HOYA

HOYA Corporation and its Subsidiaries
Consolidated Financial Statements under IFRSs
and Independent Auditor's Report

For the year ended 31 March 2019

HOYA Corporation

Contents

Deloitte.

Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi, Chiyoda-ku
Tokyo 100-8360
Japan

Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of HOYA CORPORATION:

We have audited the accompanying consolidated statement of financial position of HOYA CORPORATION and its subsidiaries as at 31 March 2019, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

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 International Financial Reporting Standards, 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 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, but not for the purpose of expressing 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 referred to above present fairly, in all material respects, the consolidated financial position of HOYA CORPORATION and its subsidiaries as at 31 March 2019, and the consolidated results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

7 June 2019

Consolidated Statement of Financial Position

HOYA Corporation and its Subsidiaries

As at 31 March 2019

	Notes	(Millions of Yen) As at 31 March 2018	(Millions of Yen) As at 31 March 2019	(Thousands of U.S. Dollars (Note 2)) As at 31 March 2019
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment—net	6,8,34	105,493	111,077	1,000,780
Goodwill	7,8	31,892	42,843	386,009
Intangible assets	7,34	36,863	44,308	399,203
Investments in associates	9	1,476	349	3,144
Long-term financial assets	11,22	15,595	44,103	397,358
Other non-current assets	12	2,302	2,960	26,672
Deferred tax assets	10	10,834	10,162	91,562
Total non-current assets		204,455	255,802	2,304,728
CURRENT ASSETS:				
Inventories	13	71,341	78,973	711,530
Trade and other receivables	14,22	107,632	110,847	998,708
Other short-term financial assets	11,22	4,955	3,131	28,207
Income taxes receivable		1,228	820	7,387
Other current assets	12	15,198	20,946	188,720
Cash and cash equivalents	22	245,835	293,397	2,643,457
Total current assets		446,190	508,113	4,578,009
Total assets		650,645	763,915	6,882,737

	Notes	(Millions of Yen) As at 31 March 2018	(Millions of Yen) As at 31 March 2019	(Thousands of U.S. Dollars (Note 2)) As at 31 March 2019
EQUITY AND LIABILITIES				
EQUITY				
Share capital	21(1)	6,264	6,264	56,439
Capital reserves	21(1)	15,899	15,899	143,244
Treasury shares	21(2)	(10,886)	(8,319)	(74,954)
Other capital reserves	21(2),23	(6,660)	(7,434)	(66,982)
Retained earnings	21(3),35	529,818	617,459	5,563,199
Accumulated other comprehensive income/(loss)		(8,242)	(713)	(6,428)
Equity attributable to owners of the Company		526,193	623,155	5,614,519
Non-controlling interests	21(4)	4,484	4,552	41,010
Total equity		530,677	627,707	5,655,529
LIABILITIES				
NON-CURRENT LIABILITIES:				
Interest-bearing long-term debt	15,16,22	451	904	8,145
Other long-term financial liabilities	11,22	6,983	10,936	98,535
Retirement benefit liabilities	18	2,127	2,770	24,953
Provisions	19	2,398	2,607	23,485
Other non-current liabilities	12	956	2,303	20,748
Deferred tax liabilities	10	2,774	4,917	44,299
Total non-current liabilities		15,690	24,436	220,165
CURRENT LIABILITIES:				
Interest-bearing short-term debt	15,16,22	1,901	1,934	17,427
Trade and other payables	20,22	46,555	54,887	494,526
Other short-term financial liabilities	11,22	643	646	5,816
Income tax payables		12,355	8,872	79,935
Provisions	19	1,280	1,261	11,366
Other current liabilities	12	41,542	44,171	397,974
Total current liabilities		104,277	111,772	1,007,044
Total liabilities		119,967	136,208	1,227,208
Total equity and liabilities		650,645	763,915	6,882,737

Consolidated Statement of Comprehensive Income

HOYA Corporation and its Subsidiaries

For the year ended 31 March 2019

	Notes	(Millions of Yen) For the year ended 31 March 2018	(Millions of Yen) For the year ended 31 March 2019	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2019
Continuing operations				
Revenue:				
Sales	24	535,612	565,810	5,097,847
Finance income	26	1,562	2,773	24,986
Other income	25	3,999	3,775	34,015
Total revenue		541,173	572,359	5,156,848
Expenses:				
Changes in inventories of goods, products and work in progress		534	(2,763)	(24,893)
Raw materials and consumables used		83,924	86,977	783,648
Employee benefits expense	18,23,25	127,820	132,006	1,189,353
Depreciation and amortisation	6,7,25	28,711	26,416	238,000
Subcontracting cost		4,919	5,376	48,434
Advertising and promotion expense		13,085	12,719	114,594
Commissions expense	25	32,506	34,051	306,790
Impairment losses	8	5,798	1,099	9,902
Finance costs	18,26	771	391	3,524
Share of loss of associates	9	44	1,113	10,027
Foreign exchange (gain)/loss	25	268	2,307	20,788
Other expenses	6,7,17,25	118,543	128,010	1,153,348
Total expenses		416,925	427,702	3,853,516
Profit before tax		124,248	144,657	1,303,332
Income tax expense	10	25,026	22,584	203,482
Profit for the year from continuing operations		99,222	122,072	1,099,850
Profit for the year		99,222	122,072	1,099,850
Other comprehensive income/(loss):	27			
Items that will not be reclassified subsequently to profit or loss:				
Financial assets measured at fair value through other comprehensive income		—	809	7,292
Remeasurements of the net defined benefit liability (asset)		88	(293)	(2,637)
Income tax relating to components of other comprehensive income/(loss)	10	10	(146)	(1,312)
Subtotal		98	371	3,344
Items that may be reclassified subsequently to profit or loss:				
Net gain/(loss) on revaluation of available-for-sale financial assets		423	—	—
Exchange differences on translation of foreign operations		(2,712)	6,612	59,572
Share of other comprehensive income of associates	9	(9)	(16)	(145)
Income tax relating to components of other comprehensive income	10	(112)	124	1,119
Subtotal		(2,410)	6,720	60,547
Total other comprehensive income/(loss)		(2,312)	7,091	63,891
Total comprehensive income for the year		96,910	129,164	1,163,741

	Notes	(Millions of Yen) For the year ended 31 March 2018	(Millions of Yen) For the year ended 31 March 2019	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2019
Profit attributable to:				
Owners of the Company		99,494	122,103	1,100,125
Non-controlling interests		(272)	(31)	(275)
Total		99,222	122,072	1,099,850
Total comprehensive income/(loss) attributable to:				
Owners of the Company		96,833	129,334	1,165,277
Non-controlling interests		77	(171)	(1,537)
Total		96,910	129,164	1,163,741

	Notes	(Yen) For the year ended 31 March 2018	(Yen) For the year ended 31 March 2019	(U.S. Dollars (Note 2)) For the year ended 31 March 2019
Basic earnings per share	28			
Continuing operations		258.46	321.55	2.90
Discontinued operations		—	—	—
Basic earnings per share		258.46	321.55	2.90
Diluted earnings per share	28			
Continuing operations		257.88	320.96	2.89
Discontinued operations		—	—	—
Diluted earnings per share		257.88	320.96	2.89

Consolidated Statement of Changes in Equity

HOYA Corporation and its Subsidiaries

For the year ended 31 March 2019

(Millions of Yen)

	Notes	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
Balance at 1 April 2017		**6,264**	**15,899**	**(6,816)**	**(5,345)**	**506,367**
Total comprehensive income/(loss) for the year						
Profit for the year						99,494
Other comprehensive income/(loss)	27					
Total comprehensive income/(loss) for the year						99,494
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	21(2)			(55,007)	(27)	
Disposal of treasury shares	21(2)			3,819	(1,579)	
Cancellation of treasury shares	21(3)			47,118		(47,118)
Dividends, 75 yen per share	21(3)					(29,024)
Change in non-controlling interests	21(4)				(26)	
Share-based payments (stock options)	23				317	
Transfer to retained earnings						98
Total contributions by and distributions to owners		–	–	(4,070)	(1,315)	(76,043)
Total transactions with owners		–	–	(4,070)	(1,315)	(76,043)
Balance at 31 March 2018		**6,264**	**15,899**	**(10,886)**	**(6,660)**	**529,818**
Total comprehensive income/(loss) for the year						
Profit for the year						122,103
Other comprehensive income/(loss)	27					
Total comprehensive income/(loss) for the year						122,103
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	21(2)			(2)	–	
Disposal of treasury shares	21(2)			2,569	(969)	
Dividends, 90 yen per share	21(3)					(34,164)
Change in non-controlling interests	21(4)				–	
Share-based payments (stock options)	23				195	
Transfer to retained earnings						(297)
Total contributions by and distributions to owners		–	–	2,567	(774)	(34,462)
Total transactions with owners		–	–	2,567	(774)	(34,462)
Balance at 31 March 2019		**6,264**	**15,899**	**(8,319)**	**(7,434)**	**617,459**

(Millions of Yen)

	Notes	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Remeasurements of the net defined benefit liability (asset)	Share of other comprehensive income of associates	Accumulated other comprehensive income/(loss)
Balance at 1 April 2017		**106**	**(3,629)**	**—**	**(1,960)**	**(5,482)**
Total comprehensive income/(loss) for the year						
Profit for the year						
Other comprehensive income/(loss)	27	272	(3,023)	98	(9)	(2,661)
Total comprehensive income/(loss) for the year		272	(3,023)	98	(9)	(2,661)
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	21(2)					
Disposal of treasury shares	21(2)					
Cancellation of treasury shares	21(3)					
Dividends, 75 yen per share	21(3)					
Change in non-controlling interests	21(4)					
Share-based payments (stock options)	23					
Transfer to retained earnings				(98)		(98)
Total contributions by and distributions to owners		—	—	(98)	—	(98)
Total transactions with owners		—	—	(98)	—	(98)
Balance at 31 March 2018		**378**	**(6,652)**	**—**	**(1,969)**	**(8,242)**
Total comprehensive income/(loss) for the year						
Profit for the year						
Other comprehensive income/(loss)	27	697	6,853	(303)	(16)	7,231
Total comprehensive income/(loss) for the year		697	6,853	(303)	(16)	7,231
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	21(2)					
Disposal of treasury shares	21(2)					
Dividends, 90 yen per share	21(3)					
Change in non-controlling interests	21(4)					
Share-based payments (stock options)	23					
Transfer to retained earnings		(6)		303		297
Total contributions by and distributions to owners		(6)	—	303	—	297
Total transactions with owners		(6)	—	303	—	297
Balance at 31 March 2019		**1,070**	**201**	**—**	**(1,985)**	**(713)**

(Millions of Yen)

	Notes	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 April 2017		**510,887**	**4,518**	**515,405**
Total comprehensive income/(loss) for the year				
Profit for the year		99,494	(272)	99,222
Other comprehensive income/(loss)	27	(2,661)	349	(2,312)
Total comprehensive income/(loss) for the year		96,833	77	96,910
Transactions with owners				
Contributions by and distributions to owners				
Acquisition of treasury shares	21(2)	(55,034)		(55,034)
Disposal of treasury shares	21(2)	2,240		2,240
Cancellation of treasury shares	21(3)	—		—
Dividends, 75 yen per share	21(3)	(29,024)	(34)	(29,058)
Change in non-controlling interests	21(4)	(26)	(77)	(103)
Share-based payments (stock options)	23	317		317
Transfer to retained earnings		—		—
Total contributions by and distributions to owners		(81,526)	(111)	(81,638)
Total transactions with owners		(81,526)	(111)	(81,638)
Balance at 31 March 2018		**526,193**	**4,484**	**530,677**
Total comprehensive income/(loss) for the year				
Profit for the year		122,103	(31)	122,072
Other comprehensive income/(loss)	27	7,231	(140)	7,091
Total comprehensive income/(loss) for the year		129,334	(171)	129,164
Transactions with owners				
Contributions by and distributions to owners				
Acquisition of treasury shares	21(2)	(2)		(2)
Disposal of treasury shares	21(2)	1,600		1,600
Dividends, 90 yen per share	21(3)	(34,164)	(30)	(34,195)
Change in non-controlling interests	21(4)	—	269	269
Share-based payments (stock options)	23	195		195
Transfer to retained earnings		—		—
Total contributions by and distributions to owners		(32,372)	238	(32,134)
Total transactions with owners		(32,372)	238	(32,134)
Balance at 31 March 2019		**623,155**	**4,552**	**627,707**

Consolidated Statement of Changes in Equity

HOYA Corporation and its Subsidiaries

For the year ended 31 March 2019-Continued

(Thousands of U.S. Dollars (Note 2))

	Notes	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
Balance at 31 March 2018		**56,439**	**143,244**	**(98,080)**	**(60,006)**	**4,773,568**
Total comprehensive income/(loss) for the year						
Profit for the year						1,100,125
Other comprehensive income/(loss)	27					
Total comprehensive income/(loss) for the year						1,100,125
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	21(2)			(21)	－	
Disposal of treasury shares	21(2)			23,147	(8,734)	
Dividends, 90 yen per share	21(3)					(307,815)
Change in non-controlling interests	21(4)				－	
Share-based payments (stock options)	23				1,758	
Transfer to retained earnings						(2,679)
Total contributions by and distributions to owners		—	—	23,126	(6,976)	(310,495)
Total transactions with owners		—	—	23,126	(6,976)	(310,495)
Balance at 31 March 2019		**56,439**	**143,244**	**(74,954)**	**(66,982)**	**5,563,199**

(Thousands of U.S. Dollars (Note 2))

	Notes	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Remeasurements of the net defined benefit liability (asset)	Share of other comprehensive income of associates	Accumulated other comprehensive income/(loss)
Balance at 31 March 2018		**3,410**	**(59,931)**	**－**	**(17,739)**	**(74,260)**
Total comprehensive income/(loss) for the year						
Profit for the year						
Other comprehensive income/(loss)	27	6,282	61,746	(2,731)	(145)	65,152
Total comprehensive income/(loss) for the year		6,282	61,746	(2,731)	(145)	65,152
Transactions with owners						
Contributions by and distributions to owners						
Acquisition of treasury shares	21(2)					
Disposal of treasury shares	21(2)					
Dividends, 90 yen per share	21(3)					
Change in non-controlling interest	21(4)					
Share-based payments (stock options)	23					
Transfer to retained earnings		(51)		2,731		2,679
Total contributions by and distributions to owners		(51)	—	2,731	－	2,679
Total transactions with owners		(51)	—	2,731	－	2,679
Balance at 31 March 2019		**9,641**	**1,815**	**－**	**(17,883)**	**(6,428)**

(Thousands of U.S. Dollars (Note 2))

	Notes	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 31 March 2018		**4,740,907**	**40,402**	**4,781,308**
Total comprehensive income/(loss) for the year				
Profit for the year		1,100,125	(275)	1,099,850
Other comprehensive income/(loss)	27	65,152	(1,261)	63,891
Total comprehensive income/(loss) for the year		1,165,277	(1,537)	1,163,741
Transactions with owners				
Contributions by and distributions to owners				
Acquisition of treasury shares	21(2)	(21)		(21)
Disposal of treasury shares	21(2)	14,413		14,413
Dividends, 90 yen per share	21(3)	(307,815)	(275)	(308,090)
Change in non-controlling interest	21(4)	—	2,420	2,420
Share-based payments (stock options)	23	1,758		1,758
Transfer to retained earnings		—		—
Total contributions by and distributions to owners		(291,665)	2,145	(289,520)
Total transactions with owners		(291,665)	2,145	(289,520)
Balance at 31 March 2019		**5,614,519**	**41,010**	**5,655,529**

Consolidated Statement of Cash Flows

HOYA Corporation and its Subsidiaries
For the year ended 31 March 2019

	Notes	(Millions of Yen) For the year ended 31 March 2018	(Millions of Yen) For the year ended 31 March 2019	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2019
Cash flows from operating activities				
Profit before tax		124,248	144,657	1,303,332
Depreciation and amortisation		28,711	26,416	238,000
Impairment losses		5,798	1,099	9,902
Finance income		(1,562)	(2,773)	(24,986)
Finance costs		771	391	3,524
Share of (profits)/loss of associates		44	1,113	10,027
(Gain)/loss on sales of property, plant and equipment		(438)	(492)	(4,434)
Loss on disposal of property, plant and equipment		432	609	5,487
Gain on business transfer		－	(3)	(29)
Foreign exchange (gain)/loss		(1,447)	342	3,081
Others		4,631	7,936	71,502
Cash generated from operations (before movements in working capital)		161,189	179,294	1,615,407
Movements in working capital				
Decrease/(increase) in inventories		1,763	(6,128)	(55,216)
Decrease/(increase) in trade and other receivables		(6,562)	(3,066)	(27,620)
Increase/(decrease) in trade and other payables		4,052	4,985	44,910
Increase/(decrease) in retirement benefit liabilities and provisions		(234)	428	3,852
Subtotal		160,209	175,512	1,581,333
Interests received		1,499	2,435	21,941
Dividends received		8	5	49
Interest paid		(456)	(261)	(2,348)
Income taxes paid		(26,425)	(31,637)	(285,043)
Income taxes refunded		664	533	4,802
Net cash generated from operating activities		135,499	146,588	1,320,734
Cash flows from investing activities				
Withdrawals of time deposits		11,025	21,815	196,552
Payments for time deposits		(6,186)	(18,223)	(164,182)
Proceeds from sales of property, plant and equipment		559	2,340	21,085
Payments for acquisition of property, plant and equipment		(17,974)	(26,672)	(240,310)
Proceeds from sales of investment		959	10	88
Payments for acquisition of investment		(1,333)	(27,777)	(250,266)
Proceeds from sales of subsidiaries		5	260	2,340
Payments for acquisition of subsidiaries		(54,018)	(19,742)	(177,874)
Payments to non-controlling interests upon merger		(2)	－	－
Proceeds from business transfer		－	4	32
Payments for business transfer		(251)	(421)	(3,798)
Other proceeds		759	427	3,844
Other payments		(2,076)	(2,164)	(19,495)
Net cash used in investing activities		(68,533)	(70,144)	(631,985)

Consolidated Statement of Cash Flows

HOYA Corporation and its Subsidiaries

For the year ended 31 March 2019-Continued

	Notes	(Millions of Yen) For the year ended 31 March 2018	(Millions of Yen) For the year ended 31 March 2019	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2019
Cash flows from financing activities				
Dividends paid to owners of the Company		(29,042)	(34,141)	(307,605)
Dividends paid to non-controlling interests		(34)	(30)	(275)
Repayments of long-term borrowings	15	(339)	(271)	(2,440)
Payments for redemption of bonds	15	(35,021)	(14)	(122)
Proceeds from disposal of treasury shares	21(2)	—	0	0
Payments for purchase of treasury shares	21(2)	(55,034)	(2)	(21)
Proceeds from exercise of stock options		2,240	1,600	14,413
Proceeds from share issuance to non-controlling shareholders	21(4)	45	67	600
Payments for acquisition of non-controlling interests	21(4)	(148)	—	—
Net cash used in financing activities		(117,333)	(32,792)	(295,449)
Net increase/(decrease) in cash and cash equivalents		(50,367)	43,652	393,300
Cash and cash equivalents at the beginning of the year		296,851	245,835	2,214,933
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies		(649)	3,910	35,224
Cash and cash equivalents at the end of the year		245,835	293,397	2,643,457

Note:

Non-cash transactions are stated in Note 29 “Non-cash transactions”.

There are no short-term investments within three months as at 31 March 2019.

Notes to the Consolidated Financial Statements

HOYA Corporation and its Subsidiaries

For the year ended 31 March 2019

1. General information

HOYA Corporation (the "Company") is a limited company incorporated in Japan. The addresses of its registered office and principal place of business are disclosed on the Company's website (URL http://www.hoya.com). The principal activities of the Company, its subsidiaries and its associates (the "Group") are described in Note 5 "Operating segment information".

2. Basis of consolidated financial statements

(1) Basis of consolidated financial statements
The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The accompanying consolidated financial statements are stated in Japanese yen.
The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan using the rate of ¥110.99 to $1, the foreign exchange rate at 31 March 2019. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. Amounts of less than one million yen and one thousand U.S. dollars have been rounded to the nearest million yen and one thousand U.S. dollars in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen and U.S. dollars do not necessarily agree with the sum of the individual amounts.

