

Consolidated Financial Statements

USHIO INC.

*Year ended March 31, 2020 with
Independent Auditor's Report*

Independent Auditor's Report

The Board of Directors
USHIO INC.

Opinion

We have audited the accompanying consolidated financial statements of USHIO INC. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 4 (9) to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 26, 2020

田 中 宏 和 印
Designated Engagement Partner
Certified Public Accountant

須 山 誠一郎 印
Designated Engagement Partner
Certified Public Accountant

Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

1) Consolidated Balance Sheet

	As of March 31, 2019	As of March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Assets			
Current assets			
Cash and deposits	85,655	60,679	557,561
Notes and accounts receivable-trade (*2)	39,456	40,326	370,547
Securities	4,405	4,222	38,798
Merchandise and finished goods	27,915	25,758	236,683
Work in process	17,362	15,409	141,591
Raw materials and supplies	17,163	16,014	147,152
Other	9,770	10,467	96,185
Allowance for doubtful accounts	(1,610)	(2,043)	(18,778)
Total current assets	200,119	170,835	1,569,742
Non-current assets			
Property, plant and equipment			
Buildings and structures	44,334	44,619	409,988
Accumulated depreciation	(25,225)	(26,222)	(240,945)
Buildings and structures, net	19,109	18,396	169,042
Machinery, equipment and vehicles	23,326	23,676	217,553
Accumulated depreciation	(18,617)	(17,904)	(164,514)
Machinery, equipment and vehicles, net	4,709	5,772	53,039
Land	8,572	8,393	77,129
Construction in progress	1,481	2,061	18,944
Other	34,198	36,018	330,962
Accumulated depreciation	(25,019)	(26,400)	(242,586)
Other, net	9,178	9,617	88,375
Property, plant and equipment, net	43,050	44,242	406,532
Intangible assets			
Goodwill	1,370	698	6,415
Other	3,271	3,048	28,012
Total intangible assets	4,642	3,746	34,427
Investments and other assets			
Investment securities (*1)	51,005	50,278	461,993
Long-term loans receivable	347	18	173
Deferred tax assets	2,104	1,963	18,039
Net defined benefit asset	3,391	1,949	17,916
Other	2,505	2,398	22,041
Allowance for doubtful accounts	(538)	(529)	(4,865)
Total investments and other assets	58,815	56,079	515,298
Total non-current assets	106,509	104,069	956,258
Total assets	306,628	274,904	2,526,000

	As of March 31, 2019	As of March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Liabilities			
Current liabilities			
Notes and accounts payable-trade (*2)	21,665	18,730	172,106
Short-term loans payable	10,008	3,110	28,578
Current portion of long-term loans payable	8,520	6,298	57,877
Income taxes payable	7,021	955	8,781
Provision for bonuses	2,047	1,999	18,371
Provision for product warranties	2,192	2,202	20,239
Provision for loss on order received	11	15	146
Other	18,105	14,416	132,470
Total current liabilities	<u>69,572</u>	<u>47,729</u>	<u>438,572</u>
Non-current liabilities			
Long-term loans payable	10,410	12,847	118,052
Deferred tax liabilities	4,592	3,863	35,503
Provision for directors' retirement benefits	329	243	2,241
Provision for directors' stock payment	221	186	1,714
Net defined benefit liability	3,186	3,829	35,185
Asset retirement obligations	244	240	2,210
Other	4,816	5,257	48,304
Total non-current liabilities	<u>23,800</u>	<u>26,468</u>	<u>243,213</u>
Total liabilities	<u>93,373</u>	<u>74,198</u>	<u>681,785</u>
Net assets			
Shareholders' equity			
Capital stock	19,556	19,556	179,696
Capital surplus	27,727	27,727	254,777
Retained earnings	162,936	156,082	1,434,189
Treasury shares, at cost	(10,811)	(9,148)	(84,060)
Total shareholders' equity	<u>199,408</u>	<u>194,218</u>	<u>1,784,603</u>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	14,445	11,874	109,111
Deferred gains or losses on hedges	(17)	(10)	(94)
Foreign currency translation adjustment	2,761	(1,242)	(11,421)
Remeasurements of defined benefit plans	(3,496)	(4,223)	(38,810)
Total accumulated other comprehensive income	<u>13,693</u>	<u>6,397</u>	<u>58,785</u>
Non-controlling interests	152	89	825
Total net assets	<u>213,254</u>	<u>200,705</u>	<u>1,844,214</u>
Total liabilities and net assets	<u>306,628</u>	<u>274,904</u>	<u>2,526,000</u>

2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	(Thousands of U.S. dollars)
	(Millions of yen)	(Millions of yen)	
Net sales	165,138	159,009	1,461,079
Cost of sales (*1)	106,611	105,580	970,143
Gross profit	58,526	53,428	490,935
Selling, general and administrative expenses (*2, 3)	50,008	46,769	429,744
Operating profit	8,517	6,659	61,190
Non-operating income			
Interest income	1,719	1,686	15,498
Dividend income	1,467	1,143	10,506
Foreign exchange gains	85	98	908
Gain on investments in investment partnerships	121	294	2,701
Gain on specified money in trust	55	-	-
Other	377	436	4,006
Total non-operating income	3,827	3,659	33,621
Non-operating expenses			
Interest expenses	560	663	6,101
Loss on trading securities	162	226	2,077
Loss on valuation of investment securities	-	168	1,547
Share of loss of entities accounted for using equity method	30	54	496
Loss on specified money in trust	-	12	116
Provision of allowance for doubtful accounts	-	183	1,689
Other	153	271	2,491
Total non-operating expenses	906	1,580	14,520
Ordinary profit	11,439	8,738	80,292
Extraordinary income			
Gain on sales of non-current assets (*4)	85	12	118
Gain on sales of investment securities	12,201	6,312	58,000
Total extraordinary income	12,286	6,325	58,118
Extraordinary losses			
Loss on retirement of non-current assets (*5)	80	108	996
Loss on sales of non-current assets (*6)	9	17	163
Impairment loss (*7)	141	155	1,427
Loss on disaster	20	-	-
Loss on sales of investment securities	60	-	-
Loss on valuation of investment securities	-	32	299
Loss on valuation of shares of subsidiaries and associates	116	53	495
Loss on revision of retirement benefit plan	40	-	-
Retirement benefit expenses (*8)	-	543	4,990
Business structure improvement expenses (*9)	2,576	1,000	9,193
Loss on temporary closure (*10)	-	167	1,539
Other	289	-	-
Total extraordinary losses	3,335	2,079	19,105
Profit before income taxes	20,390	12,984	119,305
Income taxes-current	9,028	3,289	30,224
Income taxes-deferred	100	758	6,970
Total income taxes	9,129	4,047	37,194
Profit	11,260	8,936	82,110
Loss attributable to non-controlling interests	(65)	(31)	(290)
Profit attributable to owners of the parent	11,326	8,967	82,401

Consolidated Statement of Comprehensive Income

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Profit	11,260	8,936	82,110
Other comprehensive income			
Valuation difference on available-for-sale securities	(9,801)	(2,658)	(24,427)
Deferred gains or losses on hedges	(1)	7	65
Foreign currency translation adjustment	1,765	(3,995)	(36,709)
Remeasurements of defined benefit plans	(25)	(726)	(6,678)
Share of other comprehensive income of entities accounted for using equity method	1	(12)	(112)
Total other comprehensive income	(8,061)	(7,385)	(67,862)
Comprehensive income	3,198	1,550	14,248
Comprehensive income attributable to:			
Owners of the parent	3,274	1,584	14,561
Non-controlling interests	(75)	(34)	(312)

3) Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares, at cost	Total shareholders' equity
Balance at beginning of current period	19,556	27,771	163,217	(17,212)	193,332
Changes of items during period					
Dividends from surplus			(3,329)		(3,329)
Profit attributable to owners of the parent			11,326		11,326
Purchase of treasury shares				(2,263)	(2,263)
Disposal of treasury shares				9	9
Retirement of treasury shares		(43)	(8,611)	8,654	-
Change of scope of consolidation			333		333
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(43)	(281)	6,401	6,076
Balance at end of current period	19,556	27,727	162,936	(10,811)	199,408

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	24,247	(15)	984	(3,471)	21,744	229	215,306
Changes of items during period							
Dividends from surplus							(3,329)
Profit attributable to owners of the parent							11,326
Purchase of treasury shares							(2,263)
Disposal of treasury shares							9
Retirement of treasury shares							-
Change of scope of consolidation							333
Net changes of items other than shareholders' equity	(9,801)	(1)	1,777	(25)	(8,051)	(76)	(8,127)
Total changes of items during period	(9,801)	(1)	1,777	(25)	(8,051)	(76)	(2,051)
Balance at end of current period	14,445	(17)	2,761	(3,496)	13,693	152	213,254

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares, at cost	Total shareholders' equity
Balance at beginning of current period	19,556	27,727	162,936	(10,811)	199,408
Cumulative effects of changes in accounting policies			(64)		(64)
Restated balance	19,556	27,727	162,871	(10,811)	199,343
Changes of items during period					
Dividends from surplus			(6,316)		(6,316)
Profit attributable to owners of the parent			8,967		8,967
Purchase of treasury shares				(7,844)	(7,844)
Disposal of treasury shares				68	68
Retirement of treasury shares			(9,439)	9,439	-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	(6,788)	1,663	(5,125)
Balance at end of current period	19,556	27,727	156,082	(9,148)	194,218

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	14,445	(17)	2,761	(3,496)	13,693	152	213,254
Cumulative effects of changes in accounting policies	87				87		22
Restated balance	14,533	(17)	2,761	(3,496)	13,780	152	213,277
Changes of items during period							
Dividends from surplus							(6,316)
Profit attributable to owners of the parent							8,967
Purchase of treasury shares							(7,844)
Disposal of treasury shares							68
Retirement of treasury shares							-
Net changes of items other than shareholders' equity	(2,658)	7	(4,004)	(726)	(7,383)	(63)	(7,446)
Total changes of items during period	(2,658)	7	(4,004)	(726)	(7,383)	(63)	(12,571)
Balance at end of current period	11,874	(10)	(1,242)	(4,223)	6,397	89	200,705

Fiscal year ended March 31, 2020

(Thousands of U.S. dollars)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares, at cost	Total shareholders' equity
Balance at beginning of current period	179,696	254,777	1,497,164	(99,344)	1,832,293
Cumulative effects of changes in accounting policies			(596)		(596)
Restated balance	179,696	254,777	1,496,568	(99,344)	1,831,697
Changes of items during period					
Dividends from surplus			(58,044)		(58,044)
Profit attributable to owners of the parent			82,401		82,401
Purchase of treasury shares				(72,076)	(72,076)
Disposal of treasury shares				626	626
Retirement of treasury shares			(86,735)	86,735	-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	(62,378)	15,284	(47,093)
Balance at end of current period	179,696	254,777	1,434,189	(84,060)	1,784,603

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	132,737	(160)	25,378	(32,131)	125,824	1,405	1,959,522
Cumulative effects of changes in accounting policies	802				802		206
Restated balance	133,539	(160)	25,378	(32,131)	126,626	1,405	1,959,728
Changes of items during period							
Dividends from surplus							(58,044)
Profit attributable to owners of the parent							82,401
Purchase of treasury shares							(72,076)
Disposal of treasury shares							626
Retirement of treasury shares							-
Net changes of items other than shareholders' equity	(24,427)	65	(36,799)	(6,678)	(67,840)	(579)	(68,420)
Total changes of items during period	(24,427)	65	(36,799)	(6,678)	(67,840)	(579)	(115,514)
Balance at end of current period	109,111	(94)	(11,421)	(38,810)	58,785	825	1,844,214

