Notes to Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of CASIO COMPUTER CO., LTD. ("the Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English (with certain expanded disclosure) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2019, which was ¥111 to U.S.$1. The convenience translation should not be construed as a representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Significant Accounting Policies

Consolidation

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries (together with the Company, "the Group") which the Company controls through majority voting rights or existence of certain conditions. Shares of associates of which the Company has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method.

In the elimination of investments in subsidiaries, the portion of assets and liabilities of a subsidiary attributable to the subsidiary's shares acquired by the Company are recorded based on the fair value as of the respective dates when such shares are acquired. The amounts of assets and liabilities attributable to non-controlling interests of the subsidiary are determined using the financial statements of the subsidiary.

Material intercompany balances, transactions and profits have been eliminated in consolidation.

The difference between the cost and underlying fair value of the net assets of investments in subsidiaries at acquisition is included in other assets and is amortized on a straight-line basis over five years.

Cash flow statements

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated at the current exchange rates at the balance sheet date, and the translation gains and losses are credited or charged to income (loss).

Assets and liabilities of consolidated overseas subsidiaries are translated into yen at the current exchange rate at the balance sheet date while their revenue and expenses are translated at the average exchange rate for the period. Differences arising from such translation are included in net assets as foreign currency translation adjustment.

Securities and investment securities

Debt securities designated as held-to-maturity are carried at amortized cost using the straight-line method. Available-for-sale securities for which fair value is readily determinable, are stated at fair value as of the end of the period with unrealized gains and losses, net of applicable deferred tax assets or liabilities, not reflected in earnings but directly reported as a separate component under net assets. The cost of such securities sold is determined primarily by the moving–average method. Available–for–sale securities for which fair value is not readily determinable are stated primarily at moving–average cost.

Derivatives and hedge accounting

The accounting standards for financial instruments require companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments meet the criteria for hedge accounting.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Group defers recognition of gains or losses resulting from changes in the fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

Also, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swaps is added to or deducted from the interest on the assets or liabilities for which the swap contract is executed.

The Group uses forward foreign currency contracts and interest rate swaps as derivative financial instruments primarily for the purpose of mitigating future risks of fluctuations of foreign currency exchange rates with respect to foreign currency assets and liabilities and of interest rate changes with respect to cash management.

Forward foreign currency contracts and interest rate swaps are subject to risks of foreign currency exchange rate changes and interest rate changes, respectively.

The derivative transactions are executed and managed by the Company's Finance Department in accordance with the established policies and within the specified limits on the amounts of derivative transactions allowed.

Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount sufficient to cover probable losses on the collection of receivables.

The amount of the allowance is determined by an estimated amount of probable bad debt that is based on past write–off experience and a review of the collectability of individual receivables.

Inventories

Inventories are stated primarily at the lower of cost (first–in, first–out) or net realizable values at year–end.

Property, plant and equipment, except leased assets

Property, plant and equipment is stated at cost. For the Company and its consolidated subsidiaries in Japan, depreciation is principally determined by the declining–balance method at rates based on estimated useful lives except for the following items. Buildings, excluding facilities attached to buildings, acquired on or after April 1, 1998, the building and structures of the head office of the Company, and facilities attached to buildings and structures acquired on or after April 1, 2016, are depreciated using the straight–line method. For overseas subsidiaries, depreciation is principally determined by the straight–line method. The depreciation period ranges from 2 years to 50 years for buildings and structures, from 2 years to 17 years for machinery, equipment and vehicles, and from 1 year to 20 years for tools, furniture and fixtures.

Software, except leased assets

Software is categorized by the following purposes and amortized using the following two methods.

Software for market sales: The production costs for the master product are capitalized and amortized over no more than 3 years on a projected revenue basis.

Software for internal use: The acquisition costs of software for internal use are amortized over 5 years using the straight–line method.

The amount of software costs capitalized is included in Other under Investments and other assets in the consolidated balance sheets.

Leased assets

(Finance leases which do not transfer ownership of the leased property to the lessee)

Leased assets are divided into the two principal categories of property, plant and equipment and intangible assets included in Other under Investments and other assets. The former consists primarily of facilities (machinery and equipment, tools, furniture and fixtures) while the latter consists of software. The assets are depreciated on a straight–line basis on the assumption that the lease term is the useful life and the residual value is zero.

Retirement benefits

Under the terms of the employees' severance and retirement plan, eligible employees are entitled under most circumstances, upon mandatory retirement or earlier voluntary severance, to severance payments based on compensation at the time of severance and years of service.