The Company and its domestic subsidiaries maintain their books and prepare their financial statements in accordance with accounting principles generally accepted in Japan ("Japanese GAAP") while its foreign subsidiaries maintain their books and prepare their financial statements in conformity with accounting principles generally accepted in the countries of their domicile. Certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements to conform to IFRSs. These adjustments were not recorded in their statutory books and ledgers.

(2) Effects of applying new accounting standards
The Group adopted the following IFRSs for the year ended 31 March 2019:

IFRSs		**Subject of new standards/amendments and transition provisions**
IFRS 9	Financial Instruments	Amendment to the accounting treatment for financial instruments
IFRS 15	Revenue from Contracts with Customers	Amendment to the accounting treatment for revenue recognition

These standards and interpretations were applied in accordance with their respective transition provisions and had no significant impact on the consolidated financial statements of the Group.

IFRS 9 Financial Instruments
(1) Classification and measurement of financial instruments
The financial instruments that have been classified as available-for-sale financial assets, are reclassified as financial assets measured at fair value through other comprehensive income. In the consolidated statement of changes in equity, available-for-sale financial assets are reclassified as financial assets measured at fair value through other comprehensive income at the beginning of the year ended 31 March 2019. The Group did not apply IFRS 9 retrospectively in accordance with the transition provisions.
(2) Impairment losses of financial assets
The Group recognises a loss allowance for the expected credit losses on a financial asset measured at amortised cost.

IFRS 15 Revenue from Contracts with Customers
The Group recognises revenue based on the five-step approach below:
Step 1: Identify the contracts with customers
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when the entity satisfies a performance obligation

The Group sells health care related products, medical related products, electronics related products ,imaging related products, etc. Revenue is recognized at the fair value of the consideration received or receivable less discount, rebate and consumption taxes on the shipping or delivery date, or upon the completion of inspection by customers when the control of products is transferred to the customer and the performance obligation is satisfied by the Group.

(3) Standards and interpretations in issue but not yet adopted by the Group

At the date of approval of the consolidated financial statements, the main standards and interpretations that were issued but not yet effective for mandatory adoption are as follows. There are no standards and interpretations that were early adopted by the Group. The main impact of this adoption on the Group's consolidated financial statements is expected to increase by approximately 19 billion yen (171,187 thousand U.S. dollars) in right-of-use assets and lease liabilities on the consolidated statement of financial position at the beginning of the year ending 31 March 2020. The impacts on the consolidated statement of comprehensive income are immaterial. The impact of the adoption of other standards and interpretations on the consolidated financial statements of the Group is immaterial.

IFRSs		Mandatory adoption （from the year beginning)	To be adopted by the Group from the year ending	Subject of new standards/amendments
IFRS 16	Leases	1 January 2019	31 March 2020	Amendment to the accounting treatment for lease arrangements
IFRS 10 (Revised) IAS 28 (Revised)	Consolidated Financial Statements Investments in Associates and Joint Ventures	Not determined	Not determined	Amendments to the accounting treatment for sale or contribution of assets between an investor and its associate or joint venture

3. Significant accounting policies

(1) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments measured at revalued amounts or fair value. The principal accounting policies are set out below.

(2) Basis of consolidation

① Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company as at 31 March of each year. An investor controls an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to elements of control.

The operating results of the subsidiaries are included in the consolidated statement of comprehensive income from the effective date the Group obtained control of the subsidiaries to the effective date the Group lost control, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intragroup transactions, balances, income and expenses are eliminated in full in preparing the consolidated financial statements.

Changes in an interest of a subsidiary without losing control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective percentage of interests in the subsidiary. If there is a difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, the difference is recognised directly in equity and attributed to the owners of the parent.

If loss in control of a subsidiary occurs, the Group recognises in profit or loss any resulting difference of the following:
1. sum of the fair value of any consideration received and any investment retained in the former subsidiary at its fair value; and
2. previous carrying amounts of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of those interests at the date of the original business combination and the non-controlling share of changes in equity since the date of the combination. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

② Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. The results of and the investments in associates are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as an asset held for sale, in which case it is accounted for in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost and then adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of the investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate and the excess of those losses is no longer recognised.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is tested for impairment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss. When a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

③ **Joint arrangements**

The Group classifies joint arrangements as either joint operations (having rights to assets and obligations for liabilities accounted for accordingly) or joint ventures (having rights to net assets and equity accounted). The classification depends upon the rights and obligations of the parties to the arrangement.

Joint operators shall account for the assets, liabilities, revenues and expenses relating to their interests in joint operations. Joint ventures shall apply the equity method. The Group has neither joint operations nor joint ventures.

(3) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognised in profit or loss as incurred. The acquiree's identifiable assets acquired and liabilities assumed are recognised at their fair values at the acquisition date, except for the following:

・a deferred tax asset or liability arising from the assets acquired and liabilities assumed, and a liability (or asset, if any) related to the acquiree's employee benefit arrangements;
・a liability or an equity instrument related to the replacement of an acquiree's share-based payment awards with share-based payment awards of the acquirer; and
・an asset or disposal group that is classified as held for sale at the acquisition date in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Changes in the fair value of the contingent consideration resulting from events after the acquisition date are accounted for as follows:
(a) Contingent consideration classified as equity is not remeasured and any subsequent settlement is accounted for in equity; or
(b) Contingent consideration classified as an asset or a liability is accounted for in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", and IFRS 9, "Financial Instruments", or other IFRSs as appropriate.

Goodwill is measured on the basis of the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the fair value of identifiable assets acquired, net of liabilities assumed at acquisition date. Negative goodwill is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests in subsidiaries are reported in equity separately from the equity attributable to owners of the Company. Non-controlling interests are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to the fair value at the acquisition date (i.e., the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that were previously recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Goodwill arising from business combinations before the IFRSs transition date is measured at carrying amount in accordance with the previous GAAP (i.e., Japanese GAAP) after performing an impairment test.

(4) Foreign currencies

① Foreign currency transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (i.e., its functional currency). For the purpose of the consolidated financial statements, the financial results, financial position and cash flows of each Group entity are presented in Japanese yen, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.
In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss during the period.

② Financial statements of foreign operations

The assets and liabilities of foreign operations are translated into Japanese yen at the foreign exchange rates prevailing at the end of the reporting period. The revenues and expenses of foreign operations are translated into Japanese yen at the average rates of exchange for the year. Where there are material fluctuations in exchange rates, the exchange rate at the transaction date is used. Foreign exchange differences arising from translation are initially recognised as exchange differences on translation of foreign operations in other comprehensive income and accumulated in "accumulated other comprehensive income", which are reclassified from equity to profit or loss on disposal of the net investment and included in "other expenses" in the consolidated statement of comprehensive income.

(5) Property, plant and equipment

The Group applies the cost model for measuring property, plant and equipment.
Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses. Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment losses. Cost includes the expenses directly attributable to the assets; the initial estimated costs relating to scrap, removal and retirement; and, for qualifying assets, the borrowing cost for long-term projects. Depreciation of these assets commences when the assets are available for their intended use.

When significant components of property, plant and equipment are required to be replaced periodically, the Group recognises such components as individual assets to be depreciated with specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Property, plant and equipment other than land and construction in progress are depreciated mainly on a straight-line basis over the following estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate being accounted for on a prospective basis.

Buildings and structures: 3-50 years
Machinery and carriers: 2-10 years
Tools, equipment and fixtures: 2-10 years

Leased assets are depreciated over their estimated useful lives where the transfer of the title of the assets is certain by the end of the lease term. Leased assets where the transfer of the title of the assets is not certain by the end of the lease term are depreciated over the shorter of their estimated useful lives or their lease terms.

(6) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As a lessee, assets held by the Group under finance leases; such as machinery and carriers, furniture and fixtures, tools, equipment and fixtures; are initially recognised as assets of the Group at their fair value at the inception of the lease or the present value of the minimum lease payments, whichever is lower. The corresponding liability to the lessor is included in the consolidated statement of financial position as ‘Interest-bearing short-term debt’ or ‘Interest-bearing long-term debt’. Lease payments are apportioned between finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the declining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Contingent rent is recognised as an expense in the period in which it is incurred.

(7) Intangible assets

The Group uses the cost model for measuring intangible assets. Intangible assets are carried at cost less accumulated amortisation and impairment losses.

① Intangible assets acquired separately and/or acquired in a business combination

Intangible assets acquired separately are carried at cost at initial recognition. Intangible assets acquired in a business combination are recognised separately from goodwill at their fair value at the acquisition date, when they are satisfied with the definition of intangible assets, identifiable, and their fair value is reasonably measured.

② Internally-generated intangible assets—research and development ("R&D") costs

Expenditures on research activities are recognised as expense in the period in which they are incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:
(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) the intention to complete the intangible asset and use or sell it;
(c) the ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits;
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenses incurred from the date when the intangible assets first meet all of the recognition criteria listed above. The assets are amortised over the estimated period in which the development costs are expected to be recovered. If no future economic benefit is expected before the end of the life of assets, the residual carrying amount is expensed.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and impairment losses. Where no internally-generated intangible asset can be recognised, development costs are recognised as an expense in the period in which they are incurred.

③ Amortisation of intangible assets

Amortisation is recognised on a straight-line basis over the estimated useful lives below. The Group does not have any intangible assets with indefinite useful lives.

Technology: 5-20 years
Customer related assets: 5-16 years
Software: 3-5 years

④ Derecognition of intangible assets

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in profit or loss when the asset is derecognised.

(8) Goodwill

Goodwill arising from the acquisition of a business is recognised as an asset at the date that control is acquired (i.e., the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the acquisition-date amounts of the net fair value of the identifiable assets acquired and the liabilities assumed. Goodwill is not amortised but is reviewed for impairment at least annually. Goodwill is recorded at cost less accumulated impairment losses on the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversed in subsequent periods. Upon disposal of a cash-generating unit, goodwill attributed to the unit is included in the determination of the profit or loss upon disposal.

The Group's accounting policy for goodwill arising on the acquisition of an associate is described at "(2) Basis of consolidation – ② Investments in associates" above.

(9) Impairment of property, plant and equipment and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there are any indications that those assets have suffered impairment losses. If any such indication exists, the recoverable amount of the cash-generating unit to which the asset belongs is estimated in order to determine the extent of the impairment losses (if any).

Where a reasonable and consistent basis of allocation can be identified, corporate assets (i.e., assets other than goodwill that contribute to the future cash flows of both the cash-generating unit under review and other cash-generating units) are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

Where impairment losses subsequently reverse, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognised for the asset (or cash-generating unit) in prior years. A reversal of impairment losses is recognised immediately in profit or loss.

(10) Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period.

(11) Financial assets other than derivative financial instruments

① Initial recognition and measurement

Financial assets are classified as “financial assets measured at amortised cost,” “financial assets measured at fair value through other comprehensive income” (“FVTOCI”) or “financial assets measured at fair value through profit and loss” (“FVTPL”). The classification is determined at the time of initial recognition

The Group recognises a financial asset on the trade date when it becomes party to the contract of the financial asset.

All financial assets are measured at the fair value plus transaction costs, except for FVTPL.

② Financial assets measured at amortised cost

Such financial assets are held within a business model whose objective is to hold financial assets to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, "Financial assets measured at amortised cost" are measured at amortised cost by using the effective interest method, less the cumulative amount of impairment losses.

③ Financial assets classified as FVTOCI

Such financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:
(i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The change in fair value is recognised in other comprehensive income.

The fair value of a particular asset in an equity instrument for which the Group makes an irrevocable election at initial recognition to present in other comprehensive income subsequent changes in its fair value is recognised in other comprehensive income.

④ Financial assets classified as FVTPL

Any other securities not included in the classifications above are classified into financial assets measured at fair value through profit and loss. The change in fair value is recognised in profit or loss.

⑤ Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on "financial assets measured at amortised cost".

The Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. For trade receivables, the Group always measures the loss allowance at an amount equal to the lifetime expected credit losses. The Group assesses the expected credit losses by using the change in the risk of a default or ageing of trade receivables, etc. It is recognised in profit or loss.

⑥ Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and a collateralised borrowing for the proceeds received.

(12) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for the inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. Costs, including purchase costs, process costs, storage costs and all other costs incurred in bringing the inventories to their present location and condition, are assigned to inventories mainly by the weighted-average method. The production costs include an appropriate portion of fixed and variable overhead expenses.

(13) Cash and cash equivalents

Cash and cash equivalents are composed of cash on hand and bank deposits including short-term investments. The short-term investments with original maturities of three months or less are deemed as cash equivalents since they are readily convertible to cash without restriction and with low risk of fluctuation of values.

(14) Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised after their classification.

(15) Treasury shares

The Group's own equity instruments, which are reacquired (i.e., treasury shares), are recognised at cost and deducted from equity. No gain or loss is recognised on the purchase, disposal or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration given is recognised in other capital reserves.

(16) Share-based payments

Equity-settled share-based payments (i.e., stock options), which are incentive plans to the Group's directors, officers and certain employees, are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 23 "Share-based payments".

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period while the corresponding amount to other capital reserves is recognised, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other capital reserves.

(17) Dividend distributions

Dividend distributions to the Company's shareholders are recognised as liabilities in the consolidated financial statements in the period in which the dividends are approved by the Company's board of directors.

(18) Financial liabilities issued by the Group excluding derivative instruments

① Financial liabilities

Financial liabilities are classified as either financial liabilities classified as FVTPL or financial liabilities measured at amortised cost. This classification is determined at initial recognition.

② Financial liabilities classified as FVTPL

Financial liabilities classified as FVTPL are either held for trading or designated as FVTPL at initial recognition. They are measured at fair value, and the subsequent changes are recognised in profit and loss.

③ Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are measured at fair value minus transaction costs at initial recgnition. After the initial recognition, they are measured at amortised cost by using the effective interest method. The gain or loss on cease of amortisation or derecognition is recognised in profit and loss as part of financial costs.

④ Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

⑤ Financial guarantee contracts

Financial guarantee contracts are initially measured at their fair values and subsequently measured at the higher of:

· the amount of loss allowance for expected credit losses, as determined in accordance with IFRS 9, "Financial Instruments"; and

· the amount initially recognised less cumulative amortisation recognised in accordance with IFRS 15, "Revenue from Contracts with Customers".

(19) Retirement benefit costs

For defined benefit plans, the cost of providing retirement benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (other than interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment.
Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:
- Service cost (including current service cost, past service cost, as well as gains or losses on curtailments and settlements);
- Net interest expense or income; or
- Remeasurement.

The Group presents the first two components of defined benefit cost in profit or loss as “Employee benefits expense” or “Finance cost”.

The retirement benefit liabilities recognised in the consolidated statement of financial position represent the actual deficit or surplus in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service to the Group.

(20) Provisions and contingent liabilities assumed in a business combination

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation by outflow of resources embodying economic benefits, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period (i.e., future cash outflow), taking into account the risks and uncertainties surrounding the obligation.

Where time value of money is material, a provision is measured at the present value to which estimated future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the obligation. Interest cost associated with the passage of time is recognised as finance cost.

The types of provisions are as follows:

① **Asset retirement obligation**

The Group recognises provisions for an asset retirement obligation for estimated costs arising from a contractual obligation to a landlord to dismantle and remove leasehold improvements from a leased office at the end of the lease contract, and estimated costs to decontaminate certain fixed assets. An asset retirement obligation is provided based on past experience of actual cost and each asset is considered individually. The discount rate depends on the useful life of the corresponding assets and the country in which such assets are located. Future expected timing of outflow of economic benefits is mainly more than one year from each reporting period.

② **Warranties provision**

Warranties provision is estimated and recognised based on past experience of the occurrence of defective goods and the expected after service costs in the warranty period. Expected outflow of economic benefits in the future is within one year from each reporting period.

③ **Contingent liabilities assumed in a business combination**

Contingent liabilities resulting from a business combination are initially measured at fair value at the date of acquisition. Subsequent to initial recognition, such contingent liabilities are remeasured considering expected future payments, possible occurrence and timing of payments at each reporting period.

(21) Revenue

The Group recognises revenue based on the five-step approach below:

Step 1: Identify the contracts with customers
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when the entity satisfies a performance obligation

The Group sells health care related products, medical related products, electronics related products and imaging related products, etc. Revenue is recognised at the fair value of the consideration received or receivable less discount, rebate and consumption taxes on the shipping or delivery date, or upon the completion of inspection by customers when the control of products is transferred to the customer and the performance obligation is satisfied by the Group.

(22) Government grants

Government grants are measured and recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants associated with an expense are recognised as revenue in the same accounting period when the expense is incurred. Government grants for purchase of assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic basis over the useful lives of the related assets.

(23) Income taxes

Income tax expense represents the sum of the current tax and deferred tax. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised directly in other comprehensive income or equity, or where they arise from the initial accounting for a business combination.

The current tax is calculated based on estimated refund or payment from/to taxation authorities. The Group's current tax liability is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period based on the taxable profit or loss for the Group's operating activity in each country.
Deferred tax is provided using the asset and liability method on temporary differences, tax loss carryforwards and tax credits at the reporting date.

Deferred tax assets or liabilities are not recognised for:
· Temporary differences arising from the initial recognition of goodwill
· Temporary differences arising from the initial recognition of assets and liabilities in transactions that do not affect either accounting profit or taxable profit (excluding business combinations)
· Taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets arising from deductible temporary differences are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the current tax assets against the current tax liabilities and when they relate to income taxes levied by the same tax authority.

In the case of a business combination, the tax effect is included in the accounting for the business combination when measuring the amount of goodwill or determining negative goodwill.

(24) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted-average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by adjusting profit or loss attributable to ordinary equity holders of the parent and the weighted-average number of ordinary shares outstanding, for the effect of all potential dilutive ordinary shares.

(25) Reclassification

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

4. Critical accounting judgements and key sources of estimation uncertainty

(1) Application of estimates and assumptions

Preparation of consolidated financial statements requires management to make estimates and assumptions in order to determine the reported amounts of certain assets, liabilities, income and expense items, as well as certain amounts disclosed in the notes to the consolidated financial statements relating to contingent liabilities.

The following are items that require estimates and assumptions and are considered significant:

· Determination of net realisable value of obsolete inventory (Note 13 “Inventories”)
· Expected cash flow from overdue trade and other receivables (Note 22 “Financial instruments”)
· Useful lives of property, plant and equipment, including assets under finance lease (Note 3 “Significant accounting policies”, Note 3 (5) “Property, plant and equipment” and Note 3 (7) “Intangible assets”)
· Assumptions used to estimate future cash flows of cash-generating units to assess the recoverability of property, plant and equipment and intangible assets, including goodwill (Note 8 “Impairment losses”)
· Financial asset measured at fair value (Note 22 “Financial instruments”)
· Recoverability of deferred tax assets (Note 10 “Deferred taxes and income taxes”)
· Assumptions used for treatment of retained earnings of overseas subsidiaries and associates for tax purposes (Note 10 “Deferred taxes and income taxes”)
· Discrepancy in opinion with a tax authority relating to tax calculations (Note 10 “Deferred taxes and income taxes”)
· Assumptions used to calculate retirement benefit obligations (Note 18 “Retirement benefit plans”)
· Asset retirement obligations arising from legal obligations and constructive obligations (Note 19 “Provisions”)
· Fair value of stock options (Note 23 “Share-based payments”)
· Possibility of outflow of resources embodying economic benefits on contingent liabilities (Note 33 “Contingent liabilities”)

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions of accounting estimates will affect current and/or future periods.

(2) Key sources of risk and estimation uncertainty

The Group’s financial position, financial performance and cash flows are exposed to the following risks and uncertainties:

· Tough competition and excess-supply of inventory in markets in which the Group operates
· Development of new products and timing of development
· Changes in the political, economic and regulatory environment, shortage of labour, labour strikes, natural disasters, and impacts of unexpected international affairs in the countries in which the Group is located and operates
· The effect of deferred taxes and income taxes on transactions between locations in different tax jurisdictions with different tax rates, or transactions between taxable and tax-exempt businesses (including discrepancies in opinion between the Company and the tax authority)
· Fluctuations of currency exchange rates
· The trend of environmental and governmental regulations

Global economic stagnation and the occurrence of natural disasters may have a significant impact on future profitability of the Group. Future profitability of the Group may affect the estimates for the following:

· Impairment of property, plant and equipment and intangible assets including goodwill (Note 8 “Impairment losses”)
· Recoverability of deferred tax assets (Note 10 “Deferred taxes and income taxes”)

5. Operating segment information

(1) Overview of major products and services of reportable segments

Reportable segments are components of the Group for which separate financial information is obtained and examined on a regular basis by the board of directors and the chief operating decision maker to determine the allocation of management resources and evaluate the business performance.