4) Consolidated Statement of Cash Flows

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Operating activities			
Profit before income taxes	20,390	12,984	119,305
Depreciation	6,775	7,182	65,993
Impairment loss	141	155	1,427
Loss on disaster	20	-	-
Increase (decrease) in net defined benefit liability	415	558	5,130
Amortization of goodwill	1,135	636	5,846
Increase (decrease) in allowance for doubtful accounts	391	466	4,287
Retirement benefit expenses	-	543	4,990
Business structure improvement expenses	2,576	1,000	9,193
Interest and dividend income	(3,187)	(2,830)	(26,005)
Interest expenses	560	663	6,101
Loss (gain) on trading securities	162	226	2,077
Share of loss (profit) of entities accounted for using equity method	30	54	496
Loss (gain) on sales of non-current assets	(75)	4	45
Loss on retirement of non-current assets	80	108	996
Loss (gain) on sales of investment securities	(12,141)	(6,312)	(58,000)
Loss (gain) on valuation of investment securities	-	201	1,847
Loss on valuation of shares of subsidiaries and associates	116	53	495
Decrease (increase) in notes and accounts receivable-trade	2,471	(1,485)	(13,651)
Decrease (increase) in inventories	(8,995)	2,794	25,679
Increase (decrease) in notes and accounts payable-trade	252	(2,762)	(25,381)
Increase (decrease) in advances received	(369)	(1,679)	(15,428)
Other	(940)	(1,569)	(14,417)
Subtotal	9,811	10,995	101,029
Interest and dividends received	2,948	2,883	26,494
Interest paid	(586)	(669)	(6,149)
Payment of business structure improvement expenses	(702)	(896)	(8,241)
Income taxes refund (paid)	(2,617)	(11,132)	(102,294)
Net cash provided by (used in) operating activities	8,853	1,179	10,837

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Investing activities			
Payments into time deposits	(16,577)	(4,420)	(40,615)
Proceeds from withdrawal of time deposits	14,225	13,495	124,001
Payments of short-term loans receivable	(11)	(16)	(156)
Collection of short-term loans receivable	129	85	784
Purchase of securities	(1,002)	(243)	(2,239)
Proceeds from sales and redemption of securities	2,603	1,639	15,066
Purchase of property, plant and equipment	(6,228)	(7,809)	(71,754)
Proceeds from sales of property, plant and equipment	566	206	1,897
Purchase of intangible assets	(924)	(477)	(4,390)
Purchase of investment securities	(2,869)	(5,574)	(51,221)
Proceeds from sales and redemption of investment securities	13,481	7,456	68,511
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation (*2)	714	65	606
Payments of long-term loans receivable	(454)	(38)	(349)
Collection of long-term loans receivable	0	25	231
Payments for acquisition of business	(935)	-	-
Other	2	0	7
Net cash provided by (used in) investing activities	2,719	4,394	40,379
Financing activities			
Net increase (decrease) in short-term loans payable	3,028	(6,644)	(61,052)
Proceeds from long-term loans payable	521	8,852	81,341
Repayment of long-term loans payable	(1,868)	(8,415)	(77,329)
Purchase of treasury shares	(2,263)	(7,844)	(72,076)
Cash dividends paid	(3,335)	(6,312)	(57,999)
Cash dividends paid to non-controlling shareholders	(0)	-	-
Net cash provided by (used in) financing activities	(3,916)	(20,363)	(187,117)
Effect of exchange rate changes on cash and cash equivalents	930	(786)	(7,225)
Net increase (decrease) in cash and cash equivalents	8,586	(15,576)	(143,125)
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(0)	-	-
Cash and cash equivalents at beginning of year	66,035	74,622	685,677
Cash and cash equivalents at end of year (*1)	74,622	59,046	542,552

Notes to Consolidated Financial Statements

(Significant Matters Forming the Basis of Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 55

(2) The changes in the scope of consolidation for the fiscal year ended March 31, 2020 are as follows:

(Addition) • One company included in the scope of consolidation due to new establishment
CHRISTIE DIGITAL SYSTEMS INNOVATINOS ULC

(Exclusion) • One company excluded from the scope of consolidation due to sale of shares
CHRISTIE MEDICAL HOLDINGS, INC.

2. Application of equity method

(1) Number of associates under equity method: One

Name of major company:

KA Imaging Inc.

(2) The associate that is not accounted for using the equity method (Hokkaido Saladpaprika Co., Ltd.) is excluded from the scope of the equity method since such exclusion has an immaterial effect on consolidated financial statements of USHIO INC. (the “Company”) in terms of profit or loss (amount corresponding to the Company’s equity position), retained earnings (amount corresponding to the Company’s equity position) and others, and the entity, as a whole, is not material.

(3) The fiscal year-end dates of certain companies accounted for using the equity method are different from the consolidated fiscal year-end date. In preparing the consolidated financial statements, the Company uses the financial statements of these companies as of their fiscal year end.

3. Fiscal years, etc. of consolidated subsidiaries

The consolidated subsidiaries whose fiscal year end is different from the consolidated fiscal year end are as follows:

Company name	Fiscal year-end date
USHIO (SUZHOU) CO., LTD.	December 31*1
USHIO SHANGHAI, INC.	December 31*1
USHIO (GUANGZHOU) CO., LTD.	December 31*1
USHIO (SHAOGUAN) CO., LTD.	December 31*1
USHIO MEDICAL TECHNOLOGY (SUZHOU) CO., LTD.	December 31*1
CHRISTIE DIGITAL SYSTEMS (SHANGHAI) Co., LTD.	December 31*1
USHIO SHENZHEN, INC.	December 31*1
CHRISTIE DIGITAL SYSTEMS (SHENZHEN) CO., LTD.	December 31*1
United Designers of Architectural Lighting, Inc.	December 31*1
CHRISTIE TRADE DEVELOPMENT (SHANGHAI) CO., LTD.	December 31*1

*1 Provisional financial statements as of the consolidated fiscal year-end date are used for these companies.

4. Accounting policies

(1) Valuation bases and methods for significant assets

(a) Securities

1) Trading securities

Carried at fair value (the cost of securities sold is calculated by the moving-average method)

2) Held-to-maturity securities

Carried at amortized cost (straight-line method)

3) Available-for-sale securities

Securities with determinable market value:

Carried at fair value based on market prices at the fiscal year-end date (for stocks, the average market price for one month prior to the fiscal year end). (Valuation difference is stated as a component of net assets in the consolidated balance sheets, the cost of securities sold is calculated by the moving-average method.)

Securities without determinable market value:

Carried at cost using the moving-average method

4) Investments in an investment limited partnership and other similar partnerships (deemed as securities according to Article 2, paragraph 2 of the Financial Instruments and Exchange Act)

Carried at their corresponding equity value, based on the latest financial statements available prepared on the financial reporting dates as specified in the respective partnership agreements.

(b) Derivatives

Carried at fair value

(c) Money held in trust for investment purposes

Carried at fair value

(d) Inventories

1) Merchandise and finished goods, and work in process

Merchandise and finished goods, and work in process are stated principally at cost determined by the gross average method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability) for the Company and its domestic consolidated subsidiaries and at the lower of cost or market, cost being determined by the first-in, first-out method for overseas consolidated subsidiaries.

2) Raw materials

Raw materials are stated principally at cost determined by the moving-average method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability) for the Company and its domestic consolidated subsidiaries and at the lower of cost or market, cost being determined by the first-in, first-out method for overseas consolidated subsidiaries.

(2) Accounting policy for depreciation of significant assets

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

Depreciation of property, plant and equipment is calculated principally by the straight-line method.

The estimated useful lives of the major assets are as follows:

Buildings and structures:	2 to 50 years
Machinery, equipment and vehicles:	3 to 15 years
Others:	2 to 15 years

(b) Intangible assets (excluding leased assets)

Amortization of intangible assets is calculated by the straight-line method.

In addition, amortization of software for internal use is calculated by the straight-line method based on the estimated useful life of five years.

- (c) Leased assets
 - Leased assets related to finance lease transactions that transfer ownership
 - Leased assets related to finance lease transactions that transfer ownership are depreciated by the same approach as the depreciation method applied to self-owned non-current assets.
 - Leased assets related to finance lease transactions that do not transfer ownership
 - Leased assets related to finance lease transactions that do not transfer ownership are depreciated by the straight-line method over the lease period that is deemed as the useful life, assuming no residual value.
- (3) Accounting policy for significant allowances
 - (a) Allowance for doubtful accounts
 - (i) The Company and its domestic consolidated subsidiaries
 - To prepare for losses from bad debts, an estimated uncollectible amount is provided either by making an estimation using the historical rate of credit loss in the case of general receivables, or based on individual consideration of collectibility in the case of specific receivables such as highly doubtful receivables.
 - (ii) Overseas consolidated subsidiaries
 - To prepare for losses from bad debts, an estimated uncollectible amount is provided based on consideration of collectibility for individual receivables.
 - (b) Provision for bonuses
 - The provision for bonuses represents the amounts for future payments of employees' bonuses. The provision is recognized in the amount that is expected to be paid.
 - (c) Provision for directors' retirement benefits
 - Some of the consolidated subsidiaries recognize provision for retirement benefits for directors, corporate auditors and others in the full amount that would have to be paid if all the directors and corporate auditors resigned at the balance sheet date based on their internal regulations.
 - (d) Provision for directors' stock payment
 - Provision for directors' stock payment represents the amounts for future payments of the Company's stock to directors. The provision is recognized based on the amount that is expected to be paid, which is determined using points allocated to each director as prescribed in the share granting rules.
 - (e) Provision for product warranties
 - Provision for product warranties is recognized for expenses for after-sales service and free repairs for products sold by the Company and its consolidated subsidiaries in the estimated amount to be incurred in the future.
 - (f) Provision for loss on orders received
 - To provide for future losses on contracted orders received, the Company recognizes a provision for loss on orders received equal to the amount of losses it anticipates after the year-end. Such a provision is recognized when losses on orders received are probable and reasonably estimated at the end of the current fiscal year.
- (4) Accounting treatment of retirement benefits
 - 1) Method for attribution of estimated retirement benefits to periods
 - In the calculation of retirement benefit obligations, the expected retirement benefits attributed to the period up to the end of current fiscal year are based on the benefit formula method.
 - 2) Accounting method for actuarial gains or losses and past service costs
 - Past service costs are amortized by the straight-line method over a certain period (mainly 15 years) that is within the average remaining years of service of the eligible employees when the costs are incurred.
 - Actuarial gains or losses are amortized in the year following the year in which the gains or losses are recognized by the straight-line method over a certain period (mainly 15 years) that is within the average remaining years of service of the eligible employees when the gains or losses occur.

(5) Significant hedge accounting

(a) Hedge accounting

Deferral hedge is applied. When hedging foreign currency risk, certain domestic consolidated subsidiaries apply the foreign exchange rate designated in the forward contract when the transaction qualifies for such treatment.

(b) Hedging instruments and hedged items

Hedging instruments: Forward foreign exchange contracts and interest rate swaps

Hedged items: Monetary receivables and payables denominated in foreign currencies, forecasted transactions denominated in foreign currencies, securities and loans payable denominated in foreign currencies

(c) Hedging policy

The Company and its consolidated subsidiaries (collectively, the "Group") hedge the risks of fluctuation in foreign currencies and interest rates in accordance with internal management rules on financial market risk and derivative transactions.

(d) Method of assessing the hedge effectiveness

The hedge effectiveness is assessed by comparing the cumulative changes in fair value or cash flows of the hedged items and those of the hedging instruments during the period from the inception of the hedge to the time of determining the effectiveness, and based on the respective amount of changes.

(6) Method and period for amortization of goodwill

Goodwill is amortized in equal portions over the period in which it is deemed to be valuable.

(7) Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value and due within three months from the date of acquisition.

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

Accounting method for consumption taxes

The consumption taxes are accounted for using the tax exclusion method.

(9) U.S. Dollar Amounts

For the readers' convenience, the accompanying consolidated financial statements with respect to the fiscal year ended March 31, 2020 have been presented in U.S. dollars by translating all yen amounts at ¥108.83 = U.S. \$1.00, the exchange rate prevailing on March 31, 2020. This translation should not be construed as a representation that the yen amounts have been, could have been, or could in the future be converted into U.S. dollars at the above or any other rate.

(Changes in Accounting Policies)

- Application of Revenue from Contracts with Customers (Accounting Standard Update (“ASU”) No. 2014-09)

Overseas consolidated subsidiaries adopting U.S. GAAP have applied the Revenue from Contracts with Customers (Topic 606; hereinafter “ASU2014-09”) effective from the fiscal year ended March 31, 2020.