For employees' severance and retirement benefits, the Company and its consolidated subsidiaries in Japan provide a defined benefit plan and have established and are participating in the Casio corporate pension fund, which is a system with multiple business proprietors.

The Company and its consolidated subsidiaries in Japan received permission from the Minister of Health, Labour and Welfare, for release from the obligation of paying benefits for employees' prior services relating to the substitutional portion of the Welfare Pension Insurance Scheme. Afterwards, the welfare pension insurance plan was changed to the defined benefit plan.

The Company and a part of its consolidated subsidiaries in Japan also provide a defined contribution plan. On April 1, 2012, the Company and certain consolidated subsidiaries transferred part of the defined benefit plan to the defined contribution plan. In addition, the Company has established an employee retirement benefit trust.

The liabilities and expenses for retirement benefits are determined based on the amounts actuarially calculated using certain assumptions. The liability and expenses for the retirement benefit plan subject to some of the consolidated subsidiaries are calculated by a simplified method.

Income taxes

Taxes on income consist of corporation, inhabitants' and enterprise taxes.

The Company and certain consolidated subsidiaries in Japan apply the consolidated tax payment system.

The Group recognizes tax effects of temporary differences between carrying amounts for financial reporting purposes and amounts for tax purposes. The provision for income taxes is computed based on the profit before income taxes included in the statements of income of each company of the Group. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

Appropriations of retained earnings

Appropriations of retained earnings are accounted for and reflected in the accompanying consolidated financial statements when approved by the shareholders.

Amounts per share of common shares

Earnings per share of common shares is computed based on the weighted average number of common shares outstanding during each fiscal year (less the treasury shares).

Cash dividends per share represent the actual amount applicable to the respective years.

Reclassifications

Certain reclassifications have been made in the 2018 consolidated financial statements to conform to the 2019 presentation.

Accounting standards and guidance issued but not yet adopted

The following new standard and guidance have been issued but are not effective for the fiscal year ended March 31, 2019 and have not been adopted early.

1. "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018)
"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 30, 2018)

(1) Overview
The above standard and guidance provide comprehensive principles for revenue recognition. Under the standard and guidance, revenue is recognized by applying the following 5 steps:

Step 1: Identify contract(s) with customers.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligation in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

(2) Effective date
Effective from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of the application of the standard and guidance
The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standard and guidance on the consolidated financial statements.

2. Consolidated overseas subsidiaries
•"Leases" [IFRS 16]
(1) Overview
In accordance with IFRS 16, a lessee is required to recognize assets or liabilities for all leases on the balance sheet in principle.

(2) Effective date
Effective from the beginning of the fiscal year ending March 31, 2020.

(3) Effects of the application of the standard
The Company and its consolidated subsidiaries are currently in the process of determining the effects of the standard on the consolidated financial statements.

(Changes in presentation method)
(Changes due to adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting")
Upon application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018 (hereinafter, "Statement No. 28")) from the beginning of the current fiscal year, the Company and its domestic subsidiaries changed the presentation and related notes of deferred tax assets and deferred tax liabilities, such that deferred tax assets and deferred tax liabilities are classified as part of 'investments and other assets' and 'non-current liabilities', respectively.

As a result, ¥6,293 million ($56,694 thousand) of deferred tax assets classified as "current assets" and ¥195 million ($1,757 thousand) of deferred tax liabilities classified as "non-current liabilities" have been included in deferred tax assets (¥8,914 million ($80,306 thousand)) in "investments and other assets", and deferred tax liabilities classified as non-current liabilities have been restated to ¥1,349 million ($12,153 thousand) in the balance sheet as of the end of the previous fiscal year.

The notes related to tax effect accounting additionally included those described in notes 8 (excluding total amount of valuation reserves) and 9 of "Accounting Standard for Tax Effect Accounting", which are required in paragraphs 3 to 5 of Statement No.28. However, this additional information corresponding to the previous fiscal year is not disclosed, in accordance with the transitional treatments prescribed in paragraph 7 of Statement No. 28.