In accordance with its management philosophy, the Group has categorised "life and culture" and "information technology" as its business domains. To achieve sustainable growth in corporate value in these business domains, the Group has been making decisions on the allocation of management resources and monitoring the operating results.

As a result, the Group consists of three reportable business segments: the Life Care business, the Information Technology business and Other business, which are consistent with the above business domains.

In the Life Care business, the Group produces and sells health care related products that are used in the health care and medical sectors and medical related products, including medical equipment and medical materials that are used in medical treatments. In operating this business, it is typically a requirement to obtain approvals and permissions in accordance with the Pharmaceutical Affairs Act of Japan and other regulations, and sophisticated technologies and highly reliable quality control systems represent critical elements for operating this business.

In the Information Technology business, the Group has developed an extensive range of products following the digitalisation of information and the emergence of the Internet. The Group produces and sells a broad array of I/O (Input/Output Device) related products in the information and communication sector, including electronics related products that are essential for the modern digital information and communication technologies, and imaging related products that are necessary to import pictures and video images as digital information based on optical technologies.

Other business mainly includes the business that provides information system services and new businesses.

The main products and services for each reportable segment described above are as follows:

<table>
<tr><th colspan="2">Reportable Segment</th><th>Major Products and Services</th></tr>
<tr><td rowspan="2">Life Care</td><td>Health Care related products</td><td>Eyeglass lenses and Contact lenses</td></tr>
<tr><td>Medical related products</td><td>Endoscopes, Medical accessories, Intraocular lenses, Artificial bone,
Metallic implants for orthopedics</td></tr>
<tr><td rowspan="2">Information Technology</td><td>Electronics related products</td><td>Photomasks and Maskblanks for semiconductors,
Masks and Devices for liquid-crystal displays (LCDs)
Glass disks for hard disk drives (HDDs)</td></tr>
<tr><td>Imaging related products</td><td>Optical lenses, Optical glasses, Laser equipment</td></tr>
<tr><td colspan="2">Other</td><td>Design of information systems and other services</td></tr>
</table>

(2) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3 "Significant accounting policies".

(Millions of Yen)

For the year ended 31 March 2018	Life Care	Information Technology	Other	Total	Adjustments	Consolidated
Revenue from external customers	352,872	178,480	4,260	535,612	−	535,612
Inter-segment sales	3	256	1,679	1,938	(1,938)	−
Total	352,876	178,736	5,939	537,550	(1,938)	535,612
Interest income	273	360	2	635	918	1,554
Interest expense	(849)	(270)	(0)	(1,120)	421	(699)
Depreciation and amortisation	(18,041)	(10,080)	(303)	(28,424)	(287)	(28,711)
Share of profit (loss) of associates	22	(2)	−	20	(64)	(44)
Impairment losses	(5,638)	(160)	−	(5,798)	−	(5,798)
Others	(272,194)	(98,601)	(4,774)	(375,570)	(2,096)	(377,665)
Segment profit before tax	56,448	69,982	864	127,294	(3,046)	124,248
Other disclosure						
Capital expenditure	10,727	8,413	112	19,253	36	19,289

(Millions of Yen)

For the year ended 31 March 2019	Life Care	Information Technology	Other	Total	Adjustments	Consolidated
Revenue from external customers	373,388	187,546	4,875	565,810	−	565,810
Inter-segment sales	3	96	1,511	1,610	(1,610)	−
Total	373,391	187,643	6,386	567,420	(1,610)	565,810
Interest income	665	708	3	1,376	1,387	2,763
Interest expense	(1,475)	(330)	(0)	(1,806)	1,415	(391)
Depreciation and amortisation	(17,349)	(8,478)	(411)	(26,238)	(178)	(26,416)
Share of profit (loss) of associates	39	20	−	59	(1,172)	(1,113)
Impairment losses	(690)	(281)	−	(971)	(128)	(1,099)
Others	(285,291)	(98,685)	(5,240)	(389,216)	(5,682)	(394,897)
Segment profit before tax	69,290	80,596	737	150,623	(5,967)	144,657
Other disclosure						
Capital expenditure	19,108	9,933	52	29,092	112	29,204

(Thousands of U.S. Dollars (Note 2))

For the year ended 31 March 2019	Life Care	Information Technology	Other	Total	Adjustments	Consolidated
Revenue from external customers	3,364,163	1,689,760	43,923	5,097,847	－	5,097,847
Inter-segment sales	24	867	13,612	14,502	(14,502)	－
Total	3,364,187	1,690,627	57,535	5,112,349	(14,502)	5,097,847
Interest income	5,990	6,378	26	12,394	12,499	24,893
Interest expense	(13,293)	(2,976)	(4)	(16,272)	12,748	(3,524)
Depreciation and amortisation	(156,308)	(76,387)	(3,706)	(236,401)	(1,599)	(238,000)
Share of profit (loss) of associates	354	178	－	532	(10,559)	(10,027)
Impairment losses	(6,216)	(2,532)	－	(8,748)	(1,154)	(9,902)
Others	(2,570,420)	(889,132)	(47,213)	(3,506,765)	(51,190)	(3,557,955)
Segment profit before tax	624,294	726,156	6,639	1,357,089	(53,757)	1,303,332
Other disclosure						
Capital expenditure	172,157	89,493	466	262,116	1,006	263,122

Note:

Adjustments to segment profit before tax of (3,046) million yen for the year ended 31 March 2018 consist of elimination of inter-segment transactions of 3 million yen, and profit or loss of the Company's headquarters, the R&D department and overseas holding companies (after elimination of dividend income from Group companies) of (3,049) million yen.

Adjustments to segment profit before tax of (5,967) million yen ((53,757) thousand U.S. dollars) for the year ended 31 March 2019 consist of elimination of inter-segment transactions of (1) million yen ((6) thousand U.S. dollars), and profit or loss of the Company's headquarters, the R&D department and overseas holding companies (after elimination of dividend income from Group companies) of (5,966) million yen ((53,751) thousand U.S. dollars).

(3) Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services for the years ended 31 March 2018 and 2019:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Life Care			
Health Care related products	265,645	281,613	2,537,287
Medical related products	87,228	91,775	826,877
Life Care total	352,872	373,388	3,364,163
Information Technology			
Electronics related products	134,878	146,623	1,321,043
Imaging related products	43,602	40,924	368,717
Information Technology total	178,480	187,546	1,689,760
Other	4,260	4,875	43,923
Corporate (R&D)	—	—	—
Total revenue from external customers	535,612	565,810	5,097,847

(4) Information about geographical areas

Revenue from external customers

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Japan	156,164	163,821	1,475,995
U.S.A.	75,365	85,473	770,096
China	49,413	46,439	418,405
Others	254,670	270,078	2,433,350
Total	535,612	565,810	5,097,847

Note:

Geographical areas are based on the location of the customers.

Non-current assets

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
U.S.A.	49,664	67,020	603,835
Japan	29,916	26,816	241,607
Thailand	15,950	19,510	175,780
China	16,609	17,011	153,266
Vietnam	7,999	10,272	92,545
Others	54,110	58,298	525,256
Total	174,249	198,926	1,792,289

Note:

(i) Geographical areas are based on the physical location of non-current assets.

(ii) Financial instruments, deferred tax assets, and pension plan assets are not included.

Revenue from external customers in Thailand and Vietnam is insignificant; therefore, the amount is included in Others.

(5) Information about major customers

The Group has no revenue from transactions with a single external customer that amounts to 10% or more of revenue of the Group.

6. Property, plant and equipment

The following are the cost, accumulated depreciation and impairment losses of property, plant and equipment:

（Millions of Yen）

Cost	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 1 April 2017	97,074	272,323	61,028	9,179	8,451	448,055
Additions	681	1,605	2,294	―	13,077	17,657
Acquisitions through business combinations	2,267	4,135	595	538	508	8,042
Disposals (i)	(1,550)	(5,604)	(2,464)	(282)	(182)	(10,082)
Transfer from construction in progress	2,309	12,820	734	2	(15,865)	―
Effect of foreign currency exchange differences	253	276	671	127	44	1,370
Others	414	(1,658)	1,013	13	(78)	(295)
Balance at 31 March 2018	101,448	283,897	63,872	9,576	5,955	464,749
Additions	938	1,489	2,639	―	22,694	27,759
Acquisitions through business combinations	566	439	406	48	382	1,841
Disposals (i)	(3,037)	(11,147)	(4,238)	(479)	(118)	(19,019)
Transfer from construction in progress	1,490	8,649	1,141	0	(11,280)	―
Effect of foreign currency exchange differences	104	1,457	(1,644)	49	87	54
Others	(92)	(2,097)	2,289	39	(1,372)	(1,232)
Balance at 31 March 2019	101,418	282,687	64,465	9,233	16,348	474,150

(Millions of Yen)

Accumulated depreciation and impairment losses	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 1 April 2017	(62,472)	(243,628)	(37,064)	(1,114)	(48)	(344,326)
Depreciation expense	(4,315)	(15,005)	(4,101)	—	—	(23,420)
Impairment losses (ii)	(356)	(8)	—	—	—	(364)
Disposals (i)	1,363	5,162	1,920	162	—	8,607
Effect of foreign currency exchange differences	(529)	(253)	(584)	—	(2)	(1,368)
Others	(428)	1,580	488	(26)	2	1,616
Balance at 31 March 2018	(66,738)	(252,152)	(39,339)	(978)	(49)	(359,256)
Depreciation expense	(3,856)	(12,700)	(4,303)	—	—	(20,858)
Impairment losses (ii)	(51)	(370)	(360)	(128)	(113)	(1,023)
Disposals (i)	2,824	9,910	4,058	3	0	16,795
Effect of foreign currency exchange differences	122	(1,600)	1,518	—	(1)	38
Others	(267)	2,516	(1,045)	21	4	1,229
Balance at 31 March 2019	(67,966)	(254,395)	(39,472)	(1,082)	(159)	(363,074)

(Millions of Yen)

Carrying amount	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 1 April 2017	34,602	28,695	23,965	8,064	8,403	103,729
Balance at 31 March 2018	34,710	31,745	24,533	8,598	5,907	105,493
Balance at 31 March 2019	33,451	28,292	24,993	8,151	16,189	111,077

(Thousands of U.S. Dollars (Note 2))

Cost	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 31 March 2018	914,031	2,557,859	575,475	86,282	53,654	4,187,301
Additions	8,447	13,418	23,774	0	204,470	250,108
Acquisitions through business combinations	5,101	3,953	3,660	428	3,440	16,583
Disposals (i)	(27,363)	(100,436)	(38,183)	(4,315)	(1,064)	(171,360)
Transfer from construction in progress	13,428	77,926	10,277	1	(101,632)	―
Effect of foreign currency exchange differences	938	13,131	(14,813)	440	787	484
Others	(829)	(18,891)	20,624	353	(12,362)	(11,104)
Balance at 31 March 2019	913,754	2,546,960	580,814	83,190	147,293	4,272,011

(Thousands of U.S. Dollars (Note 2))

Accumulated depreciation and impairment losses	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 31 March 2018	(601,296)	(2,271,842)	(354,441)	(8,812)	(437)	(3,236,828)
Depreciation expense	(34,739)	(114,422)	(38,766)	0	0	(187,928)
Impairment losses (ii)	(463)	(3,335)	(3,246)	(1,154)	(1,018)	(9,216)
Disposals (i)	25,441	89,290	36,560	31	(1)	151,321
Effect of foreign currency exchange differences	1,096	(14,415)	13,675	0	(10)	347
Others	(2,405)	22,669	(9,415)	188	36	11,073
Balance at 31 March 2019	(612,366)	(2,292,055)	(355,634)	(9,747)	(1,430)	(3,271,230)

(Thousands of U.S. Dollars (Note 2))

Carrying amount	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Land	Construction in progress	Total
Balance at 31 March 2019	301,388	254,905	225,181	73,443	145,863	1,000,780

Note:

(i) Gain and loss arising from the sale or disposal of property, plant and equipment for the years ended 31 March 2018 and 2019, are set out in Note 25 “Revenue and expenses (excluding finance income and costs)”. Gain and loss on sale of assets held for sale are included in ‘gain on sale of property, plant and equipment’ and ‘loss on sale of property, plant and equipment’ in Note 25.

(ii) Details of impairment losses are set out in Note 8 “Impairment losses”.

(iii) Property, plant and equipment under construction are included in ‘construction in progress’ in the table above.

Details of commitments for the acquisition of property, plant and equipment are set out in Note 34 “Commitments for expenditure”. There is no borrowing cost capitalised and included in the cost of acquisition of property, plant and equipment.

The following are carrying amounts for property, plant and equipment under finance leases as at 31 March 2018 and 2019, which are included in each corresponding amount in the preceding table:

(Millions of Yen)

	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Total
Balance at 31 March 2018	33	30	317	380
Balance at 31 March 2019	―	5	289	294

(Thousands of U.S. Dollars (Note 2))

	Buildings and structures	Machinery and carriers	Tools, equipment and fixtures	Total
Balance at 31 March 2019	―	44	2,603	2,647

The obligation under finance lease (Note 16 “Finance lease obligations”) is secured by the leased assets on which the lessor has ownership.

7. Goodwill and intangible assets

The following are the cost, accumulated amortisation and impairment losses of goodwill and intangible assets:

（Millions of Yen）

Cost	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others (i)	Total
Balance at 1 April 2017	18,039	18,940	21,436	16,704	6,778	63,857
Additions	—	1,561	—	—	71	1,632
Acquisitions through business combinations	24,489	166	2,495	10,700	1,405	14,765
Disposals (ii)	—	(196)	(8,235)	—	(192)	(8,622)
Effect of foreign currency exchange differences	(1,915)	239	(569)	(733)	(106)	(1,169)
Others	(15)	1,208	189	1,094	(1,109)	1,383
Balance at 31 March 2018	40,596	21,918	15,316	27,765	6,847	71,846
Additions	—	1,394	—	—	51	1,445
Acquisitions through business combinations	9,628	1	5,498	4,939	456	10,893
Disposals (ii)	—	(1,090)	—	—	(10)	(1,100)
Effect of foreign currency exchange differences	659	43	526	(43)	51	577
Others	253	77	—	(773)	68	(629)
Balance at 31 March 2019	51,136	22,342	21,339	31,887	7,462	83,031

（Millions of Yen）

Accumulated amortisation and impairment losses	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others	Total
Balance at 1 April 2017	(3,449)	(15,419)	(11,539)	(6,222)	(4,264)	(37,445)
Amortisation expense (iii)	—	(1,305)	(1,282)	(2,264)	(440)	(5,291)
Impairment loss (iv)	(5,434)	—	—	—	—	—
Disposals (ii)	—	179	8,235	—	191	8,605
Effect of foreign currency exchange differences	186	(190)	200	188	128	326
Others	(7)	(913)	(3)	(492)	230	(1,178)
Balance at 31 March 2018	(8,704)	(17,647)	(4,390)	(8,791)	(4,155)	(34,983)
Amortisation expense (iii)	—	(1,246)	(1,276)	(2,521)	(514)	(5,558)
Impairment loss (iv)	—	(76)	—	—	—	(76)
Disposals (ii)	—	1,016	—	—	—	1,016
Effect of foreign currency exchange differences	380	(23)	(153)	206	(83)	(52)
Others	32	81	—	857	(8)	930
Balance at 31 March 2019	(8,293)	(17,896)	(5,818)	(10,249)	(4,760)	(38,723)

(Millions of Yen)

Carrying amount	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others	Total
Balance at 1 April 2017	14,590	3,521	9,897	10,482	2,513	26,412
Balance at 31 March 2018	31,892	4,270	10,926	18,974	2,693	36,863
Balance at 31 March 2019	42,843	4,446	15,521	21,639	2,702	44,308

(Thousands of U.S. Dollars (Note 2))

Cost	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others (i)	Total
Balance at 31 March 2018	365,767	197,474	137,995	250,155	61,692	647,317
Additions	－	12,559	－	－	456	13,015
Acquisitions through business combinations	86,746	10	49,532	44,501	4,105	98,148
Disposals (ii)	－	(9,822)	－	－	(93)	(9,915)
Effect of foreign currency exchange differences	5,933	388	4,736	(388)	460	5,196
Others	2,278	691	－	(6,969)	610	(5,668)
Balance at 31 March 2019	460,724	201,301	192,263	287,300	67,230	748,094

(Thousands of U.S. Dollars (Note 2))

Accumulated amortisation and impairment losses	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others	Total
Balance at 31 March 2018	(78,421)	(159,001)	(39,551)	(79,204)	(37,433)	(315,188)
Amortisation expense (iii)	－	(11,228)	(11,493)	(22,718)	(4,634)	(50,073)
Impairment loss (iv)	－	(686)	－	－	－	(686)
Disposals (ii)	－	9,158	－	－	－	9,158
Effect of foreign currency exchange differences	3,422	(206)	(1,379)	1,860	(744)	(468)
Others	285	719	－	7,723	(76)	8,366
Balance at 31 March 2019	(74,715)	(161,244)	(52,423)	(92,339)	(42,886)	(348,891)

(Thousands of U.S. Dollars (Note 2))

Carrying amount	Goodwill	Intangible assets				
		Software	Technology	Customer related assets	Others	Total
Balance at 31 March 2019	386,009	40,057	139,841	194,961	24,344	399,203

Note:

(i) There were no significant internally generated intangible assets for the years ended 31 March 2018 and 2019.

(ii) Loss on disposal of intangible assets is set out in Note 25 “Revenue and expenses (excluding finance income and costs)”.

(iii) Amortisation expense is included in the line item ‘Depreciation and amortisation’ in the consolidated statement of comprehensive income.

(iv) Refer to Note 8 “Impairment losses” for details of impairment losses.

No intangible assets have been pledged as collateral to secure the debt. There is no restriction on legal title of these assets. Details of commitments for the acquisition of intangible assets are set out in Note 34 “Commitments for expenditure”.

Details of intangible assets in the consolidated statement of financial position are as follows:

		As at 31 March 2018		As at 31 March 2019		
		Carrying amount (Millions of Yen)	Remaining useful lives (Years)	Carrying amount (Millions of Yen)	Carrying amount (Thousands of U.S. Dollars (Note 2))	Remaining useful lives (Years)
Technology	Health Care related products	2,197	10	1,997	17,995	9
	Medical related products	8,492	12	13,353	120,306	10
Customer related assets	Health Care related products	15,354	12	13,676	123,215	11
	Medical related products	1,462	8	6,088	54,852	13

8. Impairment losses

The following are the details of impairment losses recognised.

Impairment losses have been included in the line item 'Impairment losses' in the consolidated statement of comprehensive income.

	(Millions of Yen) For the year ended 31 March 2018	(Millions of Yen) For the year ended 31 March 2019	(Thousands of U.S. Dollars (Note 2)) For the year ended 31 March 2019
Buildings and structures	356	51	463
Machinery and equipment	8	370	3,335
Tools, equipment and fixtures	—	360	3,246
Land	—	128	1,154
Construction in progress	—	113	1,018
Total impairment losses on property, plant and equipment	364	1,023	9,216
Software	—	76	686
Goodwill	5,434	—	—
Total impairment losses on goodwill and intangible assets	5,434	76	686
Total impairment losses	5,798	1,099	9,902

(1) Cash-generating units

The Group identifies each strategic business unit ("SBU") as a cash-generating unit for impairment testing purposes. Each business unit has been set based on the production and sale of product lines. For any asset expected to be sold or disposed, or any idle asset, the asset is individually tested for impairment.

(2) Impairment losses on assets in business units

For the year ended 31 March 2018

The Group performed an impairment test for the goodwill in Life Care during the year ended 31 March 2018 based on the latest business plan. As a result, the following impairment losses, mainly for a subsidiary in Brazil, were recognised, as the profitability in the initial plan is no longer achievable due to a hike in purchase costs along with devaluation of Brazil real.

Recoverable amount was measured at the value in use and determined using cash flow projections based on the financial budgets for a maximum of five years approved by the Group's management, and a discount rate of 19.8% to 20.9% per annum, which is the SBU's pre-tax WACC.