As a result of the application of ASU2014-09, it is required that an entity should recognize revenue when the entity transfers promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

In accordance with the transitional treatment stipulated in the aforementioned accounting standard, the cumulative effect as of the beginning of the current fiscal year has been added to or deducted from the balance of retained earnings.

The impact on retained earnings at the beginning of the current fiscal year and on profit (loss) for the current fiscal year is immaterial.

- Application of Recognition and Measurement of Financial Assets and Financial Liabilities (ASU No. 2016-01)

Overseas consolidated subsidiaries adopting U.S. GAAP have applied the Recognition and Measurement of Financial Assets and Financial Liabilities (Subtopic 825-10; hereinafter “ASU2016-01”) effective from the fiscal year ended March 31, 2020.

As a result of the application of ASU2016-01, equity investments, excluding equity method investments or consolidated investments, are required to be measured at fair value with changes in fair value recognized in profit or loss.

In accordance with the transitional treatment stipulated in the aforementioned accounting standard, the cumulative effect as of the beginning of the current fiscal year has been added to or deducted from the balance of retained earnings and accumulated other comprehensive income.

The impact on retained earnings and valuation difference on available-for-sale securities at the beginning of the current fiscal year, and on profit (loss) for the current fiscal year is immaterial.

(Accounting Standards Issued but Not Yet Applied)

(Accounting Standard for Revenue Recognition, etc.)

- Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, issued on March 31, 2020)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, issued on March 31, 2020)

(1) Overview

International Accounting Standards Board (IASB) and FASB jointly developed a comprehensive accounting standard for revenue recognition and issued “Revenue from Contracts with Customers” (IFRS No. 15, issued by IASB and Topic 606 issued by FASB) in May 2014. Considering the situation that IFRS No. 15 has become applicable from the fiscal year beginning on and after January 1, 2018 and Topic 606 from the fiscal year beginning after December 15, 2017, ASBJ developed a comprehensive accounting standard for revenue recognition and issued it together with implementation guidance.

ASBJ’s basic policy in developing the accounting standard for revenue recognition was to establish accounting standards as a starting point to adopt basic principles of IFRS No. 15 from the viewpoint of comparability of financial statements, which is one of the benefits of maintaining consistency with IFRS No. 15, and to add alternative treatments to the extent not to impair comparability in cases where previous practices and others in Japan should be considered.

(2) Date of application

These standards will be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of application

The impact of these standards on the consolidated financial statements is currently being evaluated.

(Leases)

- Leases (ASU No. 2016-02 (Topic 842), issued on February 25, 2016)

(1) Overview

This accounting standard and relevant regulations in principle require that recognition of assets and liabilities arising from all leases to be conducted by the lessee of a lease. There are no significant changes to the accounting requirements of the lessor.

(2) Date of application

ASU No. 2016-02 (Topic 842) will be applied from the fiscal year beginning on April 1, 2022.

(3) Impact of application

The impact of this standard on the consolidated financial statements is currently being evaluated.

(Accounting Standard for Disclosure of Accounting Estimates)

- Accounting Standard for Disclosure of Accounting Estimates (Accounting Standards Board of Japan (ASBJ) Statement No. 31, issued on March 31, 2020)

(1) Overview

With regard to “sources of estimation uncertainty,” which is required to be disclosed in paragraph 125 of International Accounting Standard (IAS) 1 “Presentation of Financial Statements” (hereinafter “IAS 1”) issued by the International Accounting Standards Board (IASB) in 2003, in response to requests to consider requiring that those source of estimation uncertainty should be disclosed as note information in the Japanese GAAP as well, since these information are highly useful to users of financial statements, the ASBJ developed and issued the Accounting Standard for Disclosure of Accounting Estimates (hereinafter “Accounting Standard”).

The ASBJ’s basic policy for the development of the Accounting Standard is to present the principle (disclosure purpose) instead of enhancing individual notes, and entities are required to make judgment to determine which specific information should be disclosed according to the

disclosure purpose, while referring to the provision of paragraph 125 of IAS 1 in the development.

(2) Date of application

The Accounting Standard will be applied from the end of the fiscal year ending March 31, 2021.

(Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections)

- Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections (Accounting Standards Board of Japan (ASBJ) Statement No. 24, issued on March 31, 2020)

(1) Overview

After receiving proposals for considering the enhancement of information in notes on “accounting policies and procedures adopted in cases where the relevant provisions set forth in accounting standards and other regulations are not clear,” the ASBJ made necessary amendments to ASBJ Statement No. 24, and issued the revised accounting standard as the “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections.”

When enhancing information in notes on “accounting policies and procedures adopted in cases where the relevant provisions set forth in accounting standards and other regulations are not clear,” the Annotations on the Corporate Accounting Principles (Annotation No. 1-2) shall be continued to be followed to avoid affecting established accounting practices in cases where the relevant provisions set forth in accounting standards and other regulations are clear.

(2) Date of application

This standard will be applied from the end of the fiscal year ending March 31, 2021.

(Accounting Standard for Fair Value Measurement, etc.)

- Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan (ASBJ) Statement No. 30, issued on July 4, 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, issued on July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10; issued on July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, issued on July 4, 2019)
- Implementation Guidance on disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, issued on March 31, 2020)

(1) Overview

In light of the situation in which the International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) have established detailed guidance on fair value measurement with almost the same content (IFRS 13 “Fair Value Measurement” in International Financial Reporting Standards (IFRS), and Accounting Standards Codification Topic 820 “Fair Value Measurement” in the US GAAP), the Accounting Standards Board of Japan (ASBJ) worked to ensure consistency of the Japanese GAAP with international accounting standards mainly for guidance on fair value of financial instruments and disclosures and issued the “Accounting Standard for Fair Value Measurement” as well as issued or revised related accounting standards and implementation guidances.

The ASBJ’s basic policy for the development of the accounting standard for fair value measurement is to incorporate, in principle, all the provisions of IFRS 13 from the perspective of increasing comparability of financial statements among companies in Japan and overseas by using the unified measurement method, and to establish other treatments of individual items to the extent that consideration is given to practices in Japan to date and comparability is not significantly impaired among financial statements.

(2) Date of application

These standards will be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of application

The impact of applying the “Accounting Standard for Fair Value Measurement” and other accounting standards and implementation guidances on the consolidated financial statements is currently not determined.

(Changes in Presentation)

(Consolidated Statement of Income)

“Gain on investments in investment partnerships,” which was included in “Other” under “Non-operating income” for the previous fiscal year, has been presented separately from the current fiscal year, since the significance of the amount has increased. To reflect this change in presentation, the amount in the consolidated financial statements for the previous fiscal year has been reclassified.

As a result, ¥499 million presented in “Other” under “Non-operating income” in the consolidated statement of income for the previous fiscal year has been reclassified into ¥121 million of “Gain on investments in investment partnerships” and ¥377 million of “Other.”

(Consolidated Statement of Cash Flows)

“Increase (decrease) in advances received,” which was included in “Other” under “Operating activities” for the previous fiscal year, has been presented separately from the current fiscal year, since the significance of the amount has increased. To reflect this change in presentation, the amount in the consolidated financial statements for the previous fiscal year has been reclassified.

As a result, ¥(1,309) million presented in “Other” under “Operating activities” in the consolidated statement of cash flows for the previous fiscal year has been reclassified into ¥(369) million of “Increase (decrease) in advances received” and ¥(940) million of “Other.”

(Additional Information)

(Stock remuneration plan for directors)

The Company has introduced a stock remuneration plan for directors of the Company (excluding outside directors) and executive officers who have entered into an engagement agreement with the Company (excluding overseas residents, hereinafter “Directors, et al.”), in order to raise the incentive to contribute to improving the Company’s medium- to long-term business performance and to increasing enterprise value.

(1) Overview

The Company entrusts money equivalent to remuneration of Directors, et al. The Company’s shares will be acquired using the entrusted money and the Company’s shares and the cash equivalent of the conversion value of the Company’s shares will be delivered and paid to Directors, et al. based on his or her position and the degree of accomplishment of business performance. Directors, et al. are eligible to receive the Company’s shares and the cash equivalent of the conversion value of the Company’s shares, in principle after retiring from the position of Director, et al. In order to maintain neutrality toward management of the Company, the voting rights of the Company’s shares in the trust may not be exercised during the trust period.

(2) The Company’s shares in the trust

The Company’s shares in the trust were recorded as treasury shares in net assets on the consolidated balance sheet with the carrying value in the trust (excluding ancillary expenses). The carrying value and number of treasury shares in the trust were ¥573 million and 352,300 shares as of March 31, 2019 and ¥505 million (\$4,644 thousand) and 310,450 shares as of March 31, 2020, respectively.

(Accounting estimates associated with the spread of the novel coronavirus disease (COVID-19))

Although the impact and its degree of COVID-19 on the Group varies depending on the business, sales decreased due to such factors as the closure of cinemas and self-restraint from events in response to the spread of COVID-19, mainly in part of the visual image equipment business and the light sources business.

In preparing consolidated financial statements, we are making accounting estimates such as impairment loss on non-current assets and recoverability of deferred tax assets based on assumptions such as a gradual recovery from October 2020 and settling down of the situation during the fiscal year ending March 31, 2021.

However, as the forecasts of the spread of COVID-19 and of when the situation will settle down, etc. involve uncertainties, the actual results may differ from these estimates.

(Consolidated Balance Sheet)

*1 Investments in associates are as follows:

	As of March 31, 2019	As of March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Investment securities (stocks)	53	273	2,511

*2 Notes maturing at the fiscal year end

Notes maturing at the fiscal year end are accounted for on the clearing dates. Since the last day of the fiscal year ended March 31, 2019 was a holiday of financial institutions, the following notes maturing at the fiscal year end are included in the balances as of March 31, 2019.

	As of March 31, 2019	As of March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Notes receivable-trade	125	-	-
Notes payable-trade	651	-	-

(Consolidated Statement of Income)

*1 The ending inventory balance is the amount after write-down of book value due to decline in profitability(the figure in parenthesis is a reversal), and the loss on valuation of inventories included in cost of sales is as follows:

Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
(Millions of yen)	(Thousands of U.S. dollars)
917	(648) (5,961)

*2 The main components of selling, general and administrative expenses are as follows:

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
	(Millions of yen)	(Thousands of U.S. dollars)
Salaries and wages	13,567	12,993 119,395
Provision for bonuses	878	683 6,282
Retirement benefit expenses	499	618 5,685
Provision for directors' retirement benefits	66	68 629
Provision for directors' stock payment	41	30 281
Research and development expenses	10,110	10,174 93,489
Provision of allowance for doubtful accounts	231	656 6,034

*3 Research and development expenses included in general and administrative expenses are as follows:

Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
(Millions of yen)	(Thousands of U.S. dollars)
10,110	10,174 93,489

*4 The breakdown of gain on sales of non-current assets is as follows:

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
	(Millions of yen)	(Thousands of U.S. dollars)
Machinery, equipment and vehicles	24	3 32
Other	60	9 85
Total	85	12 118

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

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	(Thousands of U.S. dollars)
	(Millions of yen)	(Millions of yen)	
Buildings and structures	27	9	89
Machinery, equipment and vehicles	7	7	73
Construction in progress	-	24	225
Other	45	66	608
Total	80	108	996

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

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	(Thousands of U.S. dollars)
	(Millions of yen)	(Millions of yen)	
Buildings and structures	8	-	-
Machinery, equipment and vehicles	0	0	1
Land	-	16	155
Other	-	0	6
Total	9	17	163

*7 Impairment loss

Fiscal year ended March 31, 2019

Location	Classification by use	Type of assets	(Millions of yen)
Georgia, U.S.A.	Assets planned to be sold	Goodwill, Other (Intangible assets)	578
California, U.S.A.	Assets planned to be sold	Machinery, equipment and vehicles	310
Chiyoda-ku, Tokyo Kawasaki, Kanagawa Takasago, Hyogo and others	Business assets	Other (Property, plant and equipment), Buildings and structures, Machinery, equipment and vehicles	79
Kanzaki-gun, Hyogo Chuo-ku, Tokyo and others	Business assets	Machinery, equipment and vehicles, Construction in progress, Other (Property, plant and equipment, and Intangible assets)	46
Gotemba, Shizuoka	Business assets	Buildings and structures	10
Osaka, Osaka	Business assets	Machinery, equipment and vehicles	5

Concerning assets planned to be sold of Georgia, U.S.A. and California, U.S.A., the book values are written down to the net realizable value due to the decision to sell the assets accompanying the business structure improvement of CHRISTIE Group, and the write-downs are recognized as a business structure improvement expense under extraordinary losses.