3. Cash and Cash Equivalents

(1) Cash and cash equivalents at March 31, 2019 and 2018:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Cash and deposits	¥ 73,714	¥ 66,441	$ 664,090
Time deposits over three months	(406)	(387)	(3,657)
Debt securities within three months to maturity	50,000	48,500	450,450
Short-term loans receivable with resale agreement	8,900	20,000	80,180
Cash and cash equivalents	¥132,208	¥134,554	$1,191,063

(2) Significant non-cash transactions

1) Assets and obligations relating to finance lease transactions

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Assets relating to finance lease transactions	¥344	¥436	$3,099
Obligations relating to finance lease transactions	373	473	3,360

4. Inventories

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Finished goods	¥39,061	¥36,450	$351,901
Work in process	5,836	5,582	52,577
Raw materials and supplies	9,377	7,649	84,477
Total	¥54,274	¥49,681	$488,955

5. Financial Instruments

(1) Qualitative information on financial instruments

1) Policies for using financial instruments

The Group invests surplus funds in highly secure financial assets, and funds required for working capital and capital investments are raised through the issuance of bonds or loans from financial institutions such as banks. Derivatives are used to avoid the risks described hereinafter and no speculative transactions are entered into.

2) Details of financial instruments used and risks involved, and how they are managed

Notes and accounts receivable–trade are exposed to customers' credit risk. To minimize that risk, the Group periodically monitors the due date and the balance of the accounts.

Securities and investment securities are primarily highly secure and highly rated debt securities and shares of companies with which the Group has business relations, and are exposed to market price fluctuation risk. The Group periodically monitors the market price and reviews the status of these holdings.

Operating payables comprising notes and accounts payable–trade, accounts payable–other and income taxes payable have a due date of within one year.

Operating payables, loans payable, and bonds with share acquisition rights are subject to liquidity risk (the risk of an inability to pay by the due date). However, the Group manages liquidity risk by maintaining short–term liquidity in excess of a certain level of consolidated sales or by other means.

The Group uses derivative transactions of forward foreign currency contracts to hedge currency fluctuation risks arising from debts and credits denominated in foreign currencies, as well as interest rate swap contracts to fix the cash flows associated with loans payable. The Group utilizes and manages derivative transactions following the internal regulations for them, which stipulate policy, objective, scope, organization, procedures and financial institutions to deal with, and has an implementation and reporting system for derivative transactions reflecting proper internal control functions.

3) Supplemental information on fair values

The fair value of financial instruments is calculated based on quoted market price or, in the case where there is no market price, by making a reasonable estimation. Because the preconditions applied include a floating element, estimation of fair value may vary. The contract amounts, as presented in Note 7 "Derivative Transactions," do not reflect market risk.

(2) Fair values of financial instruments

The following table summarizes book value and fair value of the financial instruments, and the difference between them as of March 31, 2019 and 2018. Items for which fair value is difficult to estimate are not included in the following table (see Note 2 on P.47).

	Millions of Yen		
For 2019	Book value	Fair value	Difference
Assets			
[1] Cash and deposits	¥ 73,714	¥ 73,714	¥ –
[2] Notes and accounts receivable-trade	44,141	44,141	–
[3] Securities and investment securities			
a. Held-to-maturity debt securities	20,000	20,000	–
b. Available-for-sale securities	57,855	57,855	–
Total assets	¥195,710	¥195,710	¥ –
Liabilities			
[1] Notes and accounts payable-trade	¥ 28,522	¥ 28,522	¥ –
[2] Accounts payable-other	19,784	19,784	–
[3] Income taxes payable	3,584	3,584	–
[4] Bonds with share aquisition rights	10,003	9,984	(19)
[5] Long-term loans payable	58,988	59,113	125
Total liabilities	¥120,881	¥120,987	¥106
Derivative transactions *	¥ (58)	¥ (58)	¥ –

For 2019	Thousands of U.S. Dollars (Note 1) Book value	Fair value	Difference
Assets			
[1] Cash and deposits	$ 664,090	$ 664,090	$ –
[2] Notes and accounts receivable-trade	397,667	397,667	–
[3] Securities and investment securities			
a. Held-to-maturity debt securities	180,180	180,180	–
b. Available-for-sale securities	521,216	521,216	–
Total assets	$1,763,153	$1,763,153	$ –
Liabilities			
[1] Notes and accounts payable-trade	$ 256,955	$ 256,955	$ –
[2] Accounts payable-other	178,234	178,234	–
[3] Income taxes payable	32,289	32,289	–
[4] Bonds with share aquisition rights	90,117	89,946	(171)
[5] Long-term loans payable	531,423	532,549	1,126
Total liabilities	$1,089,018	$1,089,973	$ 955
Derivative transactions *	$ (523)	$ (523)	$ –

* Net receivables and payables, which are derived from derivative transactions, are presented in net amounts and any items which are net liabilities are indicated in parentheses.