	(Millions of Yen)
	Impairment losses
Life Care	
Health Care related products (Eyeglass lenses)	
Goodwill	5,434
Total	5,434

For the year ended 31 March 2019

No impairment losses on assets were recognised in business units.

(3) Impairment losses on idle assets

For the year ended 31 March 2018, the carrying amount of the related assets, which were not expected to be used in the future due to business restructuring, was written down to the recoverable amount which was measured at fair value less related selling costs, and the corresponding impairment loss was recognised.

Impairment losses were recognised as follows for the year ended 31 March 2018:

	(Millions of Yen)
	Impairment losses
Life Care	
Buildings and structures	203
Machinery and carriers	0
Total Life Care	204
Information Technology	
Buildings and structures	153
Machinery and carriers	7
Total Information Technology	160
Total	364

For the year ended 31 March 2019, the carrying amount of the related assets, which were not expected to be used in the future due to business restructuring, was written down to the recoverable amount which was measured at fair value less related selling costs, and the corresponding impairment loss was recognised.

Impairment losses were recognised as follows for the year ended 31 March 2019:

	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	Impairment losses	Impairment losses
Life Care		
Buildings and structures	35	317
Machinery and carriers	105	950
Tools, equipment and fixtures	360	3,246
Construction in progress	113	1,018
Software	76	686
Total Life Care	690	6,216
Information Technology		
Buildings and structures	16	146
Machinery and carriers	265	2,385
Total Information Technology	281	2,532
Corporate		
Land	128	1,154
Total Corporate	128	1,154
Total	1,099	9,902

(4) Goodwill allocated to cash-generating units

When the recoverable amount of the goodwill specifically associated with a cash-generating unit is lower than the carrying amount of such goodwill, an impairment loss is recognised and the goodwill is written down to the recoverable amount. The recoverable amount of goodwill allocated to cash-generating units was measured at the value in use and it was determined using cash flow projections based on the financial budgets that had been approved by the Group's management and applying a discount rate of 5% to 16% per annum which is the cash-generating units' pre-tax WACC. Cash flow projections during the budgeted period are based on the expected gross margins and taking into account inflation. The cash flows beyond the budget period have been extrapolated using a steady annum growth rate which is the projected long-term average growth rate for the main products market. Management believes that any reasonably possible change in the key assumptions (e.g., profit ratio, inflation, the projected long-term average growth rate and the before tax, WACC) on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

The carrying amount of goodwill was allocated to the cash-generating units as follows:

(Millions of Yen)

As at 31 March 2018				
	Life Care		Other	
	Health Care related products	Medical related products	Other	Total
	Eyeglass lenses	Medical accessories		
Japan	791	733	－	1,524
Americas	24,989	3,065	－	28,054
Europe	680	839	551	2,070
Asia	245	－	－	245
Total	26,705	4,637	551	31,892

(Millions of Yen)

As at 31 March 2019				
	Life Care		Other	
	Health Care related products	Medical related products	Other	Total
	Eyeglass lenses	Medical accessories		
Japan	791	733	－	1,524
Americas	26,303	12,824	－	39,128
Europe	623	801	525	1,950
Asia	242	－	－	242
Total	27,960	14,358	525	42,843

(Thousands of U.S. Dollars (Note 2))

As at 31 March 2019				
	Life Care		Other	
	Health Care related products	Medical related products	Other	Total
	Eyeglass lenses	Medical accessories		
Japan	7,129	6,602	－	13,731
Americas	236,987	115,546	－	352,533
Europe	5,617	7,214	4,733	17,565
Asia	2,180	－	－	2,180
Total	251,913	129,362	4,733	386,009

9. Investments in associates

A summary of the Group’s associates, which are not individually significant, is as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at / for the year ended 31 March 2018	As at / for the year ended 31 March 2019	As at / for the year ended 31 March 2019
The Group’s share of net income (loss)	(44)	(1,113)	(10,027)
The Group’s share of other comprehensive income (loss)	(9)	(16)	(145)
The Group’s share of comprehensive income (loss)	(54)	(1,129)	(10,172)
The Group’s share of net assets	1,476	349	3,144

Details of the Group’s associates, which are not individually significant, are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Segment	Ownership interest (%)	
				As at 31 March 2018	As at 31 March 2019
AVANSTRATE, INC.	Production and sale of glass substrate for thin film transistor (TFT) liquid crystal	JAPAN	Corporate	46.6	46.6
EYE-Q VISION PRIVATE LIMITED	Medical services related to ophthalmology	INDIA	Corporate	24.3	24.3
HTK LENTES OFTALMICAS LTDA	Sale of optical lens	BRAZIL	Life Care	38.3	37.6
JIASHAN CANDEO OPTICAL GLASS CO., LTD.	Production and sale of special glass, such as coloured glass	CHINA	Information Technology	49.0	49.0

The Group’s unrecognised share of loss on associates is as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at / for the year ended 31 March 2018	As at / for the year ended 31 March 2019	As at / for the year ended 31 March 2019
The Group’s unrecognised share of net loss (income)	4,420	608	5,481
The Group’s unrecognised share of accumulated net loss	7,394	8,002	72,095

10. Deferred taxes and income taxes

(1) Deferred taxes

Details of deferred tax assets and liabilities are as follows:

(Millions of Yen)

	As at 1 April 2017	Recognised in profit or loss	Recognised in other comprehensive income	Business combinations	As at 31 March 2018
Temporary differences					
Enterprise tax payable	543	30	－	－	573
Write-down of inventories	1,223	(190)	－	－	1,033
Allowance for doubtful accounts	535	51	－	2	588
Provisions	950	(145)	－	－	805
Accrued expenses	3,546	119	－	－	3,665
Unrealised profit on inventories	2,985	(464)	－	－	2,521
Depreciation and amortisation	1,931	(686)	－	104	1,349
Impairment losses	570	(24)	－	－	546
Exchange differences on translating foreign operations	－	－	3	－	3
Others	2,932	242	10	－	3,184
Subtotal	15,216	(1,067)	13	106	14,267
Undistributed retained earnings of subsidiaries	(2,737)	545	－	－	(2,192)
Depreciation and amortisation	(7,849)	3,462	－	(1,768)	(6,154)
Net gain/(loss) on revaluation of available-for-sale financial assets	(50)	－	(115)	－	(164)
Others	(457)	35	－	－	(421)
Subtotal	(11,092)	4,043	(115)	(1,768)	(8,932)
Tax loss carryforwards and tax credits					
Tax loss carryforwards	2,402	(104)	－	419	2,716
Tax credits	17	(9)	－	－	8
Subtotal	2,418	(113)	－	419	2,724
Total	6,542	2,862	(102)	(1,243)	8,059

Note:

The difference between the total amount of “Recognised in profit or loss” as above and “Deferred tax expenses” in Note 10 “Deferred tax and income taxes” (2) Income taxes is due to foreign exchange fluctuations.

(Millions of Yen)

	As at 1 April 2018	Recognised in profit or loss	Recognised in other comprehensive income	Business combinations	As at 31 March 2019
Temporary differences					
Enterprise tax payable	573	(221)	―	―	353
Write-down of inventories	1,033	345	―	132	1,511
Allowance for doubtful accounts	588	149	―	―	737
Provisions	805	12	―	―	817
Accrued expenses	3,665	566	―	274	4,504
Unrealised profit on inventories	2,521	666	―	―	3,187
Depreciation and amortisation	1,349	88	―	―	1,437
Impairment losses	546	202	―	―	748
Exchange differences on translating foreign operations	3	―	124	―	127
Others	3,184	(1,584)	(10)	―	1,590
Subtotal	14,267	223	114	406	15,010
Undistributed retained earnings of subsidiaries	(2,192)	(861)	―	―	(3,053)
Depreciation and amortisation	(6,154)	767	―	(3,001)	(8,389)
Financial assets measured at fair value through other comprehensive income	(164)	―	(135)	―	(300)
Others	(421)	(23)	―	―	(444)
Subtotal	(8,932)	(117)	(135)	(3,001)	(12,185)
Tax loss carryforwards and tax credits					
Tax loss carryforwards	2,716	(324)	―	―	2,392
Tax credits	8	21	―	―	29
Subtotal	2,724	(303)	―	―	2,421
Total	8,059	(197)	(21)	(2,595)	5,246

Note:
The difference between the total amount of “Recognised in profit or loss” as above and “Deferred tax expenses” in Note 10 “Deferred taxes and income taxes” (2) Income taxes is due to foreign exchange fluctuations.

(Thousands of U.S. Dollars (Note 2))

	As at 1 April 2018	Recognised in profit or loss	Recognised in other comprehensive income	Business combinations	As at 31 March 2019
Temporary differences					
Enterprise tax payable	5,164	(1,987)	–	–	3,177
Write-down of inventories	9,309	3,111	–	1,191	13,612
Allowance for doubtful accounts	5,295	1,344	–	–	6,639
Provisions	7,254	108	–	–	7,361
Accrued expenses	33,020	5,098	–	2,466	40,584
Unrealised profit on inventories	22,713	6,000	–	–	28,713
Depreciation and amortisation	12,151	792	–	–	12,943
Impairment losses	4,922	1,817	–	–	6,739
Exchange differences on translating foreign operations	28	–	1,119	–	1,147
Others	28,690	(14,270)	(94)	–	14,326
Subtotal	128,546	2,013	1,025	3,657	135,242
Undistributed retained earnings of subsidiaries	(19,750)	(7,757)	–	–	(27,507)
Depreciation and amortisation	(55,448)	6,907	–	(27,040)	(75,582)
Financial assets measured at fair value through other comprehensive income	(1,481)	–	(1,218)	–	(2,699)
Others	(3,796)	(204)	–	–	(4,000)
Subtotal	(80,475)	(1,055)	(1,218)	(27,040)	(109,788)
Tax loss carryforwards and tax credits					
Tax loss carryforwards	24,472	(2,922)	–	–	21,551
Tax credits	70	188	–	–	258
Subtotal	24,543	(2,734)	–	–	21,809
Total	72,614	(1,776)	(192)	(23,383)	47,263

Note:

The difference between the total amount of “Recognised in profit or loss” as above and “Deferred tax expenses” in Note 10 “Deferred taxes and income taxes” (2) Income taxes is due to foreign exchange fluctuations.

Tax loss carryforwards and deductible temporary differences for which deferred tax assets have not been recognised are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Tax loss carryforwards	12,972	13,130	118,301
Deductible temporary differences	4,494	4,128	37,192
Total	17,466	17,258	155,492

The expiration date and amounts of tax loss carryforwards for which deferred tax assets are not recognised are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Year 1	680	1,890	17,028
Year 2	1,819	1,750	15,767
Year 3	2,162	1,134	10,217
Year 4	1,004	513	4,626
Year 5 or later	7,308	7,843	70,664
Total	12,972	13,130	118,301

The aggregate amounts of temporary differences associated with undistributed retained earnings of the subsidiaries for which deferred tax liabilities have not been recognised at 31 March 2018 and 2019, were 290,558 million yen and 322,017 million yen (2,901,312 thousand U.S. dollars), respectively. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The Company recognised no deferred tax assets on the tax losses as at 31 March 2018 and 2019.

(2) Income taxes

In Japan, the normal effective statutory tax rates are 30.5% for each of the years ended 31 March 2018 and 2019.

Current or deferred taxes in other tax jurisdictions are calculated by the tax rates generally applied to those tax jurisdictions.

Details of current tax expense and deferred tax expense are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Current tax expense: (i)			
Current year	27,340	22,915	206,460
Prior years	42	(690)	(6,214)
Total current tax expense	27,382	22,225	200,246
Deferred tax expense: (ii)			
Origination and reversal of temporary difference	(1,819)	318	2,862
Changes in tax rates	(537)	41	374
Total deferred tax expense	(2,356)	359	3,236
Total income tax expense	25,026	22,584	203,482
Continuing operations	25,026	22,584	203,482
Discontinued operations	—	—	—

Note:

(i) 'Current tax expense' includes previously unrecognised tax benefits from tax loss carryforwards, tax credits and deductible temporary differences. These benefits were 77 million yen and 194 million yen (1,749 thousand U.S. dollars) for the years ended 31 March 2018 and 2019, respectively.

(ii) 'Deferred tax expense' includes previously unrecognised tax benefits from tax loss carryforwards, tax credits, deductible temporary differences, and expenses or benefits arising from write-downs of deferred tax assets or the reversal of previous write-downs of deferred tax assets. These effects increased the deferred tax expense by 357 million yen and 471 million yen (4,246 thousand U.S. dollars) for the years ended 31 March 2018 and 2019, respectively.

(iii) On June 26, 2013, the Company received a reassessment notice from the Tokyo Regional Taxation Bureau ("TRTB") for additional tax on the transfer pricing taxation of transactions with overseas subsidiaries that develop and manufacture electronics-related products for the five financial years ended March 31, 2007 to 2011. The Company has lodged an objection with TRTB seeking withdrawal of the assessment in accordance with the relevant law.
On March 29, 2018, the Company received a written verdict from the National Tax Tribunal (the "Tribunal"), which partially cancels the reassessments. The Company disagrees with the remaining findings of the Tribunal's verdict that maintains portions of the reassessment and the Company expects to appeal the findings in court to seek cancellation of all the reassessments by the tax authorities. Consequently, the paid amount of 7,916 million yen (71,324 thousand U.S. dollars) is included in "Other current assets" as a suspense payment.
On June 27, 2018, the Company received a reassessment notice from TRTB for additional taxes on the transfer pricing taxation of transactions with overseas subsidiaries that developed and manufactured electronics-related products for the three financial years ended March 31 2012, 2013 and 2014. The Company has lodged an objection with TRTB seeking withdrawal of the assessment in accordance with the relevant law. The additional tax assessment of 5,174 million yen (46,618 thousand U.S. dollars) is included in "Other current assets" as a suspense payment.

A reconciliation of the normal effective statutory tax rate with the actual tax rate is as follows. The actual tax rate represents the ratio of income tax expense and profit before tax from continuing operations.

	For the year ended 31 March 2018	For the year ended 31 March 2019
Effective statutory tax rate	30.5%	30.5%
Expenses not deductible for tax purposes	2.0%	0.5%
Income not taxable for tax purposes	(0.0)%	(3.1)%
Effect of unrecognised deferred tax assets	0.2%	0.3%
Impact of different tax rates applied to overseas subsidiaries	(15.8)%	(15.2)%
Profits and losses on investments in associates	ー	0.2%
Adjustment on deferred tax assets and liabilities due to the change of corporate tax rate	(0.4)%	0.0%
Tax rate difference due to the elimination of unrealised profit on inventories	(0.0)%	0.2%
Increase/decrease in deferred tax liabilities related to undistributed earnings of foreign subsidiaries	(0.4)%	0.6%
Prior year income taxes	(0.0)%	(0.5)%
Foreign withholding tax arising from dividends from subsidiaries	3.9%	1.0%
Others	0.1%	1.1%
Actual tax rate	20.1%	15.6%

There was no effect on income tax resulting from dividends paid to shareholders.

11. Other financial assets and liabilities

(1) Details of other financial assets and liabilities are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Other financial assets			
Available-for-sale financial assets	1,689	–	–
Loans and receivables			
Loans and receivables	19,434	–	–
Allowance for doubtful accounts	(574)	–	–
Loans and receivables–net	18,861	–	–
Other financial assets measured at amortised cost	–	17,370	156,502
FVTOCI financial assets	–	29,863	269,063
Total	20,550	47,233	425,565
Total non-current assets (long-term financial assets)	15,595	44,103	397,358
Total current assets (other short-term financial assets)	4,955	3,131	28,207

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Other financial liabilities			
FVTPL financial liabilities	3,171	3,082	27,767
Other financial liabilities measured at amortised cost	4,455	8,500	76,584
Total	7,626	11,582	104,351
Total non-current liabilities (other long-term financial liabilities)	6,983	10,936	98,535
Total current liabilities (other short-term financial liabilities)	643	646	5,816

(2) Details of FVTOCI financial assets

Details of FVTOCI financial assets are as follows:

	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2019	As at 31 March 2019
Toshiba Memory Holdings Corporation	27,000	243,265

The asset above is designated as FVTOCI because its profit and loss is not related to the business profit and loss while there is a possibility of selling it in the future.

(3) Derecognition of FVTOCI financial assets

The Group derecognises FVTOCI financial assets when they are partially sold, considering the capital efficiency, reconsideration of business relationships and so on.

Details of fair value and cumulative gain or loss in other comprehensive income at the time of selling in the year ended 31 March 2019 are as follows:

Fair value		Cumulative gain or loss	
(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
For the year ended 31 March 2019	For the year ended 31 March 2019	For the year ended 31 March 2019	For the year ended 31 March 2019
11	96	6	51

Cumulative gain or loss in other comprehensive income is transferred to retained earnings when FVTOCI assets are derecognised. The amount of cumulative other comprehensive income or loss (after deduction of tax) which was transferred to retained earnings was 6 million yen (51 thousand U.S. dollars) in the year ended 31 March 2019.

Details of dividends income recognised from equity instruments are as follows:

Derecognised investment		Investment held as at 31 March 2019	
(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
For the year ended 31 March 2019	For the year ended 31 March 2019	For the year ended 31 March 2019	For the year ended 31 March 2019
0	2	10	92

12. Other assets and liabilities

Details of other assets and liabilities are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Non-current: Other assets			
Long-term prepaid expenses	2,246	2,187	19,705
Others	56	773	6,967
Total	2,302	2,960	26,672
Current: Other assets			
Suspense payment (Note)	7,916	13,090	117,943
Prepaid expenses	2,984	4,131	37,217
Refundable consumption taxes	2,024	1,406	12,667
Others	2,274	2,319	20,893
Total	15,198	20,946	188,720

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Non-current: Other liabilities			
Deposit received and long-term advance revenue, etc.	956	2,303	20,748
Total	956	2,303	20,748
Current: Other liabilities			
Accrued salary/bonus/vacation pay	15,328	16,357	147,370
Other accrued expenses	17,088	17,793	160,309
Advance received/deferred revenue	4,437	5,356	48,261
Accrued consumption taxes	1,804	1,897	17,088
Others	2,884	2,769	24,945
Total	41,542	44,171	397,974

Note:

On 26 June 2013, the Company received a reassessment notice from the Tokyo Regional Taxation Bureau ("TRTB") for additional tax on the transfer pricing taxation of transactions with overseas subsidiaries that develop and manufacture electronics-related products for the five financial years ended 31 March 2007 to 2011. The Company has lodged an objection with TRTB seeking withdrawal of the assessment in accordance with the relevant law.

On 29 March 2018, the Company received a written verdict from the National Tax Tribunal (the "Tribunal"), which partially cancels the reassessments. The Company disagrees with the remaining findings of the Tribunal's verdict that maintains portions of the reassessment and the Company expects to appeal the findings in court to seek cancellation of all the reassessments by the tax authorities.
Consequently, the paid amount of 7,916 million yen is included in "Other current assets" as a suspense payment.

On 27 June 2018, the Company received a reassessment notice from the TRTB for additional taxes on the transfer pricing taxation of transactions with overseas subsidiaries that developed and manufactured electronics-related products for the three financial years ended 31 March 2012, 2013 and 2014. The Company has lodged an objection with TRTB seeking withdrawal of the assessment in accordance with the relevant law. The additional tax assessment of 5,174 million yen is included in "Other current assets" as a suspense payment.

13. Inventories

Details of inventories are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Goods and products	36,835	40,330	363,365
Work in progress	7,521	8,566	77,176
Raw materials	15,976	18,953	170,760
Supplies	11,009	11,124	100,229
Total	71,341	78,973	711,530
Inventories expected to be sold after more than 12 months	6	7	66

The cost of inventories recognised as an expense during the years ended 31 March 2018 and 2019, was 244,443 million yen and 250,891 million yen (2,260,483 thousand U.S. dollars), respectively.

The cost of inventories recognised as an expense in respect of write-down and the reversal of such write-down is as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Amount of write-down	1,421	1,756	15,821
Amount of reversal of write-down	(31)	—	—

The reversal of write-down was due to an increase in net realisable value, as a result of an increase in new orders with positive sales activities.