In principle, the Group's business assets are grouped according to division or to whom assets are lent, assets of consolidated subsidiaries are grouped by company, and the Group's idle assets and

assets planned to be sold are grouped on an individual asset basis.

The book values of business assets are written down to zero or the net realizable values due to a decrease in the recoverability of the assets, and the write-downs are recorded as impairment loss in extraordinary losses. The book values of assets planned to be sold are written down to the net realizable values due to a decision to sell the assets, and the write-downs are recorded as impairment loss in extraordinary losses. The net realizable values are based on the expected sales prices.

* Breakdown of impairment loss by location is as follows:

- Impairment loss of ¥578 million recognized for Georgia, U.S.A. includes ¥461 million for goodwill and ¥116 million for other (intangible assets).
- Impairment loss of ¥310 million recognized for California, U.S.A. is for machinery, equipment and vehicles.
- Impairment loss of ¥79 million recognized for Chiyoda-ku, Tokyo, etc. includes ¥52 million for other (property, plant and equipment), ¥18 million for buildings and structures, and ¥9 million for machinery, equipment and vehicles.
- Impairment loss of ¥46 million recognized for Kanzaki-gun, Hyogo, etc. includes ¥26 million for machinery, equipment and vehicles, ¥11 million for construction in progress, ¥5 million for other (property, plant and equipment), ¥1 million for other (intangible assets), and ¥1 million for buildings and structures.
- Impairment loss of ¥10 million recognized for Gotemba, Shizuoka is for buildings and structures.
- Impairment loss of ¥5 million recognized for Osaka, Osaka is for machinery, equipment and vehicles.

Fiscal year ended March 31, 2020

Location	Classification by use	Type of assets	(Millions of yen)	(Thousands of U.S. dollars)
California, U.S.A.	Assets planned to be sold	Other (Intangible assets)	101	929
Higashiosaka, Osaka Kanzaki-Gun, Hyogo, Osaka, Osaka	Business assets	Buildings and structures, Other (Property, plant and equipment), Machinery, equipment and vehicles	28	259
Chiyoda-ku, Tokyo Takasago, Hyogo and others	Business assets	Other (Property, plant and equipment)	25	238

In principle, the Group's business assets are grouped according to division or to whom assets are lent, assets of consolidated subsidiaries are grouped by company, and the Group's idle assets and assets planned to be sold are grouped on an individual asset basis.

The book values of business assets are written down to zero or the net realizable values due to a decrease in the recoverability of the assets, and the write-downs are recorded as impairment loss in extraordinary losses. The book values of assets planned to be sold are written down to the net realizable values due to a decision to sell the assets, and the write-downs are recorded as impairment loss in extraordinary losses. The net realizable values are based on the expected sales prices.

* Breakdown of impairment loss by location is as follows:

- Impairment loss of ¥101 million (\$929 thousand) recognized for California, U.S.A. is for other (intangible assets).
- Impairment loss of ¥28 million (\$259 thousand) recognized for Higashiosaka, Osaka, etc. includes ¥13 million (\$122 thousand) for other (property, plant and equipment), ¥13 million (\$120 thousand) for buildings and structures, and ¥1 million (\$16 thousand) for machinery, equipment and vehicles.

• Impairment loss of ¥25 million (\$238 thousand) recognized for Chiyoda-ku, Tokyo, etc. is for other (property, plant and equipment).

*8 Retirement benefit expenses

Fiscal year ended March 31, 2019

Not applicable.

Fiscal year ended March 31, 2020

Certain domestic consolidated subsidiaries applied the simplified method for calculating retirement benefit obligations until the end of the previous fiscal year, but because of the revision of the retirement benefit plan due to reorganization in the lighting business, the number of employees who are eligible following this calculation method exceeded 300. Therefore, we switched to the principle method from the first quarter of the current fiscal year.

As a result of this change, net defined benefit liability increased by ¥543 million (\$4,990 thousand) and we recorded extraordinary losses of ¥543 million (\$4,990 thousand) as retirement benefit expenses.

*9 Business structure improvement expenses

Fiscal year ended March 31, 2019

Business structure improvement expenses were incurred in implementing the business structure improvement to maintain and improve the profitability of the Company's businesses. The major components in the breakdown of these expenses were ¥1,101 million of expenses for personnel downsizing, etc. due to the restructuring of CHRISTIE Group, and ¥888 million of impairment loss on goodwill and other non-current assets, etc. accompanying the disposal of unprofitable operations.

Fiscal year ended March 31, 2020

Business structure improvement expenses were incurred in implementing the business structure improvement to maintain and improve the profitability of the Company's businesses. The major components in the breakdown of these expenses were ¥924 million (\$8,493 thousand) of expenses for personnel downsizing, etc. due to the restructuring of CHRISTIE Group.

*10 Loss on temporary closure

Fiscal year ended March 31, 2019

Not applicable.

Fiscal year ended March 31, 2020

In response to requests from national governments regarding COVID-19, the Group has suspended operations of factories and temporarily closed part of the visual image equipment business after taking regulations in each country and prevention of the spread of infection into consideration.

As a result, fixed expenses (labor costs, depreciation, etc.) incurred during the period of suspension or closure are recorded as extraordinary losses due to closure of business, etc.

(Consolidated Statement of Comprehensive Income)

Reclassification adjustments and income tax effect allocated to each component of other comprehensive income are as follows:

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Valuation difference on available-for-sale securities:			
Amount arising during the year	(1,783)	2,952	27,129
Reclassification adjustments	(12,213)	(6,684)	(61,420)
Amount before income tax effect	(13,996)	(3,731)	(34,291)
Income tax effect	4,195	1,073	9,863
Valuation difference on available-for-sale securities	(9,801)	(2,658)	(24,427)
Deferred gains or losses on hedges:			
Amount arising during the year	5	2	20
Reclassification adjustments	(7)	8	74
Amount before income tax effect	(2)	10	94
Income tax effect	0	(3)	(29)
Deferred gains or losses on hedges	(1)	7	65
Foreign currency translation adjustment:			
Amount arising during the year	1,623	(3,998)	(36,739)
Reclassification adjustments	142	3	30
Amount before income tax effect	1,765	(3,995)	(36,709)
Income tax effect	-	-	-
Foreign currency translation adjustment	1,765	(3,995)	(36,709)
Remeasurements of defined benefit plans:			
Amount arising during the year	(515)	(1,645)	(15,116)
Reclassification adjustments	501	619	5,689
Amount before income tax effect	(14)	(1,025)	(9,426)
Income tax effect	(11)	299	2,747
Remeasurements of defined benefit plans	(25)	(726)	(6,678)
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the year	1	(12)	(112)
Share of other comprehensive income of entities accounted for using equity method	1	(12)	(112)
Total other comprehensive income	(8,061)	(7,385)	(67,862)

(Consolidated Statement of Changes in Net Assets)

Fiscal year ended March 31, 2019

1. Type and total number of shares issued, and type and number of treasury shares

	Number of shares as of April 1, 2018	Increase	Decrease	Number of shares as of March 31, 2019
Shares issued:				
Common shares	139,628,721	-	6,000,000	133,628,721
Total	139,628,721	-	6,000,000	133,628,721
Treasury shares				
Common shares (Note)	11,866,293	1,780,494	6,005,700	7,641,087
Total	11,866,293	1,780,494	6,005,700	7,641,087

(Notes) 1. Treasury shares include the Company's shares held by the trust for the stock remuneration plan for directors (292,700 shares and 352,300 shares at the beginning and end of the current fiscal year, respectively).

2. The increase of 1,780,494 shares of treasury shares is made up by an increase of 1,712,000 shares through market purchase, an increase of 65,300 shares held by the trust for the stock remuneration plan for directors, and an increase of 3,194 shares by purchasing shares of less than standard unit.

3. The decrease of 6,005,700 shares of treasury shares is made up by a decrease of 6,000,000 shares resulting from the retirement of treasury shares and a decrease of 5,700 shares due to issuance from the trust to eligible persons according to the stock remuneration plan for directors.

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 28, 2018	Common shares	3,329	26	March 31, 2018	June 29, 2018

(Note) Total dividends based on resolution at the annual general meeting of the shareholders on June 28, 2018 include ¥7 million of dividends on the Company's shares held by the trust for the stock remuneration plan for directors.

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

Resolution	Type of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 27, 2019	Common shares	6,316	Retained earnings	50	March 31, 2019	June 28, 2019

(Note) Total dividends based on resolution at the annual general meeting of the shareholders on June 27, 2019 include ¥17 million of dividends on the Company's shares held by the trust for the stock remuneration plan for directors.

Fiscal year ended March 31, 2020

1. Type and total number of shares issued, and type and number of treasury shares

	Number of shares as of April 1, 2019	Increase	Decrease	Number of shares as of March 31, 2020
Shares issued:				
Common shares	133,628,721	-	6,628,721	127,000,000
Total	133,628,721	-	6,628,721	127,000,000
Treasury shares				
Common shares (Note)	7,641,087	5,510,467	6,670,571	6,480,983
Total	7,641,087	5,510,467	6,670,571	6,480,983

(Notes) 1. Treasury shares include the Company's shares held by the trust for the stock remuneration plan for directors (352,300 shares and 310,450 shares at the beginning and end of the current fiscal year, respectively).

2. The increase of 5,510,467 shares of treasury shares is made up by an increase of 5,507,300 shares through market purchase and an increase of 3,167 shares by purchasing shares of less than standard unit.

3. The decrease of 6,670,571 shares of treasury shares is made up by a decrease of 6,628,721 shares resulting from the retirement of treasury shares and a decrease of 41,850 shares due to issuance from the trust to eligible person according to the stock remuneration plan for directors.

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars)	Dividends per share (Yen)	Dividends per share (U.S. dollars)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 27, 2019	Common shares	6,316	58,044	50	0.46	March 31, 2019	June 28, 2019

(Note) Total dividends based on resolution at the annual general meeting of the shareholders on June 27, 2019 include ¥17 million (\$161 thousand) of dividends on the Company's shares held by the trust for the stock remuneration plan for directors.

(2) Dividends with the cut-off date in the fiscal year ended March 31, 2020 and the effective date in the fiscal year ending March 31, 2021

Resolution	Type of shares	Total dividends (Millions of yen)	Total dividends (Thousands of U.S. dollars)	Source of dividends	Dividends per share (Yen)	Dividends per share (U.S. dollars)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 26, 2020	Common shares	3,141	28,866	Retained earnings	26	0.24	March 31, 2020	June 29, 2020

(Note) Total dividends based on resolution at the annual general meeting of the shareholders on June 26, 2020 include ¥8 million (\$74 thousand) of dividends on the Company's shares held by the trust for the stock remuneration plan for directors.

(Consolidated Statement of Cash Flows)

*1. Reconciliation between cash and cash equivalents at end of period and the amount on the consolidated balance sheet

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Cash and deposits	85,655	60,679	557,561
Time deposits with a maturity of more than three months	(11,202)	(1,861)	(17,106)
Money management funds and others included in securities	168	228	2,098
Cash and cash equivalents	74,622	59,046	542,552

*2. Major components of assets and liabilities of companies excluded from the scope of consolidation due to sale of shares

Fiscal year ended March 31, 2019

Information is omitted because of immateriality.

Fiscal year ended March 31, 2020

Information is omitted because of immateriality.

(Lease Transactions)

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

1) Leased assets

• Property, plant and equipment

These leases are mainly production facilities (machinery, equipment and vehicles) and inspection instruments (other) of the Company's consolidated subsidiaries.

• Intangible assets

These leases are mainly software (other) of the Company's consolidated subsidiaries.

2) Depreciation of leased assets

Leased assets are depreciated by the straight-line method over the lease period that is deemed as the useful life, assuming no residual value.