For 2018	Millions of Yen Book value	Fair value	Difference
Assets			
[1] Cash and deposits	¥ 66,441	¥ 66,441	¥ –
[2] Notes and accounts receivable-trade	45,171	45,171	–
[3] Securities and investment securities			
a. Held-to-maturity debt securities	26,000	26,000	–
b. Available-for-sale securities	56,767	56,767	–
Total assets	¥194,379	¥194,379	¥ –
Liabilities			
[1] Notes and accounts payable-trade	¥ 30,752	¥ 30,752	¥ –
[2] Accounts payable-other	19,444	19,444	–
[3] Income taxes payable	3,810	3,810	–
[4] Bonds with share aquisition rights	10,013	10,199	186
[5] Long-term loans payable	63,000	63,051	51
Total liabilities	¥127,019	¥127,256	¥237
Derivative transactions *	¥ (113)	¥ (113)	¥ –

* Net receivables and payables, which are derived from derivative transactions, are presented in net amounts and any items which are net liabilities are indicated in parentheses.

(Note) 1: Method for calculating the fair value of financial instruments and matters related to securities and investment securities and derivative transactions

Assets

[1] Cash and deposits, [2] Notes and accounts receivable-trade

Since these items are short-term and the fair value approximates the book value, the book value is used as fair value.

[3] Securities and investment securities

The fair value of equity securities is the market price, while the fair value of debt securities is the market price or the price quoted by the correspondent financial institution. Since certificates of deposit are short-term, and the fair value approximates the book value, the book value is used as fair value.

See Note 6 "Securities and Investment Securities" for information on securities categorized by holding purpose.

Liabilities

[1] Notes and accounts payable-trade, [2] Accounts payable-other, [3] Income taxes payable

Since these items are short-term, and the fair value approximates the book value, the book value is used as fair value.

[4] Bonds with share acquisition rights

The fair value of bonds with share acquisition rights is the price quoted by the correspondent financial institution.

Bonds with share acquisition rights include current portion of bonds with share acquisition rights.

[5] Long-term loans payable

The fair value of long-term loans payable with fixed interest rates is the sum of the principal and total interest discounted by the rate that is applied if a new loan is made.

Since long-term loans payable with floating interest rates reflect market interest rates over the short term, and the fair value approximates the book value, the book value is used as fair value. However, those that are subject to special treatment interest rate swaps are measured by taking the sum of the principal and total interest associated with the interest rate swaps and discounting it by the rate that is reasonably estimated and applied if a new loan is made (see Note 7 "Derivative Transactions").

Long-term loans payable include current portion of long-term loans payable.

Derivative transactions

See Note 7 "Derivative Transactions."

(Note) 2: Financial instruments of which fair value is difficult to estimate

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
	Book value	Book value	Book value
Unlisted shares	¥2,775	¥2,762	$25,000

The market price of the above shares is not available, therefore the fair value is difficult to estimate. Hence, these are not included in "[3] Securities and investment securities" on P.45-46.

In the fiscal years ended March 31, 2019 and 2018, there were no unlisted shares declared as an impairment loss.

(Note) 3: Monetary claims and securities and investment securities with repayment due dates after March 31, 2019 and 2018:

Millions of Yen

For 2019	Within one year	Within five years	Within ten years	Over ten years
Cash and deposits	¥ 73,714	¥–	¥–	¥–
Notes and accounts receivable—trade	44,141	–	–	–
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds	–	–	–	–
(2) Corporate bonds	–	–	–	–
(3) Others	20,000	–	–	–
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds	–	–	–	–
b. Corporate bonds	10,000	–	–	–
c. Other	–	–	–	–
(2) Other	20,000	–	–	–
Total	¥167,855	¥–	¥–	¥–

Thousands of U.S. dollars (Note 1)

For 2019	Within one year	Within five years	Within ten years	Over ten years
Cash and deposits	$ 664,090	$–	$–	$–
Notes and accounts receivable-trade	397,667	–	–	–
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds	–	–	–	–
(2) Corporate bonds	–	–	–	–
(3) Others	180,180	–	–	–
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds	–	–	–	–
b. Corporate bonds	90,090	–	–	–
c. Other	–	–	–	–
(2) Other	180,180	–	–	–
Total	$1,512,207	$–	$–	$–