14. Trade and other receivables

Details of trade and other receivables are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Accounts receivable	101,145	104,305	939,773
Notes receivable and electronically recorded monetary claims-operating	6,782	6,908	62,240
Other receivables	2,675	2,694	24,274
Allowance for doubtful accounts	(2,970)	(3,061)	(27,579)
Total	107,632	110,847	998,708

The credit terms for customers are set between 90 days and 120 days on average.
Refer to Note 22 “Financial instruments” for credit risk management and fair value of trade and other receivables.

15. Interest-bearing debt

Details of interest-bearing debt are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	Average interest rate (%) (i)	Due
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019		
Long-term bank loans (excluding current portion)	1	327	2,944	—	2021-2032
Current portion of long-term bank loans	7	1	12	—	—
Short-term bank loans	1,658	1,648	14,848	1.15%	—
Current portion of bonds (ii)	14	—	—	—	—
Long-term finance lease obligations (Note 16)	450	577	5,201	—	2020-2024
Short-term finance lease obligations (Note 16)	222	285	2,567	—	—
Total interest-bearing debt	2,353	2,838	25,572		
Total non-current debt	451	904	8,145		
Total current debt	1,901	1,934	17,427		

Note:

(i) Interest rates are based on the weighted-average rates that applied to the balances at the end of each fiscal year.

(ii) The summary of issuance conditions for bonds is as follows:

Company	Item	Issue Date	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	Interest rate (%)	Collateral (Millions of Yen)	Due
			As at 31 March 2018	As at 31 March 2019	As at 31 March 2019			
HOYA Technosurgical, Inc.	1 Private Note	5 November 2011	14	—	—	—	—	4 April 2018
Total	—	—	14	—	—	—	—	—

The obligations under finance leases are secured by the leased assets for which the lessor has ownership. Refer to Note 16 “Finance lease obligations”. There is no debt with covenants as at 31 March 2019.

Details of the remaining contractual maturity for long-term borrowings and bonds and fair values are set out in Note 22 “Financial instruments”.

The changes in liabilities arising from financial activities are as follows:

(Millions of Yen)

	As at 1 April 2017	Cash flow	Non-cash changes		As at 31 March 2018
			Exchange differences on translation of foreign operations	Others	
Short-term bank loans	1,640	−	19	−	1,658
Long-term bank loans	15	(7)	1	−	9
Bond	35,028	(35,021)	−	6	14
Finance lease obligations	735	(332)	57	212	672
Total	37,418	(35,360)	77	218	2,353

(Millions of Yen)

	As at 1 April 2018	Cash flow	Non-cash changes			As at 31 March 2019
			Change of scope of consolidation	Exchange differences on translation of foreign operations	Others	
Short-term bank loans	1,658	−	−	(10)	−	1,648
Long-term bank loans	9	(20)	340	(0)	−	328
Bond	14	(14)	−	−	−	−
Finance lease obligations	672	(251)	−	(35)	476	862
Total	2,353	(284)	340	(46)	476	2,838

(Thousands of U.S. Dollars (Note 2)

	As at 1 April 2018	Cash flow	Non-cash changes			As at 31 March 2019
			Change of scope of consolidation	Exchange differences on translation of foreign operations	Others	
Short-term bank loans	14,942	−	−	(94)	−	14,848
Long-term bank loans	78	(181)	3,061	(1)	−	2,956
Bond	122	(122)	−	−	−	−
Finance lease obligations	6,054	(2,258)	−	(315)	4,286	7,768
Total	21,916	(2,561)	3,061	(410)	4,286	25,572

16. Finance lease obligations

Details of finance lease obligations are as follows:

	Minimum lease payments			Present value of minimum lease payments		
	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Amounts payable under finance leases:						
Not later than one year	258	312	2,807	222	285	2,567
Later than one year but not later than five years	488	596	5,373	450	577	5,201
Total	746	908	8,180	672	862	7,768
Less future finance charges	(74)	(46)	(413)			
Present value of lease obligations	672	862	7,768	672	862	7,768
Less amount due for settlement within 12 months				222	285	2,567
Amount due for settlement after 12 months				450	577	5,201

The Group has not entered into any new finance lease contracts as part of its policy, except for cases when it concludes that it has a number of advantages of having a lease arrangement in respect of cost reduction or the avoidance of the risk associated with product obsolescence. The average remaining lease term is approximately two to four years as at 31 March 2019.

Certain lease contracts include renewal options or purchase options. However, there are no sub-lease contracts, contingent rents, escalation payments or specific limitations (such as dividends, additional debt, and further leasing) included in these lease contracts.

The Group's fair values of lease obligations are set out in Note 22 "Financial instruments".

17. Operating lease arrangements

Details of minimum lease payments and contingent lease payments for the period under operating lease arrangements are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Minimum lease payments	8,722	8,972	80,832
Contingent rent	900	1,062	9,571
Total	9,622	10,034	90,403

The amounts above are included in the line item 'Other expenses' in the consolidated statement of comprehensive income.
Contingent rent, which is determined in rent contracts for stores at shopping malls, is the rent based on the stores' sales amounts.

As at 31 March 2018 and 2019, the maturity periods of the outstanding commitments under non-cancellable operating leases are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Not later than one year	1,333	1,770	15,948
Later than one year but not later than five years	3,194	4,225	38,069
Later than five years	2,638	763	6,875
Total	7,165	6,758	60,891

Operating lease payments represent rentals payable by the Group for the land used for offices, buildings, etc. The average remaining operating lease terms for those assets as at 31 March 2019, are 26 years and four years, respectively.

Certain lease contracts include renewal options, purchase options or escalation payments. However, there are no sub-lease contracts or restrictions (such as dividends, additional debt, and further leasing), included in these contracts.

18. Retirement benefit plans

The Group has contributory defined contribution plans and defined benefit plans, and non-contributory defined benefit plans. The accounting policies adopted by the Group for retirement benefit plans are stated in Note 3 “Significant accounting policies (19) Retirement benefit costs”.

The Company and its domestic subsidiaries mainly have defined contribution plans. Overseas subsidiaries have benefit plans required by the local laws and regulations of each country. Unless a defined benefit plan is required by the laws of the country in which the overseas subsidiaries operate, a defined contribution plan has been put into place. The plan in the U.K. represents a substantial portion of the pension plans of the Group, where it is the closed plan that stopped new registrations. Management believes that general risks, such as investment, credit and salary risks are not significant in the plan.

The Group does not have retirement benefit plans other than pension plans and lump-sum retirement allowances.

(1) Defined benefit plans

The amounts included in the consolidated statement of financial position arising from the Group’s obligations in respect of its defined benefit plans are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Present value of funded defined benefit obligation	6,033	6,610	59,556
Fair value of plan assets	(3,906)	(3,907)	(35,198)
Total	2,127	2,704	24,358
Effect of changes to the asset ceiling	－	66	595
Net liability arising from defined benefit plans obligations	2,127	2,770	24,953
Balance in the consolidated statement of financial position			
Liability	2,127	2,770	24,953
Asset (Other non-current assets)	－	－	－

Amounts recognised in the consolidated statement of comprehensive income in respect of these defined benefit plans are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Service cost			
Current service cost	349	626	5,643
Net interest expense	30	36	322
Components of defined benefit costs recognised in profit or loss	379	662	5,964
Remeasurement of net defined benefit liability			
Return on plan assets	27	138	1,248
Actuarial gains and losses arising from changes in demographic assumptions	(35)	(8)	(69)
Actuarial gains and losses arising from changes in financial assumptions	54	158	1,427
Actuarial gains and losses arising from experience adjustments	(135)	(58)	(521)
Adjustments for restrictions on the defined benefit asset	(0)	61	552
Components of defined benefit costs recognised in other comprehensive income	(88)	293	2,637
Total	291	955	8,601

Service cost and net interest expense are included in ‘Employee benefits expense’ and ‘Finance cost’ in the consolidated statement of comprehensive income.

Movements in the present value of the defined benefit obligations are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Beginning balance	5,539	6,033	54,356
Business combination	238	—	—
Current service cost	349	626	5,643
Interest cost	116	125	1,122
Remeasurement (gains)/losses			
Actuarial gains and losses arising from changes in demographic assumptions	(35)	(8)	(69)
Actuarial gains and losses arising from changes in financial assumptions	54	158	1,427
Actuarial gains and losses arising from experience adjustments	(135)	(58)	(521)
Benefits paid	(292)	(267)	(2,407)
Effect of foreign currency exchange differences	199	1	5
Ending balance	6,033	6,610	59,556

Movements in the present value of the plan assets are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Beginning balance	3,543	3,906	35,191
Business combination	40	—	—
Interest income	85	89	800
Remeasurement gain (loss)			
Return on plan assets (excluding amounts included in net interest expense)	(27)	(138)	(1,248)
Contributions from the employer	245	344	3,096
Benefits paid	(124)	(210)	(1,889)
Effect of foreign currency exchange differences	144	(84)	(753)
Ending balance	3,906	3,907	35,198

Movements in the effect of changes to the asset ceiling are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Beginning balance	0	—	—
Interest expense	0	—	—
Remeasurement gain (loss)			
Effect of changes in the asset ceiling	(0)	61	552
Effect of foreign currency exchange differences	(0)	5	42
Ending balance	—	66	595

The fair values of major categories of plan assets as at 31 March 2018 and 2019, are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Cash and cash equivalents	745	959	8,642
Equity instruments - Foreign equity instruments	1,986	1,966	17,718
Debt instruments - Foreign governmental bonds	557	181	1,633
Debt instruments - Foreign bonds	585	779	7,021
Others	33	20	185
Total	3,906	3,907	35,198

The fair values of financial instruments are measured at quoted market price in active markets. No transferable instrument is included in plan assets.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	As at 31 March 2018	As at 31 March 2019
Discount rate	2.6%	2.3%

The Group believes there is no material impact on operating results, financial positions and cash flows due to the defined benefit plan of the Group, including the amount, timing and uncertainly of future cash flows.

(2) Defined contribution plans

The total expense recognised was 2,341 million yen and 2,416 million yen (17,335 thousand U.S. dollars) for the years ended 31 March 2018 and 2019, respectively.

(3) Severance payments

Under certain circumstances (such as retirement before the predetermined retirement date), additional payments are made upon retirement. The total expense recognised was 2,307 million yen and 1,924 million yen (17,335 thousand U.S. dollars) for the years ended 31 March 2018 and 2019, respectively.

19. Provisions

Details of provisions are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Asset retirement obligation	2,423	2,620	23,601
Warranties provision	1,255	1,249	11,249
Total	3,679	3,868	34,851
Non-current liabilities	2,398	2,607	23,485
Current liabilities	1,280	1,261	11,366

An analysis of the change in provisions is as follows:

(Millions of Yen)

	Asset retirement obligation	Warranties provision	Total
Balance at 1 April 2018	2,423	1,255	3,679
Provision for the year	230	891	1,121
Acquisitions through business combinations	―	8	8
Interest cost associated with passage of time	18	―	18
Reduction resulting from settlement for the year	(83)	(908)	(991)
Effect of foreign currency exchange differences	31	3	34
Balance at 31 March 2019	2,620	1,249	3,868

(Thousands of U.S. Dollars (Note 2))

	Asset retirement obligation	Warranties provision	Total
Balance at 1 April 2018	21,834	11,310	33,145
Provision for the year	2,076	8,026	10,102
Acquisitions through business combinations	―	68	68
Interest cost associated with passage of time	159	―	159
Reduction resulting from settlement for the year	(747)	(8,181)	(8,928)
Effect of foreign currency exchange differences	278	26	304
Balance at 31 March 2019	23,601	11,249	34,851

Note:
Refer to Note 3 “Significant accounting policies (20) Provisions and contingent liabilities assumed in a business combination” for details of each provision.

20. Trade and other payables

Details of trade and other payables are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Accounts payable	26,036	29,871	269,132
Notes payable, trade	6,286	6,903	62,190
Processing cost payable	697	849	7,645
Other payables	13,087	16,823	151,573
Notes payable for capital investment	449	442	3,986
Total	46,555	54,887	494,526

Trade notes payable are due 120 days on average.

Accounts payable are due 30 to 60 days from the invoice date in Asia except for Japan, and due 90 to 120 days from the invoice date in Japan. Accounts payable in Europe and U.S.A. are mainly payables related to intragroup transactions; thus, upon consolidation, these trade accounts payable are eliminated. The Group arranges cash pooling for Japan, Europe and U.S.A. to ensure that all payables are paid within the pre-agreed credit terms.

21. Share capital and other equity items

(1) Share capital and capital reserves

	Number of authorised shares (Ordinary shares with no par value)	Number of issued shares (Ordinary shares with no par value)	Number of outstanding shares (Ordinary shares with no par value)	Share capital (Millions of Yen)	Capital reserves (Millions of Yen)	Share capital (Thousands of U.S. Dollars (Note 2))	Capital reserves (Thousands of U.S. Dollars (Note 2))
Balance at 1 April 2017	1,250,519,400	389,779,920	388,093,771	6,264	15,899	56,439	143,244
Decrease (i), (ii)	—	8,343,500	8,579,425	—	—	—	—
Balance at 31 March 2018	1,250,519,400	381,436,420	379,514,346	6,264	15,899	56,439	143,244
Increase (ii)	—	—	453,257	—	—	—	—
Balance at 31 March 2019	1,250,519,400	381,436,420	379,967,603	6,264	15,899	56,439	143,244

Note:

(i) Decrease in number of issued shares is due to cancellation of treasury shares.

(ii) Increase or decrease in number of outstanding shares is due to increase or decrease in treasury shares.

(2) Treasury shares and other capital reserves

① Treasury shares

	Numbers of shares	Amount (Millions of Yen)
Balance at 1 April 2017	1,686,149	6,816
Repurchase of treasury shares	9,334,600	54,999
Cancellation of treasury shares	(8,343,500)	(47,118)
Repurchase of odd-lot shares	1,225	7
Decrease on exercise of stock options	(756,400)	(3,819)
Balance at 31 March 2018	1,922,074	10,886
Repurchase of odd-lot shares	347	2
Disposal of odd-lot shares	(4)	(0)
Decrease on exercise of stock options	(453,600)	(2,569)
Balance at 31 March 2019	1,468,817	8,319

	Numbers of shares	Amount (Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2018	1,922,074	98,080
Repurchase of odd-lot shares	347	21
Disposal of odd-lot shares	(4)	(0)
Decrease on exercise of stock options	(453,600)	(23,147)
Balance at 31 March 2019	1,468,817	74,954

② **Other capital reserves**

	Gain (loss) on disposal of treasury shares	Stock option (i)	Others	Total
	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)	(Millions of Yen)
Balance at 1 April 2017	(7,603)	3,307	(1,049)	(5,345)
Repurchase of treasury shares	−	−	(27)	(27)
Disposal of treasury shares	(1,069)	(509)	−	(1,579)
Share-based payments (i)	−	317	−	317
Change in non-controlling interests (ii)	−	−	(26)	(26)
Balance at 31 March 2018	(8,672)	3,114	(1,102)	(6,660)
Disposal of treasury shares	(600)	(370)	−	(969)
Share-based payments (i)	−	195	−	195
Balance at 31 March 2019	(9,272)	2,940	(1,102)	(7,434)

	Gain (loss) on disposal of treasury shares	Stock option (i)	Others	Total
	(Thousands of U.S. Dollars (Note 2))	(Thousands of U.S. Dollars (Note 2))	(Thousands of U.S. Dollars (Note 2))	(Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2018	(78,137)	28,060	(9,929)	(60,006)
Disposal of treasury shares	(5,402)	(3,332)	−	(8,734)
Share-based payments (i)	−	1,758	−	1,758
Balance at 31 March 2019	(83,539)	26,487	(9,929)	(66,982)

(i) Refer to Note 23 “Share-based payments” for details of stock options.

(ii) The Group acquired 8.3% of outstanding shares in SISTEMAS INTEGRALES DE MEDICINA, S.A. As a result, the ownership interest of the Group increased to 100%. 26 million yen, the difference between the decrease of non-controlling interests (i.e., proportional interests of the carrying amount of the net assets) and the consideration paid for the shares is included in 'Other capital reserves' in the consolidated statement of financial position.

(3) Retained earnings and dividends

	Amount (Millions of Yen)
Balance at 1 April 2017	506,367
Profit for the year (attributable to owners of the Company)	99,494
Cancellation of treasury shares	(47,118)
Dividends	(29,024)
Transfer to retained earnings	98
Balance at 31 March 2018	529,818
Profit for the year (attributable to owners of the Company)	122,103
Dividends	(34,164)
Transfer to retained earnings	(297)
Balance at 31 March 2019	617,459

	Amount (Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2018	4,773,568
Profit for the year (attributable to owners of the Company)	1,100,125
Dividends	(307,815)
Transfer to retained earnings	(2,679)
Balance at 31 March 2019	5,563,199

Details of dividends are as follows:

Date of resolution	Dividends per share (Yen)	Dividends per share (U.S. Dollars (Note 2))	Total dividends (Millions of Yen)	Total dividends (Thousands of U.S. Dollars (Note 2))	Record date	Effective date
23 May 2017	45	0.41	17,464	157,349	31 March 2017	1 June 2017
27 October 2017	30	0.27	11,559	104,149	30 September 2017	30 November 2017
24 May 2018	45	0.41	17,078	153,871	31 March 2018	1 June 2018
31 October 2018	45	0.41	17,086	153,944	30 September 2018	30 November 2018
23 May 2019	45	0.41	17,099	154,055	31 March 2019	3 June 2019

Dividends payable are included in the line item ‘Other short-term financial liabilities’ in the consolidated statement of financial position.

(4) Non-controlling interests

	Amount (Millions of Yen)
Balance at 1 April 2017	4,518
Profit for the year, attributable to non-controlling interests	(272)
Other comprehensive income	349
Dividends	(34)
Increase due to establishment of subsidiaries	45
Decrease due to acquisition of non-controlling interests	(123)
Balance at 31 March 2018	4,484
Profit for the year, attributable to non-controlling interests	(31)
Other comprehensive income	(140)
Dividends	(30)
Increase due to acquisition of subsidiaries	202
Decrease due to acquisition of non-controlling interests	67
Balance at 31 March 2019	4,552

	Amount (Thousands of U.S. Dollars (Note 2))
Balance at 31 March 2018	40,402
Profit for the year, attributable to non-controlling interests	(275)
Other comprehensive income	(1,261)
Dividends	(275)
Increase due to acquisition of subsidiaries	1,820
Decrease due to acquisition of non-controlling interests	600
Balance at 31 March 2019	41,010

22. Financial instruments

(1) Capital risk management

The Group manages its capital for continuous growth and to maximise the corporate value of the Group.

The net debt and equity of the Group are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Interest-bearing debt	2,353	2,838	25,572
Less: Cash and cash equivalents	245,835	293,397	2,643,457
Net debt	(243,483)	(290,559)	(2,617,885)
Equity	530,677	627,707	5,655,529

In order to maximise the corporate value of the Group, cash flows have been a priority of the Group management. As at 31 March 2018 and 2019, the Group maintained cash and cash equivalent balances in excess of interest-bearing debt balances. The Group is not subject to any externally imposed capital regulations as at 31 March 2019.

Details of interest-bearing debt and equity are described in Note 15 “Interest-bearing debt” and Note 21 “Share capital and other equity items”, respectively.

(2) Significant accounting policies

Accounting policies and criteria for recognition of financial assets, financial liabilities and equity instruments, basis of measurement and recognition of income and expenses are described in Note 3 “Significant accounting policies”.

(3) Categories of financial instruments

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Financial assets			
Loans and receivables			
Trade and other receivables	107,632	—	—
Other financial assets (ii)	18,861	—	—
Available-for-sale financial assets			
Other financial assets (ii)	1,689	—	—
Financial assets measured at amortised cost			
Trade and other receivables	—	110,847	998,708
Other financial assets (ii)	—	17,370	156,502
FVTOCI financial assets (iv)			
Other financial assets (ii)	—	29,863	269,063
Cash and cash equivalents	245,835	293,397	2,643,457
Financial liabilities			
FVTPL financial liabilities (v)			
Trade and other payables	1,117	1,186	10,688
Other financial liabilities (iii)	3,171	3,082	27,767
Financial liabilities measured at amortised cost			
Trade and other payables	45,438	53,701	483,838
Interest-bearing debt	2,353	2,838	25,572
Other financial liabilities (iii)	4,455	8,500	76,584

Note:
(i) The items above are not included in discontinued operations and disposal groups held for sale. The Group does not have held-to-maturity investments and derivative instruments designated as hedging instruments. Likewise, the Group does not have financial assets or financial liabilities using the fair value option.
(ii) Other financial assets are included in 'Long-term financial assets' or 'Other short-term financial assets' in the consolidated statement of financial position.
(iii) Other financial liabilities are included in 'Other long-term/short-term financial liabilities' in the consolidated statement of financial position.
(iv) FVTOCI financial assets mainly consist of unlisted shares.
(v) FVTPL financial liabilities mainly consist of contingent considerations resulting from business combinations.
(vi) Financial assets or liabilities to be offset as at 31 March 2018 and 2019, are immaterial.