2. Operating lease transactions

Future minimum lease payments under non-cancelable operating leases

	As of March 31, 2019	As of March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Due within one year	1,522	1,115	10,249
Due after one year	1,760	1,247	11,467
Total	3,282	2,363	21,716

(Financial Instruments)

1. Overview of financial instruments

(1) Basic policy on treating financial instruments

The Group invests floating money and funds reserved for future business expansion mainly in highly safe financial assets, according to the Group's cash management plan. Method of fund raising is determined based upon the use of funds and financing environment. The Group utilizes derivative transactions only to avoid foreign exchange rate fluctuation risk and interest rate fluctuation risk, and does not use them for trading or speculative purposes.

(2) The nature and risk of financial instruments

Notes and accounts receivable - trade, which are operating receivables, are exposed to customer credit risk. Operating receivables denominated in foreign currencies are also exposed to foreign exchange risk; however, such risk is hedged by using forward foreign exchange contracts.

Securities and investment securities consist mainly of equity securities issued by companies with whom the Group has business alliances and equity or debt securities held for the purpose of short-term investment of floating money and reserved funds. Investments in money held in trust is also held for the purpose of investment of reserved funds. These investments are exposed to market risk. A part of securities, investment securities, and investments in money held in trust are denominated in foreign currency, and they are exposed to foreign exchange risk; however, such risk is hedged by using forward foreign exchange contracts.

Notes and accounts payable - trade, which are operating payables, are mostly due within one year. Some of them are denominated in foreign currencies and exposed to foreign exchange risk; however, such risk is hedged by using forward foreign exchange contracts.

Short-term and long-term loans payable, which are made to obtain working capital, are mostly due within three years after the end of the current fiscal year. While floating-rate loans payable are exposed to interest rate risk, certain long-term floating-rate loans payable are hedged by using interest rate swaps.

As for derivative transactions, forward foreign exchange contracts and currency swaps are entered into for the purpose of hedging foreign exchange risk deriving from operating receivables and payables denominated in foreign currencies, loans payable denominated in foreign currencies and securities denominated in foreign currencies. In addition, interest rate swaps are entered into for the purpose of hedging interest rate fluctuation risk deriving from interest payments for loans payable. For the hedging instruments and hedged items under the hedge accounting, hedging policy, and the method of assessing the hedge effectiveness, please refer to "Significant Matters Forming the Basis of Preparation of Consolidated Financial Statements, 4. Accounting policies, (5) Significant hedge accounting" prescribed above.

(3) Risk management structure regarding financial instruments

1) Management of credit risk (customers' default risk, etc.)

For operating receivables, the Company reviews the credibility of customers by monitoring their financial status on a daily and continuous basis in accordance with the internal regulations for credit exposure management. At the same time, it endeavors to early identify and mitigate any concern on the collection of receivables due to deteriorated financial conditions by managing due dates and balances for each customer and appropriately reviewing the credit lines. The Company's consolidated subsidiaries also manage operating receivables in the same manner in accordance with the Company's internal rules for credit exposure management. The credit risk associated with debt securities is immaterial since the Group invests in debt securities with high credit ratings.

Derivative transactions are entered into only with highly rated financial institutions in order to mitigate counterparty risk.

As of the end of the current fiscal year, the maximum credit risk amount is presented as the consolidated balance sheet amounts of financial assets that are exposed to credit risk.

2) Management of market risk (fluctuation risk of foreign currency exchange and interest rates, etc.)

The Company utilizes forward foreign exchange contracts and currency swaps for foreign exchange risk identified by currency and by month in relation to operating receivables and

payables denominated in foreign currencies, loans payable denominated in foreign currencies and securities denominated in foreign currencies in accordance with the internal rules for market risk management. Some of the Company's consolidated subsidiaries also manage market risk in the same manner in accordance with the Company's internal rules for market risk management.

For securities and investment securities, market prices and the financial position of the issuers are periodically monitored and reported to directors in charge in accordance with the internal rules for market risk management. In addition, the holding status of shares issued by companies with business relationships is continuously reviewed in consideration of the relationships with those companies.

Derivative transactions are reported to directors in charge on a daily basis as well as to the Board of Directors in accordance with the internal rules for derivative transactions that define the authorization policy and limits of transactions. The Company's consolidated subsidiaries also manage derivative transactions in the same manner in accordance with the Company's internal rules.

3) Management of liquidity risk associated with fund raising (risk of inability to pay on due date)

Liquidity risk of the Company and its consolidated subsidiaries is managed by the Finance and Treasury Departments, preparing and updating the cash management plan based upon reports from each department as well as by maintaining certain liquidity.

(4) Supplementary explanation concerning fair values of financial instruments, etc.

The notional amounts of derivative transactions in "2. Fair value of financial instruments" do not, in themselves, indicate the market risk associated with the derivative transactions.

2. Fair value of financial instruments

The table below presents the amounts of financial instruments recorded in the consolidated balance sheet and their fair values, as well as their differences. Financial instruments whose fair values cannot be reliably determined are not included.

As of March 31, 2019

	Consolidated balance sheet amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Cash and deposits	85,655	85,655	-
(2) Notes and accounts receivable-trade Allowance for doubtful accounts (*1)	39,456 (1,607)		
	37,848	37,848	-
(3) Securities and investment securities			
Trading securities	2,079	2,079	-
Available-for-sale securities	51,139	51,139	-
(4) Investments in money held in trust	2,314	2,314	-
Assets, total	179,038	179,038	-
(1) Notes and accounts payable-trade	21,665	21,665	-
(2) Short-term loans payable	10,008	10,008	-
(3) Current portion of long-term loans payable	8,520	8,582	61
(4) Long-term loans payable	10,410	10,407	(3)
Liabilities, total	50,604	50,663	58
Derivative transactions (*2)			
for which hedge accounting is not applied	275	275	-
for which hedge accounting is applied	(25)	(25)	-

(*1): The deducted amount includes general and specific allowance for doubtful accounts relating to notes and accounts receivable - trade.

(*2): Assets and liabilities arising from derivative transactions are stated in the net amount. The figures in brackets indicate net liabilities.

As of March 31, 2020

	Consolidated balance sheet amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Cash and deposits	60,679	60,679	-
(2) Notes and accounts receivable-trade Allowance for doubtful accounts (*1)	40,326 (1,877)		
	38,449	38,449	-
(3) Securities and investment securities			
Trading securities	1,394	1,394	-
Available-for-sale securities	50,924	50,924	-
(4) Investments in money held in trust	2,269	2,269	-
Assets, total	153,717	153,717	-
(1) Notes and accounts payable-trade	18,730	18,730	-
(2) Short-term loans payable	3,110	3,110	-
(3) Current portion of long-term loans payable	6,298	6,446	147
(4) Long-term loans payable	12,847	13,139	292
Liabilities, total	40,987	41,427	440
Derivative transactions (*2)			
for which hedge accounting is not applied	63	63	-
for which hedge accounting is applied	(14)	(14)	-

As of March 31, 2020

	Consolidated balance sheet amount (Thousands of U.S. dollars)	Fair value (Thousands of U.S. dollars)	Difference (Thousands of U.S. dollars)
(1) Cash and deposits	557,561	557,561	-
(2) Notes and accounts receivable-trade Allowance for doubtful accounts (*1)	370,547 (17,250)		
	353,297	353,297	-
(3) Securities and investment securities			
Trading securities	12,812	12,812	-
Available-for-sale securities	467,926	467,926	-
(4) Investments in money held in trust	20,858	20,858	-
Assets, total	1,412,456	1,412,456	-
(1) Notes and accounts payable-trade	172,106	172,106	-
(2) Short-term loans payable	28,578	28,578	-
(3) Current portion of long-term loans payable	57,877	59,237	1,359
(4) Long-term loans payable	118,052	120,737	2,685
Liabilities, total	376,615	380,659	4,044
Derivative transactions (*2)			
for which hedge accounting is not applied	579	579	-
for which hedge accounting is applied	(135)	(135)	-

(*1): The deducted amount includes general and specific allowance for doubtful accounts relating to notes and accounts receivable - trade.

(*2): Assets and liabilities arising from derivative transactions are stated in the net amount. The figures in brackets indicate net liabilities.

(Notes) 1. Measurement method of fair values of financial instruments and matters concerning securities and derivative transactions

Assets

(1) Cash and deposits and (2) Notes and accounts receivable - trade

The fair value of these accounts approximates their book value because they are settled in a short period of time. Thus, the fair value is presented as their book value.

(3) Securities and investment securities

The fair value of equity securities is based on market prices at the stock exchange, and that of debt securities is obtained from financial institutions. Please refer to Note "Securities and Investment Securities" for notes on securities by holding purpose.

(4) Investments in money held in trust

The fair value is based upon the price obtained from financial institutions.

Liabilities

(1) Notes and accounts payable - trade and (2) Short-term loans payable

The fair value of these accounts approximates their book value because they are settled in a short period of time. Thus, the fair value is presented as their book value.

(3) Current portion of long-term loans payable and (4) Long-term loans payable

The fair value of long-term loans payable is measured by discounting the total of principal and interest at an assumed rate for similar new borrowings.

Derivative transactions

The fair value is measured based upon the prices obtained from financial institutions.

Please refer to Note "Derivative Transactions" for notes on derivative transactions by type of transaction.

2. Financial instruments whose fair values cannot be reliably determined

Classification	Consolidated balance sheet amount (As of March 31, 2019)	Consolidated balance sheet amount (As of March 31, 2020)	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Unlisted shares and investments in business partnerships with limited liability	2,191	2,182	20,052

The above financial instruments are not included in "(3) Securities and investment securities" because their market prices are not available and their fair values cannot be reliably determined.

3. Redemption schedule for monetary receivables and securities with maturity dates after the consolidated balance sheet date

As of March 31, 2019

	Due within one year (Millions of yen)	Due after one year and up to five years (Millions of yen)	Due after five years and up to ten years (Millions of yen)	Due after ten years (Millions of yen)
Cash and deposits	85,655	-	-	-
Notes and accounts receivable-trade	39,322	133	-	-
Securities and investment securities				
Available-for-sale securities with maturities				
(1) National and local government bonds	-	-	-	-
(2) Corporate bonds	744	7,145	983	9,733
Total	125,723	7,279	983	9,733

As of March 31, 2020

	Due within one year (Millions of yen)	Due after one year and up to five years (Millions of yen)	Due after five years and up to ten years (Millions of yen)	Due after ten years (Millions of yen)
Cash and deposits	60,679	-	-	-
Notes and accounts receivable-trade	40,270	56	-	-
Securities and investment securities				
Available-for-sale securities with maturities				
(1) National and local government bonds	-	-	-	-
(2) Corporate bonds	1,531	8,236	1,188	1,741
Total	102,480	8,293	1,188	1,741

As of March 31, 2020

	Due within one year (Thousands of U.S. dollars)	Due after one year and up to five years (Thousands of U.S. dollars)	Due after five years and up to ten years (Thousands of U.S. dollars)	Due after ten years (Thousands of U.S. dollars)
Cash and deposits	557,561	-	-	-
Notes and accounts receivable-trade	370,027	520	-	-
Securities and investment securities				
Available-for-sale securities with maturities				
(1) National and local government bonds	-	-	-	-
(2) Corporate bonds	14,068	75,685	10,918	16,000
Total	941,657	76,206	10,918	16,000

4. Redemption schedule for bonds, long-term loans payable, lease obligations and other interest bearing debts after the consolidated balance sheet date

As of March 31, 2019

	Due within one year (Millions of yen)	Due after one year and up to two years (Millions of yen)	Due after two years and up to three years (Millions of yen)	Due after three years and up to four years (Millions of yen)	Due after four years and up to five years (Millions of yen)
Short-term loans payable	10,008	-	-	-	-
Long-term loans payable	8,520	6,137	3,828	20	424
Total	18,529	6,137	3,828	20	424

As of March 31, 2020

	Due within one year (Millions of yen)	Due after one year and up to two years (Millions of yen)	Due after two years and up to three years (Millions of yen)	Due after three years and up to four years (Millions of yen)	Due after four years and up to five years (Millions of yen)
Short-term loans payable	3,110	-	-	-	-
Long-term loans payable	6,298	3,548	8,874	424	-
Total	9,409	3,548	8,874	424	-

As of March 31, 2020

	Due within one year (Thousands of U.S. dollars)	Due after one year and up to two years (Thousands of U.S. dollars)	Due after two years and up to three years (Thousands of U.S. dollars)	Due after three years and up to four years (Thousands of U.S. dollars)	Due after four years and up to five years (Thousands of U.S. dollars)
Short-term loans payable	28,578	-	-	-	-
Long-term loans payable	57,877	32,608	81,547	3,895	-
Total	86,456	32,608	81,547	3,895	-

(Securities and Investment Securities)

1. Trading securities

	As of March 31, 2019	As of March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Valuation difference included in profit or loss	(45)	(351)	(3,230)

2. Available-for-sale securities

As of March 31, 2019

	Type	Carrying value (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Securities whose carrying value exceeds their acquisition costs	(1) Shares	29,341	7,458	21,883
	(2) Bonds:			
	1) National and local government bonds	-	-	-
	2) Corporate bonds	1,666	1,622	44
	(3) Other	1,112	1,042	70
	Subtotal	32,120	10,122	21,997
Securities whose carrying value does not exceed their acquisition costs	(1) Shares	2,485	2,717	(232)
	(2) Bonds:			
	1) National and local government bonds	-	-	-
	2) Corporate bonds	16,365	17,151	(786)
	(3) Other	-	-	-
	Subtotal	18,850	19,869	(1,019)
Total		50,971	29,992	20,978

(Note) Unlisted shares and investments in business partnerships with limited liability (carrying value on the consolidated balance sheet: ¥2,191 million) are not included in the above table of "Available-for-sale securities" as their market prices are not available and their fair values cannot be reliably determined.