Millions of Yen

For 2018	Within one year	Within five years	Within ten years	Over ten years
Cash and deposits	¥ 66,441	¥–	¥–	¥–
Notes and accounts receivable—trade	45,171	–	–	–
Securities and investment securities				
1. Held-to-maturity debt-securities				
(1) Government bonds	–	–	–	–
(2) Corporate bonds	–	–	–	–
(3) Other	26,000	–	–	–
2. Available-for-sale securities with maturities				
(1) Debt securities				
a. Government bonds	–	–	–	–
b. Corporate bonds	10,000	–	–	–
c. Other	–	–	–	–
(2) Other	12,500	–	–	–
Total	¥160,112	¥–	¥–	¥–

(Note) 4: Bonds with share aquisition rights and long-term loans payable with due dates after March 31, 2019 and 2018

For 2019	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
	Millions of Yen					
Bonds with share aquisition rights	¥10,000	¥ –	¥ –	¥ –	¥ –	¥ –
Long-term loans payable	–	25,000	3,488	8,000	21,500	1,000
Total	¥10,000	¥25,000	¥3,488	¥8,000	¥21,500	¥1,000

For 2019	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
	Thousands of Dollars (Note 1)					
Bonds with share aquisition rights	$90,090	$ –	$ –	$ –	$ –	$ –
Long-term loans payable	–	225,225	31,423	72,072	193,694	9,009
Total	$90,090	$225,225	$31,423	$72,072	$193,694	$9,009

For 2018	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years
	Millions of Yen					
Bonds with share aquisition rights	¥ –	¥10,000	¥ –	¥–	¥–	¥ –
Long-term loans payable	16,500	–	25,000	–	–	21,500
Total	¥16,500	¥10,000	¥25,000	¥–	¥–	¥21,500

6. Securities and Investment Securities

(1) Held-to-maturity debt securities

2019	Book value	Fair value	Difference
	Millions of Yen		
Securities with fair values exceeding book values	¥20,000	¥20,000	¥–
Securities other than the above	–	–	–
Total	¥20,000	¥20,000	¥–

2019	Book value	Fair value	Difference
	Thousands of U.S. Dollars (Note 1)		
Securities with fair values exceeding book values	$180,180	$180,180	$–
Securities other than the above	–	–	–
Total	$180,180	$180,180	$–

2018	Book value	Fair value	Difference
	Millions of Yen		
Securities with fair values exceeding book values	¥26,000	¥26,000	¥–
Securities other than the above	–	–	–
Total	¥26,000	¥26,000	¥–

(2) **Available-for-sale securities**

Securities with book values exceeding acquisition costs:

2019	Book value	Acquisition cost	Difference
			Millions of Yen
Equity securities	¥21,538	¥ 9,476	¥12,062
Debt securities	10,000	10,000	–
Other	20,000	20,000	–
Total	¥51,538	¥39,476	¥12,062

2019	Book value	Acquisition cost	Difference
			Thousands of U.S. Dollars (Note 1)
Equity securities	$194,036	$ 85,370	$108,666
Debt securities	90,090	90,090	–
Other	180,180	180,180	–
Total	$464,306	$355,640	$108,666

2018	Book value	Acquisition cost	Difference
			Millions of Yen
Equity securities	¥29,260	¥13,558	¥15,702
Debt securities	10,000	10,000	–
Other	12,500	12,500	–
Total	¥51,760	¥36,058	¥15,702

Securities other than the above:

2019	Book value	Acquisition cost	Difference
			Millions of Yen
Equity securities	¥1,336	¥1,476	¥(140)
Debt securities	–	–	–
Other	4,981	5,017	(36)
Total	¥6,317	¥6,493	¥(176)

2019	Book value	Acquisition cost	Difference
			Thousands of U.S. Dollars (Note 1)
Equity securities	$12,036	$13,297	$(1,261)
Debt securities	–	–	–
Other	44,874	45,198	(324)
Total	$56,910	$58,495	$(1,585)

2018	Book value	Acquisition cost	Difference
			Millions of Yen
Equity securities	¥ –	¥ –	¥ –
Debt securities	–	–	–
Other	5,007	5,020	(13)
Total	¥5,007	¥5,020	¥(13)

(Notes): 1. Acquisition cost is presented based on book values after posting of impairment loss.
2. The market price of unlisted shares is not available, therefore the fair value is difficult to estimate. Hence, the amounts of unlisted shares, which are ¥2,775 million ($25,000 thousand) and ¥2,762 million on the consolidated balance sheets as of March 31, 2019 and 2018, respectively, are not included in available-for-sale securities above.