(4) Financial risk management

In its operations, the Group is exposed to various financial risks. The Group undertakes risk management steps to minimise the effects of these financial risks. In an effort to manage these risks, the Group's risk management approach is to eliminate the sources of these risks or to minimise the risks that are not avoidable.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. In certain cases, the Group obtains additional borrowings from financial institutions to react to temporary cash shortages or uses forward foreign exchange contracts to sustain cash flows. The above financial risks are managed by the financial department of the Group.

(5) Market risk management

The Group is exposed to risks arising from changes in the economic environment and financial markets. The factors of the risk relating to financial markets are fluctuation risk of foreign currency exchange rates, interest rates, and fair value of equity instruments.

① Foreign currency risk

1) Foreign currency risk management

As the Group's businesses have expanded globally, foreign exchange fluctuations, in particular from the Thai Baht, the Euro and the U.S. dollar, have a significant impact on the Group's financial results. If the Japanese yen appreciates against these currencies, both sales and profit stated in the Japanese yen might decrease even though sales and profits stated in local currencies have increased.

The Group intends to marry major currencies the Group uses (i.e., Euro, U.S. dollar and Yen) in settlements of receivables/payables resulting from operating activities. Specifically, the subsidiaries that continuously conduct import or export transactions retain foreign currencies obtained from exports of goods for payables on imported supplies. This enables the Group to mitigate foreign currency risk. On the other hand, as the Company has multiple SBUs and conducts its own finance and dividend payments to the Company's shareholders, and the holding companies under the Company receive dividends from their subsidiaries and distribute them to the Company and/or other group companies, the Group's foreign currency-dominated balances in receivables, liabilities and/or bank deposits may not fully offset each other. This might cause significant gains or losses on foreign exchange differences when the Yen appreciates or depreciates against the U.S. dollar or the Euro, or when the Euro appreciates or depreciates against the U.S. dollar.

2) Foreign currency sensitivity analysis

The chart below shows the impact on profit and equity of a 1% appreciation of the Yen against the Thai Baht, the Euro and the U.S. dollar with the assumption that the exchange rates for other currencies are constant.

	For the year ended 31 March 2018	For the year ended 31 March 2019
Average exchange rate		
(Yen per each currency)		
Thai Baht	3.36	3.43
Euro	130.25	128.26
U.S. dollar	110.70	111.07
Impact on profit for the year		
(Millions of Yen)		
Thai Baht	(152)	(227)
Euro	(30)	(9)
U.S. dollar	(404)	(414)
Impact on equity		
(Millions of Yen)		
Thai Baht	(261)	(353)
Euro	(275)	(330)
U.S. dollar	(682)	(649)

	For the year ended 31 March 2019
Impact on profit for the year	
(Thousands of U.S. Dollars (Note 2))	
Thai Baht	(2,041)
Euro	(78)
U.S. dollar	(3,730)
Impact on equity	
(Thousands of U.S. Dollars (Note 2))	
Thai Baht	(3,185)
Euro	(2,977)
U.S. dollar	(5,849)

Note:
Numbers in parentheses are the amounts of negative impact on profit and equity resulting from a 1% appreciation of the Yen. The amounts above represent the impact on the consolidated financial statements of the Group resulting from foreign currency conversion and not the impact on the Group’s cash flows or operations themselves.

Likewise, the tables below show the impact of a 1% appreciation of functional currencies of the Company and its holding company within the Group on their receivables/liabilities and bank deposits denominated in foreign currencies on the assumption that exchange rates for other currencies are constant. The information about the holding companies with immaterial risk is not included in the tables below.

2)-1. Parent company (the Company)

(Millions of Yen)

	Euro		U.S. dollar	
	31 March 2018	31 March 2019	31 March 2018	31 March 2019
Trade and other receivables	(28)	(26)	(73)	(70)
Trade and other payables	2	2	16	10
Long-term financial assets	—	—	—	—
Short-term financial assets	(0)	(0)	(0)	(0)
Short-term interest-bearing debt	—	—	122	128
Cash and cash equivalents	(1)	(12)	(57)	(108)
Total	(28)	(36)	9	(40)

(Thousands of U.S. Dollars (Note 2))

	Euro	U.S. dollar
	31 March 2019	31 March 2019
Trade and other receivables	(234)	(628)
Trade and other payables	18	91
Long-term financial assets	—	—
Short-term financial assets	(1)	(2)
Short-term interest-bearing debt	—	1,150
Cash and cash equivalents	(107)	(972)
Total	(324)	(361)

Note:
Numbers in parentheses are the amounts of negative impact on profit and equity resulting from a 1% appreciation of the Yen. A 1% depreciation of the Yen has a positive impact in the same amount.
Intercompany receivables/payables are included in the calculation of the impact as they cause foreign exchange gain or loss in the process of translation.

2)-2. Holding company (Europe)

(Millions of Yen)

	Yen		U.S. dollar	
	31 March 2018	31 March 2019	31 March 2018	31 March 2019
Trade and other receivables	—	—	—	—
Trade and other payables	0	—	—	—
Long-term financial assets	—	—	—	—
Short-term financial assets	—	—	—	—
Cash and cash equivalents	—	(3)	(11)	(1)
Total	0	(3)	(11)	(1)

(Thousands of U.S. Dollars (Note 2))

	Yen	U.S. dollar
	31 March 2019	31 March 2019
Trade and other receivables	－	－
Trade and other payables	－	－
Long-term financial assets	－	－
Short-term financial assets	－	－
Cash and cash equivalents	(24)	(5)
Total	(24)	(5)

Note:
Numbers in parentheses are the amounts of negative impact on profit and equity resulting from a 1% appreciation of the Euro. A 1% depreciation of the Euro has a positive impact in the same amount.
Intercompany receivables/payables are included in the calculation of the impact as they cause foreign exchange gain or loss in the process of translation.

3) Currency derivatives

The Group’s policy prohibits the use of derivative instruments such as forward foreign exchange contracts, except in certain circumstances in which the use of such derivatives is determined to be beneficial. In such case, the Group can enter into contracts upon obtaining formal approval from the Chief Financial Officer (“CFO”) of the Group in accordance with its Group headquarters approval process.

In order to economically hedge foreign currency exposures on intercompany receivables, payables and dividends, forward foreign exchange contracts are occasionally entered into. In these cases, the same approval policy as that stated above is adhered to.

Details of the forward foreign exchange contracts at the end of each reporting period are as follows:

(Millions of Yen)

For the year ended 31 March 2018	Average exchange rate	Foreign currency (mil)	Notional amount	Fair value
Forward foreign exchange contracts				
N/A				

(Millions of Yen) (Thousands of U.S. Dollars (Note 2))

For the year ended 31 March 2019	Average exchange rate	Foreign currency (mil)	Notional amount	Fair value	Notional amount	Fair value
Forward foreign exchange contracts						
N/A						

② Interest rate risk management

The majority of the interest-bearing debt consists of bonds with fixed interest rates. The Group's cash and cash equivalents exceed the interest-bearing debt, and currently, the impact of interest expense on the Group's profit/loss is immaterial. Therefore, the Group considers the interest rate risk to be immaterial and has not performed sensitivity analyses such as Basis Point Value.

③ Price risks management in equity instruments

The Group is exposed to equity price risks arising from equity instruments (i.e., listed shares). These investments are held from a viewpoint of business strategy, not for short-term trading purposes. The Group does not sell these investments frequently and the Group periodically reviews the fair value of these instruments as well as the financial condition of investees.

The sensitivity analysis has been based on the exposure to the price of equity instruments (listed shares) at the end of the reporting period. If equity prices increase or decrease by 5%, accumulated other comprehensive income (pre-tax) would change by 53 million yen and 75 million yen (675 thousand U.S. dollars) as at 31 March 2018 and 2019, respectively, as a result of changes in fair value of the equity instruments.

(6) Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group manages its credit risk by setting credit limits that are approved by the authorised personnel of each SBU.

The main customers for the Information Technology business are globalised companies that have relatively large-scale and stable financial conditions. On the other hand, credit losses were incurred on a sporadic basis in the Life Care business as those products were sold to relatively small and diversified customers, such as end consumers, retailers, and medical institutions. Accordingly, no significant credit losses were incurred in the past. A division in the Life Care business that sells goods to medical institutions and operates wholesale businesses in certain countries has some past-due receivables due to the financial conditions of those medical institutions or customers. Credit limits have been set for those customers to minimise the loss from a failure to collect the receivables.

Trade receivables consist of a large number of customers across a diverse range of industries and geographical areas. The Group has neither significant credit risk exposure for a specific customer or customer group categorised by similarity, nor concentration of credit risk over 5% of total financial assets as at 31 March 2019.

The carrying amounts after impairment presented in the consolidated financial statements are the maximum exposure for the Group's credit risk without considering the appraised value of the related collateral.

The Group continuously monitors the financial status of customers that appear to represent a credit risk in collecting receivables, including restructured receivables. Based on this monitoring, the Group sets the allowance for doubtful accounts considering the collectability of the receivables.

Each financial asset should be recognized as a credit-impaired financial asset if the debtor claims legal proceedings such as bankruptcy, company reorganization, civil rehabilitation and special liquidation in cases of overdue payments despite performance by enforcement. The Group directly writes off an asset by reducing the total carrying amount in cases where collection of contractual cashflow is not reasonably expected, entirely or partially.

Impaired or past-due financial assets

The following table provides the ageing details of the financial assets not yet due and the financial assets past-due but not impaired at the end of the reporting period:

(Millions of Yen)

Balance at 31 March 2018	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Trade and other receivables (gross)	110,602	95,642	7,057	2,840	1,029	805	3,228
Allowance for doubtful accounts	(2,970)	(369)	(122)	(95)	(127)	(206)	(2,050)
Trade and other receivables (net)	107,632	95,273	6,935	2,745	902	599	1,178
Other financial assets (gross)	19,434	18,551	23	―	14	1	845
Allowance for doubtful accounts	(574)	(46)	(23)	―	―	―	(505)
Other financial assets (net)	18,861	18,505	1	―	14	1	340

(Millions of Yen)

Balance at 31 March 2019	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Trade and other receivables (gross)	113,908	97,373	8,185	2,742	1,035	647	3,926
Allowance for doubtful accounts	(3,061)	(431)	(76)	(99)	(89)	(253)	(2,114)
Trade and other receivables (net)	110,847	96,942	8,109	2,643	946	394	1,812
Other financial assets (gross)	18,099	17,309	1	5	78	130	575
Allowance for doubtful accounts	(729)	(2)	―	(5)	(78)	(130)	(513)
Other financial assets (net)	17,370	17,307	1	―	―	―	61

(Thousands of U.S. Dollars (Note 2))

Balance at 31 March 2019	Total	Within due date	Overdue amounts				
			Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Trade and other receivables (gross)	1,026,287	877,313	73,747	24,705	9,324	5,828	35,369
Allowance for doubtful accounts	(27,579)	(3,880)	(683)	(891)	(801)	(2,277)	(19,047)
Trade and other receivables (net)	998,708	873,433	73,064	23,814	8,523	3,551	16,322
Other financial assets (gross)	163,066	155,954	13	49	702	1,170	5,178
Allowance for doubtful accounts	(6,564)	(17)	―	(49)	(702)	(1,170)	(4,625)
Other financial assets (net)	156,502	155,937	13	―	―	―	552

The Group does not hold any collateral or other credit enhancements on the above financial assets, excluding the following:

As at 31 March 2018

Current portion of long-term loans to subsidiaries and affiliates of 8,047 million yen

As at 31 March 2019

Long-term loans to subsidiaries and affiliates of 8,248 million yen (74,315 thousand U.S. dollars)

Details of collaterals are described in Note 31 "Related party disclosures".

In case of impairment of financial assets, the Group does not directly write off such assets by reducing the carrying amount; instead, it records an allowance for doubtful accounts. Movement in the allowance for doubtful accounts is as follows:

(Millions of Yen)

	Allowance for doubtful accounts (Current)	Allowance for doubtful accounts (Non-current)	Total
Balance at 31 March 2017	2,499	559	3,058
Provision for the year	465	65	529
Reduction resulting from settlement for the year	(110)	(32)	(141)
Reduction for the year (reversal)	(41)	(44)	(84)
Other (foreign exchange translation gains or losses, etc.)	156	26	182
Balance at 31 March 2018	2,970	574	3,544

(Millions of Yen)

	Loss allowance at an amount equal to 12-month expected credit losses	Loss allowance at an amount equal to lifetime expected credit losses			Total
		Non-credit-impaired financial assets	Credit-impaired financial assets	Trade and other receivables	
Balance at 31 March 2018	―	258	316	2,970	3,544
Provision for the year	―	―	246	636	882
Reduction resulting from settlement for the year	―	(3)	(6)	(254)	(264)
Reduction for the year (reversal)	―	(25)	(45)	(145)	(215)
Other (foreign exchange translation gains or losses, etc.)	―	(11)	(1)	(145)	(157)
Balance at 31 March 2019	―	219	509	3,061	3,790

(Thousands of U.S. Dollars (Note 2))

	Loss allowance at an amount equal to 12-month expected credit losses	Loss allowance at an amount equal to lifetime expected credit losses			Total
		Non-credit-impaired financial assets	Credit-impaired financial assets	Trade and other receivables	
Balance at 31 March 2018	―	2,323	2,848	26,757	31,928
Provision for the year	―	―	2,215	5,728	7,943
Reduction resulting from settlement for the year	―	(26)	(57)	(2,293)	(2,375)
Reduction for the year (reversal)	―	(222)	(409)	(1,304)	(1,935)
Other (foreign exchange translation gains or losses, etc.)	―	(98)	(9)	(1,310)	(1,417)
Balance at 31 March 2019	―	1,976	4,588	27,579	34,143

(7) Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the CFO of the Group who is appointed by the board of directors. Based on the instructions from the CFO, the financial headquarters of the Group mainly manages the Group's liquidity risk by maintaining an appropriate level of retained earnings and credit facilities, and monitors the actual cash flows and forecasted cash flows. Temporary cash shortages due to dividends or bonus payments are funded through the issuance of commercial paper, etc.

The following table details the contractual maturity of its financial liabilities, including derivative financial instruments but excluding guarantee liabilities:

(Millions of Yen)

Balance at 31 March 2018	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Non-derivative liabilities								
Trade and other payables	46,555	46,555	46,555	―	―	―	―	―
Long-term bank loans (excluding current portion)	1	1	―	1	―	―	―	―
Current portion of long-term bank loans	7	7	7	―	―	―	―	―
Short-term bank loans	1,658	1,658	1,658	―	―	―	―	―
Current portion of bonds	14	14	14	―	―	―	―	―
Long-term finance lease obligations	450	450	―	189	152	90	19	―
Short-term finance lease obligations	222	222	222	―	―	―	―	―
Other financial liabilities	7,626	7,626	1,802	3,409	1,900	459	56	―
Total	56,533	56,533	50,259	3,599	2,052	549	75	―

(Millions of Yen)

Balance at 31 March 2019	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Non-derivative liabilities								
Trade and other payables	54,887	54,887	54,887	―	―	―	―	―
Long-term bank loans (excluding current portion)	327	327	―	52	19	19	19	216
Current portion of long-term bank loans	1	1	1	―	―	―	―	―
Short-term bank loans	1,648	1,648	1,648	―	―	―	―	―
Long-term finance lease obligations	577	577	―	259	187	105	26	―
Short-term finance lease obligations	285	285	285	―	―	―	―	―
Other financial liabilities	11,582	11,582	646	8,875	1,933	129	―	―
Total	69,308	69,308	57,467	9,186	2,139	254	46	216

(Thousands of U.S. Dollars (Note 2))

Balance at 31 March 2019	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Non-derivative liabilities								
Trade and other payables	494,526	494,526	494,526	—	—	—	—	—
Long-term bank loans (excluding current portion)	2,944	2,944	—	471	175	175	175	1,947
Current portion of long-term bank loans	12	12	12	—	—	—	—	—
Short-term bank loans	14,848	14,848	14,848	—	—	—	—	—
Long-term finance lease obligations	5,201	5,201	—	2,334	1,681	949	237	—
Short-term finance lease obligations	2,567	2,567	2,567	—	—	—	—	—
Other financial liabilities	104,351	104,351	5,816	79,960	17,413	1,162	—	—
Total	624,449	624,449	517,769	82,765	19,269	2,287	412	1,947

Note:
Guarantee liabilities have been excluded from the above table as the likelihood of execution has been determined as low.

Temporary cash shortages due to dividends or bonus payments are funded in the following ways.
Details of financing methods and status are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Bank overdraft			
Used	—	—	—
Unused	65,000	65,000	585,638
Total	65,000	65,000	585,638
Commercial paper			
Used	—	—	—
Unused	50,000	50,000	450,491
Total	50,000	50,000	450,491

(8) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that have been measured at fair value subsequent to initial recognition.
The fair values are categorized into Levels 1 to 3.

Level 1: Fair value derived from quoted prices in active markets for identical assets or liabilities.
Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3: Fair value derived from inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).
· FVTOCI financial assets classified as Level 3 mainly consist of unlisted shares and are measured using valuation techniques such as net asset approach, discount cash flow method or comparable company method.
· FVTPL financial liabilities classified as Level 3 consist of contingent considerations and are measured based on the achievement of milestones considering time value of money.

① Financial instruments that are measured at fair value

(Millions of Yen)

As at 31 March 2018	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	1,072	―	618	1,689
Total	1,072	―	618	1,689
FVTPL financial liabilities	―	―	4,289	4,289
Total	―	―	4,289	4,289

(Millions of Yen)

As at 31 March 2019	Level 1	Level 2	Level 3	Total
FVTOCI financial assets	1,499	―	28,364	29,863
Total	1,499	―	28,364	29,863
FVTPL financial liabilities	―	―	4,268	4,268
Total	―	―	4,268	4,268

(Thousands of U.S. Dollars (Note 2))

As at 31 March 2019	Level 1	Level 2	Level 3	Total
FVTOCI financial assets	13,505	―	255,558	269,063
Total	13,505	―	255,558	269,063
FVTPL financial liabilities	―	―	38,455	38,455
Total	―	―	38,455	38,455

Note:
As at 31 March 2018
No transfers occurred between Levels 1, 2 and 3 during the year ended 31 March 2018.
As at 31 March 2019
No transfers occurred between Levels 1, 2 and 3 during the year ended 31 March 2019.

② **Reconciliation of financial assets categorised at Level 3 from beginning balance to ending balance**

(Millions of Yen)

For the year ended 31 March 2018	Fair value measurement as at the end of the reporting period	
	Available-for-sale financial assets	FVTPL financial liabilities
Opening balance	666	3,771
Total gains or losses recognised:	(48)	(36)
- in profit or loss (i)	(73)	174
- in other comprehensive income (i)	25	(210)
Purchase	0	―
Increase	―	802
Settlement	―	(248)
Closing balance	618	4,289

(Millions of Yen)

For the year ended 31 March 2019	Fair value measurement as at the end of the reporting period	
	FVTOCI financial assets	FVTPL financial liabilities
Opening balance	618	4,289
Total gains or losses recognised:	382	(165)
- in profit or loss (i)	―	(277)
- in other comprehensive income (i)	382	112
Purchase (ii)	27,376	―
Increase	―	234
Sale	(11)	―
Settlement	―	(89)
Closing balance	28,364	4,268

(Thousands of U.S. Dollars (Note 2))

For the year ended 31 March 2019	Fair value measurement as at the end of the reporting period	
	FVTOCI financial assets	FVTPL financial liabilities
Opening balance	5,567	38,639
Total gains or losses recognised:	3,437	(1,487)
- in profit or loss (i)	―	(2,497)
- in other comprehensive income (i)	3,437	1,010
Purchase (ii)	246,649	―
Increase	―	2,109
Sale	(96)	―
Settlement	―	(806)
Closing balance	255,558	38,455

Note:
As at 31 March 2018
(i) Total gains or losses included in profit or loss are included in the line item 'Finance costs' in the consolidated statement of comprehensive income.
In total gains or losses included in other comprehensive income, losses related to available-for-sale financial assets are included in 'Net gain or loss on revaluation of available-for-sale financial assets' in the consolidated statement of comprehensive income. Net gain or loss on FVTPL liabilities are included in 'Exchange differences on translation of foreign operations' in the consolidated statement of comprehensive income.
As at 31 March 2019
(i) Total gains or losses included in profit or loss are included in the line item 'Other income' or 'Finance costs' in the consolidated statement of comprehensive income.