As of March 31, 2020

	Type	Carrying value (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Securities whose carrying value exceeds their acquisition costs	(1) Shares	27,771	8,945	18,825
	(2) Bonds:			
	1) National and local government bonds	-	-	-
	2) Corporate bonds	4,292	4,215	76
	(3) Other	1,058	761	296
	Subtotal	33,121	13,923	19,198
Securities whose carrying value does not exceed their acquisition costs	(1) Shares	518	1,007	(489)
	(2) Bonds:			
	1) National and local government bonds	-	-	-
	2) Corporate bonds	17,056	18,316	(1,260)
	(3) Other	-	-	-
	Subtotal	17,574	19,324	(1,750)
Total		50,696	33,247	17,448

As of March 31, 2020

	Type	Carrying value (Thousands of U. S. dollars)	Acquisition cost (Thousands of U. S. dollars)	Difference (Thousands of U. S. dollars)
Securities whose carrying value exceeds their acquisition costs	(1) Shares	255,182	82,198	172,983
	(2) Bonds:			
	1) National and local government bonds	-	-	-
	2) Corporate bonds	39,438	38,736	701
	(3) Other	9,723	7,000	2,723
	Subtotal	304,343	127,935	176,408
Securities whose carrying value does not exceed their acquisition costs	(1) Shares	4,762	9,260	(4,497)
	(2) Bonds:			
	1) National and local government bonds	-	-	-
	2) Corporate bonds	156,722	168,305	(11,583)
	(3) Other	-	-	-
	Subtotal	161,484	177,566	(16,081)
Total		465,828	305,501	160,327

(Note) Unlisted shares and investments in business partnerships with limited liability (carrying value on the consolidated balance sheet: ¥2,182 million (\$20,052 thousand)) are not included in the above table of "Available-for-sale securities" as their market prices are not available and their fair values cannot be reliably determined.

3. Available-for-sale securities sold

Fiscal year ended March 31, 2019

Type	Amount sold (Millions of yen)	Aggregate gains on sales (Millions of yen)	Aggregate losses on sales (Millions of yen)
(1) Shares	12,957	12,201	-
(2) Bonds:			
1) National and local government bonds	-	-	-
2) Corporate bonds	169	-	60
(3) Other	-	-	-
Total	13,126	12,201	60

Fiscal year ended March 31, 2020

Type	Amount sold (Millions of yen)	Aggregate gains on sales (Millions of yen)	Aggregate losses on sales (Millions of yen)
(1) Shares	6,609	6,312	-
(2) Bonds:			
1) National and local government bonds	-	-	-
2) Corporate bonds	-	-	-
(3) Other	-	-	-
Total	6,609	6,312	-

Fiscal year ended March 31, 2020

Type	Amount sold (Thousands of U.S. dollars)	Aggregate gains on sales (Thousands of U.S. dollars)	Aggregate losses on sales (Thousands of U.S. dollars)
(1) Shares	60,731	58,000	-
(2) Bonds:			
1) National and local government bonds	-	-	-
2) Corporate bonds	-	-	-
(3) Other	-	-	-
Total	60,731	58,000	-

4. Impairment loss recognized on securities

Fiscal year ended March 31, 2019

Not applicable.

Fiscal year ended March 31, 2020

For the fiscal year ended March 31, 2020, impairment loss of ¥86 million (\$794 thousand) was recognized for securities (¥53 million (\$495 thousand) for shares of associates and ¥32 million (\$299 thousand) for available-for-sale securities).

Impairment loss is recognized for all the securities whose fair value at the end of the fiscal year declines by 50% or more of their acquisition cost. It is also recognized when the fair value declines by approximately 30% to 50% of the acquisition cost at the amount deemed necessary considering the recoverability of the fair value of the security.

(Derivative Transactions)

1. Derivative transactions for which hedge accounting is not applied

Currency-related transactions:

As of March 31, 2019

Classification	Type of transaction	Notional amounts (Millions of yen)	Maturing after one year (Millions of yen)	Estimated fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Bilateral transactions	Forward foreign exchange contracts:				
	Sell:				
	USD	110	-	(0)	(0)
	EUR	154	-	3	3
	Buy:				
	USD	88	-	(0)	(0)
	JPY	825	-	6	6
	Currency swaps:				
	Receive JPY/ Pay USD	3,070	-	277	277
	Total	4,249	-	287	287

(Note) Methods of fair value measurement

Fair values are calculated based on the prices provided by counterparty financial institutions.

As of March 31, 2020

Classification	Type of transaction	Notional amounts (Millions of yen)	Maturing after one year (Millions of yen)	Estimated fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Bilateral transactions	Forward foreign exchange contracts:				
	Sell:				
	USD	441	-	6	6
	EUR	153	-	9	9
	Buy:				
	USD	83	-	2	2
	JPY	1,506	-	52	52
	Currency swaps:				
	Receive JPY/ Pay USD	-	-	-	-
	Total	2,184	-	72	72

As of March 31, 2020

Classification	Type of transaction	Notional amounts (Thousands of U.S. dollars)	Maturing after one year (Thousands of U.S. dollars)	Estimated fair value (Thousands of U.S. dollars)	Valuation gain (loss) (Thousands of U.S. dollars)
Bilateral transactions	Forward foreign exchange contracts:				
	Sell:				
	USD	4,055	-	61	61
	EUR	1,408	-	89	89
	Buy:				
	USD	770	-	26	26
	JPY	13,840	-	485	485
	Currency swaps:				
	Receive JPY/ Pay USD	-	-	-	-
	Total	20,075	-	663	663

(Note) Methods of fair value measurement

Fair values are calculated based on the prices provided by counterparty financial institutions.

Interest-rate-related transactions:

As of March 31, 2019

Classification	Type of transaction	Notional amounts (Millions of yen)	Maturing after one year (Millions of yen)	Estimated fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Bilateral transactions	Interest rate swaps: Receive floating/ Pay fixed	504	484	(12)	(12)

(Note) Methods of fair value measurement

Fair values are calculated based on the prices provided by counterparty financial institutions.

As of March 31, 2020

Classification	Type of transaction	Notional amounts (Millions of yen)	Maturing after one year (Millions of yen)	Estimated fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Bilateral transactions	Interest rate swaps: Receive floating/ Pay fixed	484	464	(9)	(9)

As of March 31, 2020

Classification	Type of transaction	Notional amounts (Thousands of U.S. dollars)	Maturing after one year (Thousands of U.S. dollars)	Estimated fair value (Thousands of U.S. dollars)	Valuation gain (loss) (Thousands of U.S. dollars)
Bilateral transactions	Interest rate swaps: Receive floating/ Pay fixed	4,447	4,263	(83)	(83)

(Note) Methods of fair value measurement

Fair values are calculated based on the prices provided by counterparty financial institutions.

2. Derivative transactions for which hedge accounting is applied

Currency-related transactions:

As of March 31, 2019

Hedge accounting	Type of transaction	Hedged item	Notional amounts (Millions of yen)	Maturing after one year (Millions of yen)	Estimated fair value (Millions of yen)
Designated hedge accounting of forward foreign exchange contracts, etc.	Forward foreign exchange contracts: Sell: USD	Accounts receivable - trade	5	—	0

(Note) Methods of fair value measurement

Fair values are calculated based on the prices provided by counterparty financial institutions.

As of March 31, 2020

Not applicable.

Interest-rate-related transactions:

As of March 31, 2019

Hedge accounting	Type of transaction	Hedged item	Notional amounts (Millions of yen)	Maturing after one year (Millions of yen)	Estimated fair value (Millions of yen)
Deferred hedge accounting	Interest rate swaps: Receive floating/ Pay fixed	Long-term loans payable	3,450	3,450	(25)

(Note) Methods of fair value measurement

Fair values are calculated based on the prices provided by counterparty financial institutions.

As of March 31, 2020

Hedge accounting	Type of transaction	Hedged item	Notional amounts (Millions of yen)	Maturing after one year (Millions of yen)	Estimated fair value (Millions of yen)
Deferred hedge accounting	Interest rate swaps: Receive floating/ Pay fixed	Long-term loans payable	3,450	3,450	(14)

As of March 31, 2020

Hedge accounting	Type of transaction	Hedged item	Notional amounts (Thousands of U.S. dollars)	Maturing after one year (Thousands of U.S. dollars)	Estimated fair value (Thousands of U.S. dollars)
Deferred hedge accounting	Interest rate swaps: Receive floating/ Pay fixed	Long-term loans payable	31,700	31,700	(135)

(Note) Methods of fair value measurement

Fair values are calculated based on the prices provided by counterparty financial institutions.

(Retirement Benefit Plans)

1. Overview of retirement benefit plan adopted by the Company

To prepare for the payment of employees' retirement benefits, the Company and its consolidated subsidiaries adopted funded and unfunded defined benefit plans, and a defined contribution plan.

Under the defined benefit corporate pension plans, all of which are funded, the Company provides lump-sum or pension benefits based on salaries and length of service.

In addition, retirement benefit trusts are set up for said corporate pension plans of the Company.

Under the lump-sum retirement benefit plans, which are principally unfunded and partially funded as a result of the setup of retirement benefit trusts, the Company provides lump-sum benefits based on salaries and length of service.

Since the end of the current fiscal year, certain consolidated subsidiaries have changed the calculation method of the retirement benefit obligations from the simplified method to the principle method. This change was made in order to improve the accuracy of the calculation of the amount of retirement benefit obligations and to enable more appropriate periodic accounting of profit and loss of retirement benefit expenses, following an increase in the number of employees.

Under the defined benefit corporate pension plans and the lump-sum retirement benefit plans for certain consolidated subsidiaries, net defined benefit liability and retirement benefit expenses are calculated by the simplified method.