(3) Available-for-sale securities sold for the years ended March 31, 2019 and 2018

	Millions of Yen		
2019	Sales amount	Gross realized gains	Gross realized losses
Equity securities	¥7,482	¥4,864	¥–
Debt securities	–	–	–
Other	–	–	–
Total	¥7,482	¥4,864	¥–

	Thousands of U.S. Dollars (Note 1)		
2019	Sales amount	Gross realized gains	Gross realized losses
Equity securities	$67,405	$43,820	$–
Debt securities	–	–	–
Other	–	–	–
Total	$67,405	$43,820	$–

	Millions of Yen		
2018	Sales amount	Gross realized gains	Gross realized losses
Equity securities	¥1,173	¥519	¥–
Debt securities	–	–	–
Other	–	–	–
Total	¥1,173	¥519	¥–

(4) Securities and investment securities impaired

No impairment of securities and investment securities was recorded for the years ended March 31, 2019 and 2018.

With respect to impairment loss, securities with a fair value that has declined by 50% or more against their acquisition costs are impaired. Among securities that have declined by 30% or more, but less than 50% against their acquisition costs, those that have been comprehensively assessed and deemed as unlikely to recover their value are also impaired.

7. Derivative Transactions

Derivative transactions not subject to hedge accounting

(1) Currency-related derivatives

	Millions of Yen			
	Contract amount			
2019	Total	Due after one year	Fair value	Realized gain (loss)
Forward contracts:				
To sell:				
Euros	¥ –	¥–	¥ –	¥ –
Chinese yuan	2,786	–	(58)	(58)
Total	¥2,786	¥–	¥(58)	¥(58)

	Thousands of U.S. Dollars (Note 1)			
	Contract amount			
2019	Total	Due after one year	Fair value	Realized gain (loss)
Forward contracts:				
To sell:				
Euros	$ –	$–	$ –	$ –
Chinese yuan	25,099	–	(523)	(523)
Total	$25,099	$–	$(523)	$(523)

2018	Contract amount			Millions of Yen
	Total	Due after one year	Fair value	Realized gain (loss)
Forward contracts:				
To sell:				
Euros	¥2,383	¥–	¥(113)	¥(113)
Chinese yuan	–	–	–	–
Total	¥2,383	¥–	¥(113)	¥(113)

(Notes): 1. Fair values of derivative transactions are determined by forward exchange rates.
2. Transactions are transactions other than market transactions.

(2) Interest rate-related derivatives

Not applicable at March 31,2019 and 2018.

Derivative transactions subject to hedge accounting

(1) Currency-related derivatives

Not applicable at March 31, 2019 and 2018.

(2) Interest rate-related derivatives

2019

			Contract amount		Millions of Yen
Hedge accounting method	Type	Main hedged item	Total	Due after one year	Fair value
Interest rate swaps that are subject to special treatment	Interest rate swaps: Receive float/ Pay fix	Long-term loans payable	**¥2,000**	**¥2,000**	**(Note) 2**
Total			**¥2,000**	**¥2,000**	**¥–**

2019

			Contract amount		Thousands of U.S. Dollars (Note1)
Hedge accounting method	Type	Main hedged item	Total	Due after one year	Fair value
Interest rate swaps that are subject to special treatment	Interest rate swaps: Receive float/ Pay fix	Long-term loans payable	**$18,018**	**$18,018**	**(Note) 2**
Total			**$18,018**	**$18,018**	**$–**

2018

			Contract amount		Millions of Yen
Hedge accounting method	Type	Main hedged item	Total	Due after one year	Fair value
Interest rate swaps that are subject to special treatment	Interest rate swaps: Receive float/ Pay fix	Long-term loans payable	¥2,000	¥2,000	(Note) 2
Total			¥2,000	¥2,000	¥–

(Notes): 1. Fair values of derivative transactions are determined by prices principally reported by the financial institutions with which the Group engages in derivative transactions.
2. Since interest rate swaps that are subject to special treatment are accounted for with long-term loans payable, which are hedged items, their fair value is included in the fair value of the said long-term loans payable.

8. Short-term Loans Payable, Bonds and Long-term Loans Payable and Lease Obligation

Short-term loans payable, bonds and long-term loans payable and lease obligation at March 31, 2019 and 2018:

	Average interest rates (%)**	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Euro-yen convertible bond-type bonds with share acquisition rights due in 2019*	–	¥10,003	¥10,013	$ 90,117
Short-term loans payable	0.1	232	205	2,090
Long-term loans payable due within one year	–	–	16,500	–
Lease obligations due within one year	3.3	538	594	4,847
Long-term loans payable due over one year	0.2	58,988	46,500	531,423
Lease obligations due over one year	3.2	859	1,115	7,739
Other	–	–	–	–
Total	-	¥70,620	¥74,927	$636,216

* Details of bonds with share acquisition rights ("warrants")

Type of shares involved	common shares
Price of warrants	gratis
Share issue price	¥2,051.8 ($18.48)
Total issue amount	¥10,050 million ($90,541 thousand)
Total value of new shares issued upon exercise of warrants	–
Warrant-linked	100%
Period of exercise of warrants	August 6, 2014 to July 9, 2019

Upon request to exercise warrants in question, payments usually required for the issuance of the corresponding number of shares shall be exempted as the issuer of bonds in question, in return, will be automatically exempted from obligation of redemption of the bonds in a lump-sum.

