yen)	March 31, 2019 (Millions of yen)	March 31, 2019 (Thousands of U.S. dollars)	Average interest rate (%)	Maturity
Short-term loans payable	¥ 137,041	¥ 112,673	\$ 1,015,170	1.20	—
Current portion of long-term loans payable	16,870	80,502	725,310	0.70	—
Current portion of lease obligations	1,070	884	7,969	—	—
Long-term loans payable (excluding current portion)	392,511	334,402	3,012,907	0.86	Due 2020 through 2051
Lease obligations (excluding current portion)	2,055	1,658	14,941	—	Due 2020 through 2030

OJI HOLDINGS CORPORATION

Other interest bearing liability commercial paper (current portion)	1,000	3,000	27,029	(0.01)	–
Total	¥ 550,550	¥ 533,121	\$ 4,803,328	–	–

Notes:

1. The above average interest rate is the applicable weighted-average interest rate 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, 2019 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	¥ 42,265	¥ 3,319	¥ 58,538	¥ 68,031
Lease obligation	672	468	279	189

	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	\$ 380,802	\$ 29,909	\$ 527,419	\$ 612,952
Lease obligation	6,059	4,223	2,521	1,709

(3) Asset Retirement Obligations

As the asset retirement obligations as of April 1, 2018 and March 31, 2019 account for less than 1% of the total liabilities and net assets, 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, 2019, 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, 2019, 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, 2019 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.

Pricewaterhouse Coopers Aarata LLC

October 10, 2019

PricewaterhouseCoopers Aarata LLC

*Otemachi Park Building, 1-1-1 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
T: +81 (3) 6212 6800, F: +81 (3) 6212 6801, www.pwc.com/jp/assurance*