2. Defined benefit plan

(1) Reconciliation between retirement benefit obligations at beginning of period and end of period

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Retirement benefit obligation at beginning of period	28,629	21,858	200,851
Current service costs	1,046	1,138	10,465
Interest costs	158	146	1,349
Actuarial gains and losses arising during period	408	54	499
Retirement benefits paid	(449)	(600)	(5,513)
Past service costs	-	92	852
Reduction amount associated with transfer of benefit obligation relating to employees' pension fund	(7,937)	-	-
Amount transferred due to change from simplified accounting method to principle method	-	299	2,750
Expenses associated with change from simplified accounting method to principle method	-	543	4,990
Effect of exchange rate changes	2	(10)	(98)
Retirement benefit obligation at end of period	21,858	23,523	216,146

(2) Reconciliation between plan assets at beginning of period and end of period (excluding plans to which simplified method is applied stated in (3))

	Fiscal year ended	Fiscal year ended March 31, 2020	
	March 31, 2019	(Millions of yen)	(Thousands of U.S. dollars)
Plan assets at beginning of period	30,109	22,793	209,439
Expected return on plan assets	322	326	3,002
Actuarial gains and losses arising during period	(107)	(1,497)	(13,756)
Contributions from employer	822	838	7,707
Retirement benefits paid	(414)	(527)	(4,842)
Reduction amount associated with transfer of benefit obligation relating to employees' pension fund	(7,942)	-	-
Effect of exchange rate changes	3	(9)	(89)
Plan assets at end of period	22,793	21,924	201,460

(3) Reconciliation between net defined benefit liabilities for plans to which simplified method is applied at beginning of period and end of period

	Fiscal year ended	Fiscal year ended March 31, 2020	
	March 31, 2019	(Millions of yen)	(Thousands of U.S. dollars)
Net defined benefit liability at beginning of period	617	729	6,704
Retirement benefit expenses	157	160	1,472
Retirement benefits paid	(27)	(24)	(228)
Contribution to plans	(9)	-	-
Amount transferred to long-term accrual and accrual	-	(268)	(2,468)
Amounts transferred due to change from simplified accounting method to principle method	-	(299)	(2,750)
Other	(6)	(11)	(103)
Effect of exchange rate changes	(1)	(4)	(43)
Net defined benefit liability at end of period	729	281	2,583

(Note) The amounts of debt that has been confirmed has been transferred from "net defined benefit liability" to "long-term accrual" and "accrual" as a result of the absorption-type merger of certain consolidated subsidiaries at April 1, 2020.

(4) Reconciliation between retirement benefit obligation and plan assets at end of period, and defined benefit liability and defined benefit asset for retirement recognized on the consolidated balance sheet

	As of March 31, 2019	As of March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Retirement benefit obligation for funded plans	21,858	23,523	216,146
Plan assets	(22,793)	(21,924)	(201,460)
	(934)	1,598	14,685
Retirement benefit obligation for unfunded plans	729	281	2,583
Net balance of liability and asset recognized on the consolidated balance sheet	(204)	1,879	17,269
Net defined benefit liability	3,186	3,829	35,185
Net defined benefit asset	(3,391)	(1,949)	(17,916)
Net balance of liability and asset recognized on the consolidated balance sheet	(204)	1,879	17,269

(5) Retirement benefit expenses and their breakdown

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Current service costs	1,046	1,138	10,465
Interest costs	158	146	1,349
Expected return on plan assets	(322)	(326)	(3,002)
Amortization of actuarial gains and losses	506	624	5,740
Amortization of past service costs	(5)	(6)	(58)
Expenses associated with change from simplified accounting method to principle method	-	543	4,990
Other	(96)	(76)	(700)
Retirement benefit expenses applying simplified method	157	160	1,472
Retirement benefit expenses under defined benefit plans	1,444	2,204	20,257

(Note) In addition to the above, for the fiscal year ended March 31, 2019, ¥1,101 million in extra retirement payments and other was recorded as part of business structure improvement expenses under extraordinary losses, and ¥40 million was recorded as loss on revision of retirement benefit plan in extraordinary losses following the revision of the lump-sum retirement benefit plans relating to employees of certain consolidated subsidiaries.

In addition to the above, for the fiscal year ended March 31, 2020, ¥924 million (\$8,493 thousand) in extra retirement payments and other was recorded as part of business structure improvement expenses under extraordinary losses.

(6) Remeasurements of defined benefit plans

The breakdown of the amount recognized in remeasurements of defined benefit plans (before tax effect) in the consolidated statement of comprehensive income is as follows:

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Past service costs	5	99	911
Actuarial gains and losses	8	926	8,515
Total	14	1,025	9,426

(7) Accumulated remeasurements of defined benefit plans

The breakdown of the amount recognized in accumulated remeasurements of defined benefit plans (before tax effect) on the consolidated balance sheet is as follows:

	As of March 31, 2019	As of March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Unrecognized past service costs	(173)	(74)	(683)
Unrecognized actuarial gains and losses	5,189	6,117	56,208
Total	5,015	6,042	55,524

(8) Plan assets

1) Breakdown of plan assets

Percentage of each main category to total plan assets is as follows:

	As of March 31, 2019	As of March 31, 2020	
Bonds		36%	35%
Securities		20%	27%
Cash and deposits		7%	6%
Alternative investments (Note 1)		24%	26%
Other		13%	6%
Total (Note 2)		100%	100%

(Notes) 1. Alternative investments mainly consist of investment to hedge funds.

2. Total plan assets include retirement benefit trusts of 8% and 6% that are set up for a corporate pension plan as of March 31, 2019 and 2020, respectively.

2) Determination of expected long-term rate of return on plan assets

In determining the expected long-term rate of return on plan assets, the Company takes into consideration the current and future plan asset allocation, and the current and expected long-term rate of return on various asset categories comprising plan assets.

(9) Actuarial assumptions

Major bases for actuarial calculation

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Discount rate	0.4~0.6%	0.5~0.6%
Long-term expected rate of return	1.5%	1.5%
Expected rate of salary increase	3.0%	2.9%

3. Defined contribution plan

The required contribution to the defined contribution plan amounts to ¥560 million and ¥509 million (\$4,682 thousand) for the fiscal years ended March 31, 2019 and 2020, respectively.

(Tax Effect Accounting)

1. Breakdown of major reason for deferred tax assets and deferred tax liabilities

	As of March 31, 2019	As of March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Deferred tax assets:			
Net losses carried forward (Note 2)	4,702	4,424	40,652
Allowance for doubtful accounts	355	390	3,588
Provision for bonuses	611	589	5,421
Provision for product warranties	451	203	1,871
Net defined benefit liability	867	1,163	10,687
Provision and accrual for directors' retirement benefits	331	308	2,834
Loss on valuation of inventories	1,710	1,307	12,017
Research and development expenses	744	780	7,168
Impairment loss	672	480	4,414
Deferred revenue	744	371	3,409
Elimination of unrealized income on inventories	740	739	6,793
Other	3,081	3,732	34,300
Total gross deferred tax assets	15,014	14,491	133,159
Valuation allowance for tax losses carried forward (Note 2)	(4,199)	(3,902)	(35,858)
Valuation allowance for total amount of deductible temporary differences	(3,869)	(5,009)	(46,032)
Valuation allowance (Note 1)	(8,069)	(8,912)	(81,891)
Total deferred tax assets	6,945	5,579	51,268
Deferred tax liabilities:			
Net defined benefit asset	(462)	(43)	(400)
Valuation difference on available-for-sale securities	(6,744)	(5,795)	(53,250)
Depreciation	(585)	(218)	(2,009)
Retained earnings of subsidiaries and associates	(1,433)	(1,324)	(12,172)
Other	(206)	(97)	(899)
Total deferred tax liabilities	(9,433)	(7,480)	(68,732)
Net deferred tax assets (liabilities)	(2,488)	(1,900)	(17,464)

(Notes) 1. There is no significant change in the valuation allowance.

2. The amounts of tax losses carried forward and deferred tax assets by carry-forward expiry period are as follows:

As of March 31, 2019							
	Due within one year (Millions of yen)	Due after one year and up to two years (Millions of yen)	Due after two years and up to three years (Millions of yen)	Due after three years and up to four years (Millions of yen)	Due after four years and up to five years (Millions of yen)	Due after five years (Millions of yen)	Total (Millions of yen)
Tax losses carried forward (*1)	36	164	113	410	126	3,851	4,702
Valuation allowance	8	86	113	410	126	3,454	4,199
Deferred tax assets	27	78	-	-	-	396	502

As of March 31, 2020

	Due within one year (Millions of yen)	Due after one year and up to two years (Millions of yen)	Due after two years and up to three years (Millions of yen)	Due after three years and up to four years (Millions of yen)	Due after four years and up to five years (Millions of yen)	Due after five years (Millions of yen)	Total (Millions of yen)
Tax losses carried forward (*1)	135	118	404	118	331	3,315	4,424
Valuation allowance	70	104	404	118	331	2,873	3,902
Deferred tax assets	65	13	-	-	-	442	521

As of March 31, 2020

	Due within one year (Thousands of U.S. dollars)	Due after one year and up to two years (Thousands of U.S. dollars)	Due after two years and up to three years (Thousands of U.S. dollars)	Due after three years and up to four years (Thousands of U.S. dollars)	Due after four years and up to five years (Thousands of U.S. dollars)	Due after five years (Thousands of U.S. dollars)	Total (Thousands of U.S. dollars)
Tax losses carried forward (*1)	1,248	1,085	3,712	1,093	3,044	30,468	40,652
Valuation allowance	645	959	3,712	1,093	3,044	26,403	35,858
Deferred tax assets	602	126	-	-	-	4,065	4,794

(*1) The amounts of tax losses carried forward are multiplied by the statutory tax rate.

2. Reconciliation of significant difference between statutory tax rate and effective tax rate after application of tax effect accounting

	As of March 31, 2019	As of March 31, 2020
Statutory tax rate	30.6%	30.6%
Reconciliation:		
Increase (decrease) in valuation allowance for deferred tax assets	7.0	6.1
Non-taxable income for income tax purposes (e.g. dividend income)	(0.7)	(3.6)
Non-deductible expenses for income tax purposes (e.g. entertainment expenses)	0.6	3.3
Tax deductions related to R&D activities	(2.5)	(4.6)
Different tax rates applied to consolidated subsidiaries	(1.5)	(2.7)
Amortization of goodwill	1.5	1.2
Share of profit (loss) of entities accounted for using equity method	0.0	0.1
Retained earnings of subsidiaries and associates	3.8	2.5
Decrease of deferred tax assets at fiscal year-end by the change of tax rate	0.9	-
Transfer pricing taxation-related	4.2	(2.1)
Other	1.0	0.4
Effective tax rate after application of tax effect accounting	44.8	31.2

(Segment Information, etc.)

Segment information

1. Summary of reportable segments

The Company defines a reportable segment as a component of the Company for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to assess its business performance and make decisions about resources to be allocated to the segment.

The Company has a division system based on product type and similarity in sales market, etc., and each division develops and implements comprehensive domestic and overseas strategies for its development, manufacturing and sales of products and service, and engages in its business activities globally.

Thus, reportable segments of the Company are divided into two categories based on product type and sales market.

“Light sources business” conducts manufacturing and sales of halogen lamps and discharge lamps, etc.

“Equipment business” conducts manufacturing and sales of optical equipment and visual image equipment, etc.

2. Methods of determining the amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

Accounting policies for business segment reported are generally consistent with those given in “Significant Matters Forming the Basis of Preparation of Consolidated Financial Statements.”

Segment profit presents the operating profit of the segment.

Intersegment sales and transfers are recognized based on the market price.

3. Information about net sales, segment profit or loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2019

(Millions of yen)

	Reportable segment			Other businesses (Note 1)	Total	Eliminations or unallocated amounts (Note 2)	Amounts on consolidated financial statements (Note 3)
	Light sources business	Equipment business	Total				
Net sales							
Sales to external customers	67,193	94,641	161,834	3,303	165,138	-	165,138
Intersegment sales or transfers	653	63	716	52	769	(769)	-
Total	67,847	94,704	162,551	3,355	165,907	(769)	165,138
Segment profit (loss)	8,367	(300)	8,067	100	8,168	349	8,517
Segment assets	111,089	125,052	236,141	46,728	282,869	23,758	306,628
Other items:							
Depreciation	3,121	3,615	6,737	38	6,775	-	6,775
Amortization of goodwill	423	712	1,135	-	1,135	-	1,135
Investment in associates under equity method	-	-	-	-	-	-	-
Increase in property, plant and equipment and intangible assets (Note 4)	2,508	4,518	7,026	1,435	8,462	-	8,462

(Notes) 1. “Other businesses” represents business segments that are not included in other reportable segments and other revenue-generating business activities, including industrial machinery and fund management activities.

2. Adjustments are as follows:

(1) Eliminations or unallocated amounts of segment profit (loss), amounting to ¥349 million, include elimination of intersegment transactions totaling ¥165 million.