Exercise of warrants in question shall be regarded as an eligible request for exercise of share aquisition rights.

The conversion price of the euro-yen convertible bond-type bonds with share acquisition rights due in 2019 was adjusted to ¥2,051.8 ($18.48) from ¥2,055.7 retroactive to April 1, 2016 pursuant to the terms and conditions of the bonds due to the payment of a year-end dividend of ¥22.5 per share and an annual dividend of ¥40.00 per share. The General Meeting of Shareholders held on June 29, 2016 approved the payment of these dividends.

The balance of 2019 is the amount that will be redeemed within one year.

** The average interest rate is the weighted average rate on the year-end balance.

The annual maturities of bonds and long-term loans payable within five years:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars (Note 1)
2020	¥10,000	$ 90,090
2021	25,000	225,225
2022	3,488	31,423
2023	8,000	72,072
2024	21,500	193,694

The annual maturities of lease obligations within five years:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars (Note 1)
2020	¥538	$4,847
2021	412	3,712
2022	240	2,162
2023	105	946
2024	46	414

The lines of credit with the main financial institutions agreed as of March 31, 2019 and 2018:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Line of credit	¥56,860	¥56,900	$512,252
Unused	56,860	56,900	512,252

9. Income Taxes

(1) The following table summarizes the significant differences between the statutory tax rate and the Group's actual income tax rate for financial statement purposes for the years ended March 31, 2019 and 2018.

	2019	2018
Statutory tax rate	30.6%	30.9%
Increase (reduction) in tax resulting from:		
Difference in statutory tax rate (including overseas subsidiaries)	(3.5)	(3.0)
Valuation allowance	(0.8)	(10.4)
Foreign tax	1.5	1.4
Tax credit	(1.0)	(1.2)
Other	(2.2)	2.8
Actual income tax rate	24.6%	20.5 %

(2) Significant components of deferred tax assets and liabilities as of March 31, 2019 and 2018:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Deferred tax assets:			
Carryforward tax loss**	¥ 7,421	¥ 8,965	$ 66,856
Inventories	1,582	1,932	14,252
Accrued expenses (bonuses to employees)	1,495	1,544	13,469
Property, plant and equipment	1,243	1,012	11,198
Other	4,987	4,928	44,928
Gross deferred tax assets	16,728	18,381	150,703
Valuation reserve for carryforward tax loss**	(2,078)	–	(18,721)
Valuation reserve for deductible temporary differences	(625)	–	(5,631)
Total valuation reserve*	(2,703)	(2,932)	(24,352)
Total deferred tax assets	14,025	15,449	126,351
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(3,694)	(4,808)	(33,279)
Retained earnings of overseas subsidiaries	(1,785)	(1,665)	(16,081)
Unrealized holding gain	(1,287)	(1,287)	(11,595)
Other	(128)	(124)	(1,153)
Total deferred tax liabilities	(6,894)	(7,884)	(62,108)
Net deferred tax assets	¥ 7,131	¥ 7,565	$ 64,243

* Valuation reserve decreased by ¥ 229 million ($2,063 thousand), because valuation reserve for carryforward tax loss increased by ¥ 438 million ($ 3,946 thousand), and valuation reserve for deductible temporary differences decreased by ¥ 612 million ($5,514 thousand) at the Company in the fisical year.