In total gains or losses included in other comprehensive income, gains or losses related to FVTOCI assets are included in ‘Financial assets measured at fair value through other comprehensive income’ or ‘Exchange differences on translation of foreign operations’ in the consolidated statement of comprehensive income. Gains or losses related to FVTPL liabilities are included in ‘Exchange differences on translation of foreign operations’ in the consolidated statement of comprehensive income.

(ii) On 1 June 2016, the Group invested 27,000 million yen (243,265 thousand U.S. dollars.) in K.K. Pangea (Toshiba Memory Holdings Corporation).

(9) Fair value of financial assets and liabilities that are measured at fair value on a non-recurring basis

① Carrying amounts and fair value

	(Millions of Yen)		(Millions of Yen)		(Thousands of U.S. Dollars (Note 2))	
	As at 31 March 2018		As at 31 March 2019		As at 31 March 2019	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Loans and receivables						
Long-term loans to subsidiaries and affiliates	8,047	8,185	－	－	－	－
Lease deposits	4,985	4,985	－	－	－	－
Financial assets measured at amortised cost						
Long-term loans to subsidiaries and affiliates	－	－	8,248	8,676	74,315	78,167
Lease deposits	－	－	5,100	5,100	45,948	45,948
Total	13,032	13,170	13,348	13,775	120,262	124,114
Liabilities						
Financial liabilities measured at amortised cost						
Long-term bank loans (excluding current portion)	1	1	327	368	2,944	3,315
Current portion of long-term bank loans	7	7	1	1	12	12
Current portion of bonds	14	14	－	－	－	－
Long-term finance lease obligations	450	537	577	687	5,201	6,186
Short-term finance lease obligations	222	236	285	303	2,567	2,726
Long-term guarantee deposits	－	－	7,855	7,665	70,768	69,063
Total	694	795	9,045	9,024	81,492	81,302

② **Fair value hierarchy**

Level 1: Fair value derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

· Fair value of long-term loans to subsidiaries and affiliates and lease deposits are measured by the present value of future cash flows of each loan categorised according to a certain range of term and discounted by the risk-free rate, etc.

· Fair value of bonds issued by the Company is measured by discounting the total of principal and interest using an interest rate that reflects each bond's credit risk.

· Fair value of interest-bearing debt other than bonds is measured by the present value of future cash flows of each debt categorised according to a certain range of term, and discounted by the interest rate that reflects the remaining period to the maturity and credit risk.

Level 3: Fair value derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Millions of Yen)

As at 31 March 2018	Level 1	Level 2	Level 3	Total
Assets				
Loans and receivables				
Long-term loans to subsidiaries and affiliates	―	8,185	―	8,185
Lease deposits	―	4,985	―	4,985
Total	―	13,170	―	13,170
Liabilities				
Financial liabilities measured at amortised cost				
Long-term bank loans (excluding current portion)	―	1	―	1
Current portion of long-term bank loans	―	7	―	7
Current portion of bonds	―	14	―	14
Long-term finance lease obligations	―	537	―	537
Short-term finance lease obligations	―	236	―	236
Total	―	795	―	795

(Millions of Yen)

As at 31 March 2019	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at amortised cost				
Long-term loans to subsidiaries and affiliates	―	8,676	―	8,676
Lease deposits	―	5,100	―	5,100
Total	―	13,775	―	13,775
Liabilities				
Financial liabilities measured at amortised cost				
Long-term bank loans (excluding current portion)	―	368	―	368
Current portion of long-term bank loans	―	1	―	1
Long-term finance lease obligations	―	687	―	687
Short-term finance lease obligations	―	303	―	303
Long-term guarantee deposits	―	7,665	―	7,665
Total	―	9,024	―	9,024

(Thousands of U.S. Dollars (Note 2))

As at 31 March 2019	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at amortised cost				
Long-term loans to subsidiaries and affiliates	－	78,167	－	78,167
Lease deposits	－	45,948	－	45,948
Total	－	124,114	－	124,114
Liabilities				
Financial liabilities measured at amortised cost				
Long-term bank loans (excluding current portion)	－	3,315	－	3,315
Current portion of long-term bank loans	－	12	－	12
Long-term finance lease obligations	－	6,186	－	6,186
Short-term finance lease obligations	－	2,726	－	2,726
Long-term guarantee deposits	－	69,063	－	69,063
Total	－	81,302	－	81,302

23. Share-based payments

(1) Details of share-based payments

The Company has a stock option plan. The purpose of the plan is to increase the value of the Group and to improve the financial results of the Group by motivating members such as directors, officers, employees of the Group, as well as to retain valuable employees.

After the details and eligible members are approved at the meeting of the board of directors, options are granted to individuals on the condition that they render services over the vesting period, that is, subsequent to the grant date, if a member terminates his or her employment prior to the vesting date, the options will expire. The exercise period of the options is the period determined in each option contract. The options not exercised within this exercise period will expire. The option contract includes a clause that limits the maximum number of stock options a member can exercise each year during the exercisable periods.

Stock options granted to members are accounted for as share-based payment transactions. Expense recorded in the consolidated statement of comprehensive income from undertaking shared-based payment transactions was 317 million yen and 195 million yen (1,758 thousand U.S. dollars) for the years ended 31 March 2018 and 2019, respectively.

Details of the stock options that are outstanding for the years ended 31 March 2018 and 2019, are as follows:

No.	Number of shares	Grant date	Expiry date	Exercise price (Yen)	Fair value at grant date (Yen)
8	1,036,000	28 Nov 2008	30 Sep 2018	1,556	952
10	1,247,600	8 Dec 2009	30 Sep 2019	2,215	2,784
11	1,225,600	7 Dec 2010	30 Sep 2020	1,947	1,861
12	680,800	17 Jan 2012	30 Sep 2021	1,616	1,427
13	560,800	16 Jan 2013	30 Sep 2022	1,648	1,707
14	758,800	15 Jan 2014	30 Sep 2023	2,846	3,141
15	582,400	14 Jan 2015	30 Sep 2024	3,972.5	3,585
16	460,400	13 Jan 2016	30 Sep 2025	4,928	3,407
17	386,800	17 Jan 2017	30 Sep 2026	4,839	3,740
18	40,400	13 Feb 2018	30 Sep 2027	5,765	4,009
19	123,600	2 Oct 2018	30 Sep 2028	6,590	6,345

(2) Determination of stock option value

The weighted-average fair value of the stock options granted during the years ended 31 March 2018 and 2019, was 4,009 yen and 6,345 yen, respectively.

In determining the expense of the stock options, the options were priced using the Black-Scholes model. The following table details the assumptions used in the Black-Scholes model for the options granted in the years ended 31 March 2018 and 2019.

Expected volatility was determined based on recent historical daily share price volatility from the grant date to the forecasted remaining period.

	No. 18	No. 19
Share price at grant date (Yen)	5,421	6,855
Exercise price (Yen)	5,765	6,590
Expected volatility	26.63%	26.46%
Expected remaining option life (Years)	5.9	6.2
Dividends yield	1.38	1.09
Risk free rate	(0.06)%	(0.01%)

(3) The number and weighted-average exercise prices of stock options

The weighted-average exercise price of the outstanding options was 3,604 yen and 3,911 yen as at the years ended 31 March 2018 and 2019, respectively. Weighted-average remaining contractual life was 5.9 years and 5.4 years as at 31 March 2018 and 2019, respectively.

	For the year ended 31 March 2018		For the year ended 31 March 2019	
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)
Outstanding at the beginning of the period	2,741,200	3,415	1,924,400	3,604
Granted	40,400	5,765	123,600	6,590
Forfeited (i)	(56,400)	4,071	(41,600)	4,279
Exercised	(756,400)	2,962	(453,600)	3,527
Expired	(44,400)	4,230	(42,800)	1,556
Outstanding at the end of the period	1,924,400	3,604	1,510,000	3,911
Exercisable at the end of the period	1,260,900	3,003	1,086,400	3,316

Note:

(i) Stock options forfeited were due to employee retirements.

Stock options exercised during the year ended 31 March 2019, were as follows:

No.	Number of shares exercised	Exercise period	Weighted-average of share price at exercise date (Yen)
8	13,600	July 2018 to September 2018	6,216
10	42,800	April 2018 to February 2019	6,176
11	5,200	June 2018 to November 2018	6,173
12	19,600	August 2018 to February 2019	6,282
13	11,200	May 2018 to March 2019	6,272
14	112,400	April 2018 to March 2019	6,194
15	128,800	April 2018 to February 2019	6,381
16	67,600	June 2018 to February 2019	6,259
17	46,800	June 2018 to March 2019	6,309
18	5,600	October 2018 to November 2018	6,310
Total	453,600		

Note:

The number of shares exercised and the amount paid by key management personnel are 154,400 shares and 565 million yen, respectively.

Stock options exercised during the year ended 31 March 2018, were as follows:

No.	Number of shares exercised	Exercise period	Weighted-average of share price at exercise date (Yen)
7	5,200	April 2017	5,274
8	48,400	June 2017 to March 2018	6,120
10	54,800	April 2017 to March 2018	5,918
11	69,200	April 2017 to February 2018	5,763
12	52,800	April 2017 to February 2018	6,006
13	54,400	April 2017 to March 2018	6,122
14	203,600	April 2017 to March 2018	5,930
15	195,200	April 2017 to February 2018	6,037
16	53,600	July 2017 to February 2018	6,173
17	19,200	October 2017 to January 2018	6,169
Total	756,400		

Note:

The number of shares exercised and the amount paid by key management personnel are 450,000 shares and 1,274 million yen, respectively.

24. Revenue

(1) Disaggregation of revenue

The relationship between the major geographical areas and the Group's revenue from continuing operations from its major products and services for the year ended 31 March 2019 is as follows:

(Millions of Yen)

For the year ended 31 March 2019	Japan	Asia	Americas	Europe	Others	Total
Life Care						
Health Care related products	109,824	28,937	67,842	70,239	4,771	281,613
Medical related products	19,335	13,154	21,029	35,394	2,864	91,775
Life Care total	129,159	42,090	88,871	105,633	7,635	373,388
Information Technology						
Electronics related products	20,606	114,649	9,155	2,212	0	146,623
Imaging related products	11,286	28,624	598	415	1	40,924
Information Technology total	31,892	143,273	9,753	2,627	1	187,546
Other	2,770	595	494	1,016	−	4,875
Total revenue from external customers	163,821	185,959	99,118	109,277	7,636	565,810

(Thousands of U.S. Dollars (Note 2))

For the year ended 31 March 2019	Japan	Asia	Americas	Europe	Others	Total
Life Care						
Health Care related products	989,496	260,716	611,249	632,844	42,983	2,537,287
Medical related products	174,201	118,512	189,467	318,893	25,804	826,877
Life Care total	1,163,696	379,227	800,716	951,737	68,787	3,364,163
Information Technology						
Electronics related products	185,656	1,032,965	82,488	19,934	−	1,321,043
Imaging related products	101,685	257,897	5,385	3,738	12	368,717
Information Technology total	287,342	1,290,862	87,873	23,672	12	1,689,760
Other	24,958	5,364	4,447	9,155	−	43,923
Total revenue from external customers	1,475,995	1,675,453	893,035	984,563	68,799	5,097,847

Note:
Geographical areas are based on the location of the customers.

(2) Contract balances

Receivables from contracts with customers and contract liabilities are as follows. Contract liabilities consist mainly of advance received from customers.

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 1 April 2018	As at 31 March 2019	As at 31 March 2019
Receivables from contracts with customers	104,957	108,152	974,434
Contract liabilities	3,308	4,011	36,139

Note:
Revenue recognised in the year ended 31 March 2019 that was included in the contract liability balance as at 1 April 2018 was 2,401 million yen (21,635 thousand U.S. dollars).

(3) Transaction price allocated to the remaining performance obligations

The Group uses the practical expedient of omitting the disclosure of information on the remaining performance obligations because it has no significant transactions with individual expected contractual terms exceeding one year. In addition, no significant financing components are included in consideration from contracts with customers.

(4) Assets recognised from the costs to obtain a contract with a customer

If the amortisation period of the assets is one year or less, the Group uses the practical expedient of recognising the incremental costs of obtaining the contract as an expense when incurred.

25. Revenue and expenses (excluding finance income and costs)

(1) Other income from continuing operations

The following is an analysis of the Group's other income from continuing operations:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Commission	399	320	2,886
Rent	135	121	1,093
Government grants	159	398	3,586
Gain on sale of plant, property and equipment and intangible assets	462	674	6,071
Insurance proceeds	27	35	318
Settlement proceeds	1,697	–	–
Others	1,119	2,227	20,062
Total other income	3,999	3,775	34,015

(2) R&D expenses recognised as incurred

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Employee benefits expense	9,014	9,551	86,049
Depreciation and amortisation	2,056	2,023	18,226
Commission expenses	2,420	3,445	31,038
Other expenses	9,800	11,081	99,839
Total R&D expenses recognised as incurred	23,290	26,100	235,152

Note:

The above items are included in the corresponding line items in the consolidated statement of comprehensive income.

(3) Employee benefits expense

The following is an analysis of the Group's employee benefits expense from continuing operations:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Salary, bonuses and others	116,431	121,016	1,090,328
Retirement benefit			
Defined benefit	349	626	5,643
Defined contribution	2,341	2,416	21,771
Retirement benefit total	2,690	3,043	27,414
Share-based payments (stock option)	317	195	1,758
Severance payments	2,307	1,924	17,335
Others	6,076	5,829	52,518
Total employee benefits expense	127,820	132,006	1,189,353

(4) Foreign exchange gains or losses

Foreign exchange gains or losses include gains resulting from changes in fair value of currency derivatives.

(5) Other expenses

The following is an analysis of the Group's other expenses from continuing operations:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Packaging/shipping/transportation	10,639	11,268	101,522
Travel	6,670	6,647	59,893
Rent	7,604	8,056	72,585
Utilities	12,038	12,160	109,557
Repair and maintenance	12,867	13,378	120,533
Loss on sales of property, plant and equipment	24	182	1,637
Loss on disposal of property, plant and equipment	415	609	5,487
Loss on disposal of intangible assets	17	−	−
Others	68,269	75,710	682,134
Total other expenses	118,543	128,010	1,153,348

26. Finance income and costs

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Finance income			
Interest income			
Cash and cash equivalents, loans and receivables	1,554	–	–
Cash and cash equivalents, financial assets measured at amortized cost	–	2,763	24,893
Dividend income			
Available-for-sale financial assets	8	—	—
FVTOCI financial assets	—	10	92
Total finance income	1,562	2,773	24,986
Finance costs			
Interest costs			
Interest-bearing debt	409	76	687
Retirement benefits liabilities	30	36	322
Provisions	19	18	159
Other liabilities	241	262	2,356
Impairment losses			
Available-for-sales financial assets (i)	73	—	—
Total finance costs	771	391	3,524

Note:

(i) Impairment losses were recognised on listed shares and the shares of private companies categorised as available-for-sale financial assets due to significant or prolonged decline in the fair values against the carrying amount.

27. Other comprehensive income

For the years ended 31 March 2018 and 2019, items that may be reclassified subsequently to profit or loss comprise the following:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Items that may be reclassified subsequently to profit or loss:			
① Net gain/(loss) on revaluation of available-for-sale financial assets (i)			
Gains (losses) arising during the year	350	−	−
Reclassification adjustments to profit or loss for the year	73	−	−
Total	423	−	−
② Exchange differences on translation of foreign operations (ii)			
Gains (losses) arising during the year	(2,680)	7,059	63,599
Reclassification adjustments to profit or loss for the year	(32)	(447)	(4,027)
Total	(2,712)	6,612	59,572
③ Share of other comprehensive income of associates			
Gains (losses) arising during the year	(9)	(17)	(149)
Reclassification adjustments to profit or loss for the year	0	0	4
Total	(9)	(16)	(145)
Other comprehensive income/(loss) before tax	(2,299)	6,596	59,427
Income tax relating to components of other comprehensive income	(112)	124	1,119
Total other comprehensive income/(loss) (net of tax)	(2,410)	6,720	60,547

Note:

(i) 'Net gain/(loss) on revaluation of available-for-sale financial assets' represents unrealised gain or loss on available-for-sale financial assets at the end of the reporting period.

(ii) 'Exchange differences on translation of foreign operations' consist of differences on foreign currency conversion for financial statements of foreign operations.

Deferred and current taxes on each item of other comprehensive income for the years ended 31 March 2018 and 2019, are as follows:

	(Millions of Yen)			(Millions of Yen)			(Thousands of U.S. Dollars (Note 2))		
	For the year ended 31 March 2018			For the year ended 31 March 2019			For the year ended 31 March 2019		
	Total	Tax	Net of tax	Total	Tax	Net of tax	Total	Tax	Net of tax
Other comprehensive income attributable to owners of the Company									
① Net gain/(loss) on revaluation of available-for-sale financial assets	380	(108)	272	―	―	―	―	―	―
② FVTOCI financial assets	―	―	―	839	(142)	697	7,560	(1,278)	6,282
③ Exchange differences on translation of foreign operations	(3,026)	3	(3,023)	6,729	124	6,853	60,627	1,119	61,746
④ Remeasurements of the net defined benefit liability (asset)	88	10	98	(293)	(10)	(303)	(2,637)	(94)	(2,731)
⑤ Share of other comprehensive income of associates	(9)	―	(9)	(16)	―	(16)	(145)	―	(145)
Subtotal	(2,566)	(95)	(2,661)	7,259	(28)	7,231	65,405	(252)	65,152
Other comprehensive income attributable to non-controlling interests									
① Net gain/(loss) on revaluation of available-for-sale financial assets	43	(7)	36	―	―	―	―	―	―
② FVTOCI financial assets	―	―	―	(30)	7	(23)	(267)	60	(207)
③ Exchange differences on translation of foreign operations	313	―	313	(117)	―	(117)	(1,054)	―	(1,054)
Subtotal	356	(7)	349	(147)	7	(140)	(1,322)	60	(1,261)
Total other comprehensive income/(loss)	(2,210)	(102)	(2,312)	7,113	(21)	7,091	64,083	(192)	63,891

28. Earnings per share

(1) Basic earnings per share and diluted earnings per share

	(Yen)	(Yen)	(U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Basic earnings per share			
From continuing operations	258.46	321.55	2.90
From discontinued operations	—	—	—
Total basic earnings per share	258.46	321.55	2.90
Diluted earnings per share			
From continuing operations	257.88	320.96	2.89
From discontinued operations	—	—	—
Total diluted earnings per share	257.88	320.96	2.89

(2) The basis of calculation of basic earnings per share and diluted earnings per share

① Basic earnings per share

(a) Profit for the year attributable to owners of the Company

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Profit attributable to owners of the Company from continuing operations	99,494	122,103	1,100,125
Profit attributable to owners of the Company from discontinued operations	—	—	—
Profit used in the calculation of basic earnings per share	99,494	122,103	1,100,125

(b) Weighted-average number of ordinary shares used in the calculation of basic earnings per share

(Shares in thousands)

	For the year ended 31 March 2018	For the year ended 31 March 2019
Weighted-average number of ordinary shares	384,946	379,735

② **Diluted earnings per share**

(a) Profit for the year attributable to owners of the Company

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Profit attributable to owners of the Company from continuing operation after dilution	99,494	122,103	1,100,125
Profit attributable to owners of the Company from discontinued operation after dilution	—	—	—
Profit used in the calculation of diluted earnings per share	99,494	122,103	1,100,125

(b) Weighted-average number of ordinary shares used in the calculation of diluted earnings per share

(Shares in thousands)

	For the year ended 31 March 2018	For the year ended 31 March 2019
Weighted-average number of ordinary shares	384,946	379,735
Shares deemed to be issued for no consideration in respect of:		
Stock options	865	701
Weighted-average number of ordinary shares used in the calculation of diluted earnings per share	385,811	380,435

29. Non-cash transactions

Non-cash transactions for the years ended 31 March 2018 and 2019, consisted of acquiring property, plant and equipment through new finance lease arrangements in the amount of 212 million yen and 476 million yen (4,286 thousand U.S. dollars), respectively.