(2) Eliminations or unallocated amounts of segment assets, amounting to ¥23,758 million, include elimination of intersegment receivables and payables totaling ¥(8,435) million and corporate

assets not allocable to any reportable segment or other revenue-generating business activities totaling ¥32,354 million that consists primarily of surplus funds (cash and securities) and long-term investments (investment securities), etc.

3. Segment profit (loss) is reconciled to operating profit on the consolidated statement of income.
4. The increase in long-term prepaid expense is included in increases in property, plant and equipment and intangible assets.

Fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segment			Other businesses (Note 1)	Total	Eliminations or unallocated amounts (Note 2)	Amounts on consolidated financial statements (Note 3)
	Light sources business	Equipment business	Total				
Net sales							
Sales to external customers	58,599	97,046	155,645	3,363	159,009	-	159,009
Intersegment sales or transfers	108	83	192	31	223	(223)	-
Total	58,707	97,130	155,838	3,394	159,233	(223)	159,009
Segment profit	6,061	316	6,377	30	6,408	251	6,659
Segment assets	88,543	117,738	206,281	56,160	262,441	12,462	274,904
Other items:							
Depreciation	3,044	4,098	7,142	39	7,182	-	7,182
Amortization of goodwill	284	351	636	-	636	-	636
Investment in associates under equity method	-	273	273	-	273	-	273
Increase in property, plant and equipment and intangible assets(Note 4)	3,489	4,456	7,945	324	8,270	-	8,270

Fiscal year ended March 31, 2020

(Thousands of U.S. dollars)

	Reportable segment			Other businesses (Note 1)	Total	Eliminations or unallocated amounts (Note 2)	Amounts on consolidated financial statements (Note 3)
	Light sources business	Equipment business	Total				
Net sales							
Sales to external customers	538,445	891,728	1,430,173	30,905	1,461,079	-	1,461,079
Intersegment sales or transfers	996	771	1,768	289	2,057	(2,057)	-
Total	539,442	892,499	1,431,941	31,194	1,463,136	(2,057)	1,461,079
Segment profit	55,698	2,903	58,602	280	58,883	2,307	61,190
Segment assets	813,591	1,081,854	1,895,446	516,036	2,411,482	114,517	2,526,000
Other items:							
Depreciation	27,976	37,655	65,632	361	65,993	-	65,993
Amortization of goodwill	2,614	3,231	5,846	-	5,846	-	5,846
Investment in associates under equity method	-	2,511	2,511	-	2,511	-	2,511
Increase in property, plant and equipment and intangible assets(Note 4)	32,063	40,948	73,011	2,981	75,993	-	75,993

(Notes) 1. "Other businesses" represents business segments that are not included in other reportable segments and other revenue-generating business activities, including industrial machinery and fund management activities.

2. Adjustments are as follows:

- (1) Eliminations or unallocated amounts of segment profit, amounting to ¥251 million (\$2,307 thousand), include elimination of intersegment transactions totaling ¥156 million (\$1,440 thousand).
- (2) Eliminations or unallocated amounts of segment assets, amounting to ¥12,462 million (\$114,517 thousand), include elimination of intersegment receivables and payables totaling ¥(9,683) million (\$88,975 thousand) and corporate assets not allocable to any reportable segment or other revenue-generating business activities totaling ¥22,333 million (\$205,210 thousand) that consists primarily of surplus funds (cash and securities) and long-term investments (investment securities), etc.

3. Segment profit is reconciled to operating profit on the consolidated statement of income.

4. The increase in long-term prepaid expense is included in increases in property, plant and equipment and intangible assets.

Related information

Fiscal year ended March 31, 2019

1. Information by product and service

Information by product and service has been omitted as the similar information is disclosed in the segment information.

2. Information by geographic area

(1) Net sales

(Millions of yen)

Japan	North America		Europe	Asia		Other areas	Total
	U. S. A.	Other		China	Other		
36,229	38,681	2,166	16,148	42,065	28,058	1,787	165,138

(Note) Sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America		Europe	Asia	Other areas	Total
	U. S. A.	Canada				
28,454	7,369	2,650	1,329	3,234	13	43,050

3. Information by significant customer

Information by significant customer has been omitted since there is no external customer who accounts for 10% or more of net sales in the consolidated statement of income.

Fiscal year ended March 31, 2020

1. Information by product and service

Information by product and service has been omitted as the similar information is disclosed in the segment information.

2. Information by geographic area

(1) Net sales

(Millions of yen)

Japan	North America		Europe	Asia		Other areas	Total
	U. S. A.	Other		China	Other		
39,655	33,016	2,399	14,972	34,811	31,202	2,951	159,009

(Thousands of U.S. dollars)

Japan	North America		Europe	Asia		Other areas	Total
	U. S. A.	Other		China	Other		
364,377	303,374	22,047	137,578	319,867	286,708	27,123	1,461,079

(Note) Sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America		Europe	Asia	Other areas	Total
	U. S. A.	Canada				
30,516	7,099	2,026	1,279	3,314	6	44,242

(Thousands of U.S. dollars)

Japan	North America		Europe	Asia	Other areas	Total
	U. S. A.	Canada				
280,403	65,238	18,624	11,754	30,456	55	406,532

3. Information by significant customer

Information by significant customer has been omitted since there is no external customer who accounts for 10% or more of net sales in the consolidated statement of income.

Information on impairment loss on non-current assets by reportable segment

Fiscal year ended March 31, 2019

(Millions of yen)

	Reportable segment			Other businesses	Eliminations or unallocated amounts	Total
	Light sources business	Equipment business	Total			
Impairment loss	46	983	1,029	-	-	1,029

(Note) Of the impairment losses relating to the equipment business segment, ¥888 million was recorded in the consolidated statement of income as part of business structure improvement expenses.

Fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segment			Other businesses	Eliminations or unallocated amounts	Total
	Light sources business	Equipment business	Total			
Impairment loss	28	127	155	-	-	155

Fiscal year ended March 31, 2020

(Thousands of U.S. dollars)

	Reportable segment			Other businesses	Eliminations or unallocated amounts	Total
	Light sources business	Equipment business	Total			
Impairment loss	259	1,167	1,427	-	-	1,427

Information on amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended March 31, 2019

(Millions of yen)

	Reportable segment			Other businesses	Eliminations or unallocated amounts	Total
	Light sources business	Equipment business	Total			
Amortized for the year	423	712	1,135	-	-	1,135
Balance	630	740	1,370	-	-	1,370

Fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segment			Other businesses	Eliminations or unallocated amounts	Total
	Light sources business	Equipment business	Total			
Amortized for the year	284	351	636	-	-	636
Balance	307	390	698	-	-	698

Fiscal year ended March 31, 2020

(Thousands of U.S. dollars)

	Reportable segment			Other businesses	Eliminations or unallocated amounts	Total
	Light sources business	Equipment business	Total			
Amortized for the year	2,614	3,231	5,846	-	-	5,846
Balance	2,825	3,590	6,415	-	-	6,415

Information on gain on negative goodwill by reportable segment

Fiscal year ended March 31, 2019

Not applicable.

Fiscal year ended March 31, 2020

Not applicable.

Related party information

Fiscal year ended March 31, 2019

1. Related party transactions

Not applicable.

2. Information on the parent company and major associates

Not applicable.

Fiscal year ended March 31, 2020

1. Related party transactions

Not applicable.

2. Information on the parent company and major associates

Not applicable.

(Per Share Information)

Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020	
Net assets per share	¥1,691.45	Net assets per share	¥1,664.60
Basic earnings per share	¥88.85	Basic earnings per share	¥73.25
Diluted earnings per share is not presented since no potential shares exist.		Diluted earnings per share is not presented since no potential shares exist.	
		Net assets per share	\$15.29
		Basic earnings per share	\$0.67
		Diluted earnings per share is not presented since no potential shares exist.	

(Notes) 1. The basis used for calculating basic earnings per share is as follows:

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Profit attributable to owners of the parent	11,326	8,967	82,401
Profit not attributable to common shareholders	-	-	-
Profit attributable to owners of the parent attributable to common shares	11,326	8,967	82,401
Average number of common shares outstanding during the year (Shares)	127,466,615	122,432,099	122,432,099

2. The Company's shares held by the trust for the stock remuneration plan for directors are recorded as treasury shares in shareholders' equity which are deducted from the total number of shares issued at the balance sheet date for the purpose of calculating net assets per share (352,300 shares and 310,450 shares as of March 31, 2019 and 2020, respectively).

The Company's shares held by the trust for the stock remuneration plan for directors are recorded as treasury shares in shareholders' equity which are deducted from the weighted-average number of shares outstanding during the year for the purpose of calculating the basic earnings per share (328,775 shares and 323,989 shares for the fiscal years ended March 31, 2019 and 2020, respectively).

(Subsequent Events)
Not applicable.

- 5) Annexed Consolidated Detailed Schedules
Annexed detailed schedule of corporate bonds
Not applicable.

Annexed detailed schedule of borrowings

Classification	Balance at beginning of current period (Millions of yen)	Balance at end of current period (Millions of yen)	Balance at beginning of current period (Thousands of U.S. dollars)	Balance at end of current period (Thousands of U.S. dollars)	Average interest rate (%)	Repayment term
Short-term loans payable	10,008	3,110	91,967	28,578	0.4	-
Current portion of long-term loans payable	8,520	6,298	78,289	57,877	2.6	-
Current portion of lease obligations	91	88	840	811	0.0	-
Long-term loans payable (excluding current portion)	10,410	12,847	95,657	118,052	1.7	From 2021 to 2023
Lease obligations (excluding current portion)	166	72	1,532	667	0.0	From 2021 to 2024
Total	29,197	22,417	268,287	205,987	-	-

- (Notes) 1. The average interest rate represents the weighted-average interest rate over the year-end balance of loans.
2. The average interest rates on lease obligations are omitted for lease obligations which are recorded in the consolidated balance sheet at the amount before deducting interest equivalents included in the total lease payment. The average interest rates of lease obligations for which the standard method is applied is shown on the table above.
3. The redemption schedule for long-term loans payable and lease obligations (excluding current portions) for the five years after the consolidated balance sheet date is as follows:

	Due after one year and up to two years (Millions of yen)	Due after two years and up to three years (Millions of yen)	Due after three years and up to four years (Millions of yen)	Due after four years and up to five years (Millions of yen)
Long-term loans payable	3,548	8,874	424	-
Lease obligations	62	7	1	-

	Due after one year and up to two years (Thousands of U.S. dollars)	Due after two years and up to three years (Thousands of U.S. dollars)	Due after three years and up to four years (Thousands of U.S. dollars)	Due after four years and up to five years (Thousands of U.S. dollars)
Long-term loans payable	32,608	81,547	3,895	-
Lease obligations	576	73	17	-

Annexed detailed schedule of asset retirement obligations

Information is omitted because the amounts of asset retirement obligations at the beginning and the end of the current fiscal year are not more than 1% of the total amounts of liabilities and net assets at the beginning and the end of the current fiscal year, in accordance with the provision under Article 92-2 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

(2) Other Information

Quarterly information for the fiscal year ended March 31, 2020

(Cumulative period)	First three months	First six months	First nine months	Fiscal year ended March 31, 2020
Net sales (Millions of yen)	38,907	82,005	120,063	159,009
Profit before income taxes (Millions of yen)	2,158	4,948	12,781	12,984
Profit attributable to owners of the parent (Millions of yen)	1,253	3,025	8,821	8,967
Basic earnings per share (Yen)	10.02	24.41	71.71	73.25

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (Yen)	10.02	14.43	47.87	1.22

Quarterly information for the fiscal year ended March 31, 2020

(Cumulative period)	First three months	First six months	First nine months	Fiscal year ended March 31, 2020
Net sales (Thousands of U.S. dollars)	357,511	753,518	1,103,219	1,461,079
Profit before income taxes (Thousands of U.S. dollars)	19,833	45,469	117,440	119,305
Profit attributable to owners of the parent (Thousands of U.S. dollars)	11,515	27,797	81,053	82,401
Basic earnings per share (U.S. dollars)	0.09	0.22	0.65	0.67

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (U.S. dollars)	0.09	0.13	0.43	0.01