30. Subsidiaries

(1) Composition of the Group

Information about the composition of the Group as at 31 March 2018 and 2019, is as follows:

Reportable Segment	Location	Number of wholly-owned subsidiaries	
		As at 31 March 2018	As at 31 March 2019
Life Care	U.S.A.	14	9
	ARGENTINA	1	1
	UNITED KINGDOM	4	4
	ITALY	2	2
	INDIA	3	3
	INDONESIA	3	3
	AUSTRALIA	1	1
	NETHERLANDS	4	4
	CANADA	6	4
	SINGAPORE	3	3
	SWITZERLAND	1	1
	SWEDEN	1	1
	SPAIN	2	2
	THAILAND	3	3
	CZECH REPUBLIC	1	1
	DENMARK	1	1
	GERMANY	4	6
	TURKEY	1	1
	HUNGARY	2	2
	PHILIPPINES	2	2
	FINLAND	1	1
	BRAZIL	2	2
	FRANCE	3	3
	BULGARIA	1	1
	VIETNAM	1	1
	BELGIUM	1	1
	POLAND	1	1
	MALAYSIA	4	4
	RUSSIA	2	2
	SOUTH KOREA	3	3
	TAIWAN	1	1
	CHINA	7	8
	SOUTH AFRICA	1	1
	JAPAN	6	6
Information Technology	U.S.A.	1	1
	SINGAPORE	1	1
	THAILAND	2	2
	PHILIPPINES	3	2
	VIETNAM	4	4
	MALAYSIA	1	1
	LAOS	—	1
	SOUTH KOREA	1	1
	TAIWAN	1	1
	CHINA	6	6
	JAPAN	1	1

Reportable Segment	Location	Number of wholly-owned subsidiaries	
		As at 31 March 2018	As at 31 March 2019
Other	U.S.A.	3	3
	UNITED KINGDOM	1	1
	AUSTRALIA	1	1
	NETHERLANDS	3	4
	SINGAPORE	1	1
	SWEDEN	1	1
	SPAIN	1	1
	GERMANY	1	1
	FRANCE	1	1
	SOUTH KOREA	1	1
	JAPAN	1	2

Reportable Segment	Location	Number of non-wholly-owned subsidiaries	
		As at 31 March 2018	As at 31 March 2019
Life Care	IRELAND	1	1
	U.S.A.	1	1
	UNITED KINGDOM	1	1
	NETHERLANDS	1	1
	GERMANY	2	2
	FRANCE	1	2
	VIETNAM	1	1
	BELGIUM	1	1
	CHINA	4	4
	JAPAN	3	2
Information Technology	PHILIPPINES	1	1
	CHINA	2	2

(2) Details of the non-wholly-owned subsidiaries that have material non-controlling interests

Details of the non-wholly-owned subsidiaries that have material non-controlling interests are as follows:

Name of subsidiaries	Location	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests			Accumulated non-controlling interests		
				(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars)	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars)
		As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
WASSENBURG MEDICAL B.V. and six other companies	NETHERLANDS and other countries	49.0%	49.0%	(47)	4	36	3,101	2,968	26,744
SEIKO OPTICAL PRODUCTS CO., LTD. and four other companies	JAPAN and other countries	50.0%	50.0%	(232)	(71)	(644)	980	914	8,234
Individually immaterial subsidiaries with non-controlling interests							404	670	6,033
Total							4,484	4,552	41,010

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	(Millions of Yen) As at / for the year ended 31 March 2018	(Millions of Yen) As at / for the year ended 31 March 2019	(Thousands of U.S. Dollars) As at / for the year ended 31 March 2019
WASSENBURG MEDICAL B.V. and six other companies			
Non-current assets	3,511	3,014	27,156
Current assets	4,749	4,871	43,890
Non-current liabilities	(471)	(340)	(3,060)
Current liabilities	(1,461)	(1,488)	(13,411)
Equity attributable to owner of the Company	3,227	3,089	27,834
Non-controlling interests	3,101	2,968	26,742
Revenue	6,434	6,638	59,810
Expenses	(6,530)	(6,630)	(59,738)
Profit/(loss) for the year	(96)	8	72
Other comprehensive income/(loss)	518	(279)	(2,512)
Comprehensive income/(loss)	422	(271)	(2,440)
Dividends paid to non-controlling interests	—	—	—
Net cash flow from operating activities	243	(180)	(1,626)
Net cash flow from investing activities	(229)	(133)	(1,198)
Net cash flow from financing activities	(10)	(7)	(64)
Net cash flow	3	(321)	(2,888)

	(Millions of Yen) As at / for the year ended 31 March 2018	(Millions of Yen) As at / for the year ended 31 March 2019	(Thousands of U.S. Dollars) As at / for the year ended 31 March 2019
SEIKO OPTICAL PRODUCTS CO., LTD. and four other companies			
Non-current assets	1,328	923	8,318
Current assets	12,131	12,419	111,897
Non-current liabilities	(13)	(78)	(704)
Current liabilities	(11,199)	(11,108)	(100,084)
Equity attributable to owner of the Company	1,123	1,078	9,714
Non-controlling interests	1,123	1,078	9,714
Revenue	32,481	31,454	283,390
Expenses	(32,970)	(31,555)	(284,306)
Profit/(loss) for the year	(488)	(102)	(916)
Other comprehensive income/(loss)	169	11	104
Comprehensive income/(loss)	(319)	(90)	(812)
Dividends paid to non-controlling interests	―	―	―
Net cash flow from operating activities	337	804	7,243
Net cash flow from investing activities	(60)	(40)	(359)
Net cash flow from financing activities	268	31	276
Net cash flow	546	795	7,160

Note:
The Company holds less than a majority of the voting rights of SEIKO OPTICAL PRODUCTS CO., LTD. (“SOP”); however, the Company has the power to appoint a majority of its board of directors. Thus, the Company is considered to control SOP and includes it in its subsidiaries.

(3) Details of the material subsidiaries

Details of the Company's material subsidiaries are as follows:

Name of subsidiary	Reportable segment	Major products/ services in the reportable segment	Location	Proportion of shares held	Proportion of shares held
				As at 31 March 2018	As at 31 March 2019
HOYA LENS MANUFACTURING MALAYSIA SDN.BHD.	Life Care	Health Care related products	MALAYSIA	100.0%	100.0%
HOYA LENS THAILAND LTD.	Life Care	Health Care related products	THAILAND	100.0%	100.0%
HOYA LENS GUANGZHOU LTD.	Life Care	Health Care related products	CHINA	95.0%	95.0%
HOYA LENS AUSTRALIA PTY.LTD.	Life Care	Health Care related products	AUSTRALIA	100.0%	100.0%
HOYA LENS INDIA PRIVATE LIMITED	Life Care	Health Care related products	INDIA	100.0%	100.0%
HOYA LENS VIETNAM LTD.	Life Care	Health Care related products	VIETNAM	100.0%	100.0%
DAEJEON DAEMYUNG OPTICAL (HANGZHOU) CO., LTD.	Life Care	Health Care related products	CHINA	100.0%	100.0%
PT.VISION-EASE ASIA	Life Care	Health Care related products	INDONESIA	100.0%	100.0%
PERFORMANCE OPTICS KOREA, LTD.	Life Care	Health Care related products	SOUTH KOREA	100.0%	100.0%
HOYA HOLDINGS N.V.	Life Care and Corporate	Health Care related products and EU headquarters	NETHERLANDS	100.0%	100.0%
HOYA LENS DEUTSCHLAND GMBH	Life Care	Health Care related products	GERMANY	100.0%	100.0%
HOYA LENS U.K. LTD.	Life Care	Health Care related products	UNITED KINGDOM	100.0%	100.0%
HOYA LENS ITALIA S.P.A.	Life Care	Health Care related products	ITALY	100.0%	100.0%
HOYA LENS IBERIA S.A.	Life Care	Health Care related products	SPAIN	100.0%	100.0%
HOYA LENS FRANCE S.A.S.	Life Care	Health Care related products	FRANCE	100.0%	100.0%
HOYA TURKEY OPTIK LENS SANAYI VE TICARET A.S.	Life Care	Health Care related products	TURKEY	100.0%	100.0%
HOYA LENS CANADA, INC.	Life Care	Health Care related products	CANADA	100.0%	100.0%
HOYA OPTICAL LABS OF AMERICA, INC.	Life Care	Health Care related products	U.S.A.	100.0%	100.0%
SEIKO OPTICAL PRODUCTS OF AMERICA, INC.	Life Care	Health Care related products	U.S.A.	50.0%	50.0%
SEIKO OPTICAL PRODUCTS CO., LTD.	Life Care	Health Care related products	JAPAN	50.0%	50.0%
PENTAX MEDICAL (PENANG) SDN. BHD.	Life Care	Medical related products	MALAYSIA	—	100.0%

Name of subsidiary	Reportable segment	Major products/ services in the reportable segment	Location	Proportion of shares held As at 31 March 2018	Proportion of shares held As at 31 March 2019
PENTAX EUROPE GMBH	Life Care	Medical related products	GERMANY	100.0%	100.0%
PENTAX ITALIA S.R.L	Life Care	Medical related products	ITALY	100.0%	100.0%
PENTAX U.K. LTD.	Life Care	Medical related products	UNITED KINGDOM	100.0%	100.0%
PENTAX CANADA, INC.	Life Care	Medical related products	CANADA	100.0%	100.0%
MICROLINE SURGICAL, INC.	Life Care	Medical related products	U.S.A.	100.0%	100.0%
HOYA SURGICAL OPTICS, INC.	Life Care	Medical related products	U.S.A.	100.0%	100.0%
HOYA LAMPHUN LTD.	Information Technology	Electronics related products	THAILAND	100.0%	100.0%
HOYA GLASS DISK PHILIPPINES, INC.	Information Technology	Electronics related products	PHILIPPINES	100.0%	100.0%
HOYA GLASS DISK VIETNAM LTD.	Information Technology	Electronics related products	VIETNAM	100.0%	100.0%
HOEV CO., LTD.	Information Technology	Electronics related products	VIETNAM	100.0%	100.0%
HOYA GLASS DISK VIETNAM Ⅱ LTD.	Information Technology	Electronics related products	VIETNAM	100.0%	100.0%
HOYA MICROELECTRONICS TAIWAN CO., LTD.	Information Technology	Electronics related products	TAIWAN	100.0%	100.0%
HOYA ELECTRONICS KOREA CO., LTD.	Information Technology	Electronics related products	SOUTH KOREA	100.0%	100.0%
HOYA ELECTRONICS MALAYSIA SDN.BHD.	Information Technology	Electronics related products	MALAYSIA	100.0%	100.0%
HOYA ELECTRONICS SINGAPORE PTE. LTD.	Information Technology	Electronics related products	SINGAPORE	100.0%	100.0%
HOYA CORPORATION USA	Information Technology	Electronics related products	U.S.A.	100.0%	100.0%
HOYA OPTICS (THAILAND) LTD.	Information Technology	Imaging related products	THAILAND	100.0%	100.0%
HOYA OPTO-ELECTRONICS QINGDAO LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%
HOYA OPTICAL TECHNOLOGY (SUZHOU) LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%
HOYA OPTICAL (ASIA) CO., LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%
HOYA OPTICAL TECHNOLOGY (WEIHAI) CO., LTD.	Information Technology	Imaging related products	CHINA	100.0%	100.0%
PENTAX CEBU PHILIPPINES CORPORATION	Information Technology	Imaging related products	PHILIPPINES	100.0%	100.0%

Name of subsidiary	Reportable segment	Major products/ services in the reportable segment	Location	Proportion of shares held	Proportion of shares held
				As at 31 March 2018	As at 31 March 2019
HOYA HOLDINGS ASIA PACIFIC PTE LTD	Corporate	Asia and Oceania headquarters	SINGAPORE	100.0%	100.0%
HOYA HOLDINGS (ASIA) B.V.	Corporate	Asia and Oceania holding company	NETHERLANDS	100.0%	100.0%
HOYA FINANCE B.V.	Corporate	Asia and Oceania financing company	NETHERLANDS	100.0%	100.0%
HOYA HOLDINGS, INC.	Corporate	North America headquarters	U.S.A.	100.0%	100.0%

31. Related party disclosures

Transactions between the Company and its subsidiaries which are related parties of the Company, have been eliminated in consolidation and are not disclosed in this note. Details of the balances and transactions between the Company and other related parties are disclosed as follows:

(1) Transactions with related parties, and receivables and payables balances

The Group has transactions with related parties as follows:

As at/for the year ended 31 March 2018:

	Name of affiliates	Nature of related party transactions	Transaction amount	Outstanding balance
			(Millions of Yen)	(Millions of Yen)
Affiliates	AvanStrate, Inc.	Incorporation of deferred interests receivable into principal (Note)	55	
		Partial repayment of loans (Note)	173	8,047
		Interest received	264	58
		Advance paid	196	－

Note:

Interest rates on loans are determined considering market rates.

The deferred interest receivable, which is calculated on the unpaid principal based on deferred interest rates, is incorporated into principal.

The due date of the loan is 27 December 2023. It will be repaid in six installments after a certain period of deferment, and deferred interests will be paid by batch payment on the due date.

Platinum owned by a subsidiary of the affiliate is pledged as collateral.

As at/for the year ended 31 March 2019:

	Name of affiliates	Nature of related party transactions	Transaction amount	Outstanding balance	Transaction amount	Outstanding balance
			(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))	(Thousands of U.S. Dollars (Note 2))
Affiliates	AvanStrate, Inc.	Incorporation of deferred interests receivable into principal (Note)	201	8,248	1,812	74,315
		Interest received	214	56	1,924	507

Note:

Interest rates on loans are determined considering market rates.

The deferred interest receivable, which is calculated on the unpaid principal based on deferred interest rates, is incorporated into principal.

The due date of the loan is 27 December 2023. It will be repaid in six installments after a certain period of deferment, and deferred interests will be paid by batch payment on the due date.

Platinum owned by a subsidiary of the affiliate is pledged as collateral.

(2) Remuneration of key management personnel

Remuneration of directors and other key management personnel during the year is as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2019
Short-term benefits	536	520	4,688
Share-based payments	102	98	881
Total remuneration of key management personnel	638	618	5,569

The remuneration of directors and key management personnel is determined by the remuneration committee based on the business environment of the Company, the remuneration of other companies and performance.

32. Business combinations

The Group acquired certain companies through business combinations during the year ended 31 March 2019 as follows:

(1) Overview of acquired companies

Name of acquirees	Primary business	Reportable segments	Acquisition date	Percentage of voting equity interests acquired	Total consideration transferred (Million Yen)	Total consideration transferred (Thousands of U.S. Dollars (Note 2))	Acquisition method
Mid labs Ltd.	Research, development and sales of ophthalmic medical surgical devices	Medical related products	15 Jan 2019	100%	20,204	182,030	Acquisition of shares
Medical Instrument Development Laboratories and three other companies	Research, development and sales of ophthalmic medical surgical devices	Medical related products	15 Jan 2019	100%	—	—	Acquisition of shares (indirect)

(2) Primary reasons for business combinations

The acquisition of Mid Labs will help to broaden our product portfolio and enable us to better serve our customers' broader needs for high-quality ophthalmic products, equipment and services. Through this, the Group aims to accelerate the growth of IOL sales and further solidify its position as the fastest growing IOL company globally.

(3) Consideration for the acquisitions

	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	Amount	Amount
Cash and cash equivalents	20,651	186,060
Trade and other receivables (Note)	(549)	(4,945)
Non-current liabilities (Note)	102	915
Total	20,204	182,030

Note:

The amount is unsettled as at 31 March 2019.

(4) Expenses related to acquisition

Expenses of 185 million yen (1,670 thousand U.S. dollars) related to the acquisition for the year ended March 31, 2019 is included in "Commission expense" in the consolidated statement of comprehensive income.

(5) The amounts of assets acquired and liabilities assumed at the acquisition dates are as follows:

	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	Amount	Amount
Non-current assets		
Property, plant and equipment-net	586	5,280
Intangible assets (Note)	10,029	90,358
Deferred tax assets	406	3,657
Non-current assets other than above	4	38
Sub-total	11,025	99,333
Current assets		
Inventory	1,278	11,518
Trade and other receivables		
(Before deducting allowance for doubtful accounts)	693	6,241
Cash and cash equivalents	1,427	12,854
Current assets other than above	791	7,127
Sub-total	4,189	37,740
Total assets	15,214	137,074
Non-current liabilities (Note)	(3,410)	(30,725)
Current liabilities	(903)	(8,138)
Total liabilities	(4,313)	(38,863)
Fair value of identifiable acquired net assets	10,900	98,211

Note:

Intangible assets mainly consist of "Technology" and "Customer related assets".

Deferred tax liabilities are mainly recognised on temporary differences arising from recognition of identifiable intangible assets.

(6) Goodwill arising from the acquisitions

	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	Amount	Amount
Consideration for acquisitions	20,204	182,030
Less: Fair value of identifiable acquired net assets	(10,900)	(98,211)
Goodwill arising in acquisitions	9,303	83,820

Note:

Goodwill recognised consists of "control premium", "expected synergy" and "human resources".

Goodwill arising from the acquisitions are not tax-deductible.

(7) Net cash outflows for the acquisitions of subsidiaries

(Millions of Yen)

	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	Amount	Amount
Consideration for the acquisitions paid in cash	20,651	186,060
Less: Cash and cash equivalents owned by subsidiaries acquired	(1,427)	(12,854)
Net cash outflows for the acquisitions of subsidiaries	19,224	173,207

(8) Impact of the Business combinations on the Group's financial results

The disclosure of revenue and profit included in the consolidated comprehensive income, and of the pro forma revenue and profit as though the acquisition date for these business combinations had been on 1 April 2018, are omitted due to immateriality.

33. Contingent liabilities

In April 2015, the U.S. Department of Justice issued a subpoena to Pentax of America, Inc. (“Pentax”), a U.S. subsidiary of the Company. The subpoena seeks information with respect to duodenoscopes that Pentax and its affiliated companies manufactured and sold. The Company and Pentax are cooperating with the U.S. Department of Justice and responding to its requests.
Depending on future developments, there is a possibility that this may impact on the consolidated financial results, however, it is not possible to make a reasonable estimate of this impact at present.

34. Commitments for expenditure

Payment commitments after the reporting date are as follows:

	(Millions of Yen)	(Millions of Yen)	(Thousands of U.S. Dollars (Note 2))
	As at 31 March 2018	As at 31 March 2019	As at 31 March 2019
Commitments for the acquisition of property, plant and equipment and intangible assets	10,649	23,378	210,631

35. Subsequent events

Share Repurchase

The Board of Directors made a resolution to purchase the Company’s treasury stock on 7 May 2019 based on Article 39 of the Articles of Incorporation pursuant to the first paragraph of Article 459 of the Companies Act.

1. Reason for purchase of treasury stock

The Company decided to acquire its own shares with the aim of shareholders benefit, improving capital efficiency and ensuring a flexible capital policy.

2. Outline of repurchase

(1) Class of shares: Common stock issued by Hoya Corporation
(2) Total number of shares: Up to 8.6 million shares (2.26% of total shares outstanding, excluding treasury stock)
(3) Total purchase cost: Up to 60 billion yen (54,059 thousand U.S. dollars)
(4) Period for purchase: 8 May 2019 to 28 October 2019
(5) Method of purchase: Purchase at the Tokyo Stock Exchange based on discretionary investment contract
(6) Others: Purchased stocks are planned to be cancelled with the aim of shareholders benefit

Resolution on cash dividends

On 23 May 2019, a resolution was made by the Company’s board of directors for the payment of a cash dividend to shareholders of record on 31 March 2019 of 17,099 million yen (154,055 thousand U.S. dollars) (45 yen per common share).

36. Approval of financial statements

The consolidated financial statements for the year ended 31 March 2019, were approved by Mr. Ryo Hirooka, the chief financial officer of the Group on 7 June 2019.