** Carryforward tax loss and its deferred tax assets by expiration periods:

Millions of Yen

For 2019	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years	Total
Carryforward tax loss (a)	¥ 24	¥ 4,820	¥2,015	¥ 63	¥ 108	¥ 391	¥ 7,421
Valuation reserve	(15)	(1,483)	(35)	(50)	(104)	(391)	(2,078)
Net deferred tax assets (b)	¥ 9	¥ 3,337	¥1,980	¥ 13	¥ 4	¥ 0	¥ 5,343

Thousands of Dollars (Note 1)

For 2019	Within one year	Within two years	Within three years	Within four years	Within five years	Over five years	Total
Carryforward tax loss (a)	$ 216	$ 43,423	$18,153	$ 568	$ 973	$ 3,523	$ 66,856
Valuation reserve	(135)	(13,360)	(315)	(451)	(937)	(3,523)	(18,721)
Net deferred tax assets (b)	$ 81	$ 30,063	$17,838	$ 117	$ 36	$ 0	$ 48,135

(a) Carryforward tax loss shown in the above table is calculated using the effective statutory tax rate.
(b) Deferred tax asset of ¥5,343 million ($48,135 thousand) was recognized for carryforward tax loss of ¥7,421 million ($66,856 thousand) (amount calculated using the effective statutory tax rate.). The deferred tax asset of ¥5,343 million ($48,135 thousand) was mainly recognized for a part of carryforward tax loss of ¥6,750 million ($60,811 thousand) (amount calculated using the effective statutory tax rate) by the Company. The part of valuation reserve which was determined to be recoverable based on expected future taxable income is not recognized for the carryforward tax loss.

10. Retirement Benefits

(1) Defined benefit plan (Defined benefit plans, including multi-employer pension plans)

1) Movement in projected benefit obligation (except plans applying the simplified method)

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Projected benefit obligation at beginning of period	¥50,038	¥52,395	$450,793
Service cost	1,559	1,595	14,045
Interest cost	557	562	5,018
Actuarial differences accrued	(494)	(359)	(4,451)
Benefits paid	(3,044)	(2,499)	(27,423)
Decrease due to the change from the principle method to the simplified method	–	(1,412)	–
Other	202	(244)	1,820
Projected benefit obligation at end of period	¥48,818	¥50,038	$439,802

2) Movement in pension plan assets (except plans applying the simplified method)

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
Pension plan assets at beginning of period	¥62,271	¥64,489	$561,000
Expected return on pension plan assets	2,040	2,097	18,378
Actuarial differences accrued	(3,054)	(1,393)	(27,514)
Contributions paid by the employer	1,122	1,145	10,108
Benefits paid	(3,041)	(2,310)	(27,396)
Decrease due to the change from the principle method to the simplified method	–	(1,511)	–
Other	202	(246)	1,820
Pension plan assets at end of period	¥59,540	¥62,271	$536,396

3) Movement in retirement benefit liability for plans applying the simplified method

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Retirement benefit liability at beginning of period	¥(445)	¥(537)	$(4,009)
Retirement benefit expenses	540	392	4,865
Benefits paid	(18)	(13)	(162)
Contributions paid by the employer	(185)	(195)	(1,667)
Increase due to the change from the principle method to the simplified method	–	(99)	–
Other	(6)	7	(54)
Retirement benefit liability at end of period	¥(114)	¥(445)	$(1,027)

4) Reconciliation from projected benefit obligation and pension plan assets to liability (asset) for retirement benefits

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Funded projected benefit obligation	¥ 53,923	¥ 55,416	$ 485,793
Pension plan assets	(65,173)	(68,409)	(587,144)
	(11,250)	(12,993)	(101,351)
Unfunded projected benefit obligation	414	315	3,729
Total net liability (asset) for retirement benefits recorded on the consolidated balance sheets	(10,836)	(12,678)	(97,622)
Retirement benefit liability	578	322	5,207
Retirement benefit asset	(11,414)	(13,000)	(102,829)
Total net liability (asset) for retirement benefits recorded on the consolidated balance sheets	¥(10,836)	¥(12,678)	$ (97,622)

(Note): Including plans applying the simplified method.

5) Retirement benefit expenses

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Service cost	¥ 1,559	¥1,595	$ 14,045
Interest cost	557	562	5,018
Expected return on pension plan assets	(2,040)	(2,097)	(18,378)
Amortization of actuarial differences	1,792	2,236	16,144
Amortization of prior service costs	(1,346)	(3,148)	(12,126)
Other	723	653	6,513
Retirement benefit expenses	¥ 1,245	¥ (199)	$ 11,216

(Note): 1. Premium retirement benefit expenses paid one time are included in Other.
2. In addition to the above retirement benefit expenses,the Group recorded extra retirement payments of ¥2,620 million [$23,604 thousand] under the early retirement system for the year ended March 31, 2019.

6) Remeasurements of defined benefit plans (before income tax effects)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Actuarial differences	¥ (727)	¥ 1,238	$ (6,550)
Prior service costs	(1,346)	(3,148)	(12,126)
Total	¥(2,073)	¥(1,910)	$(18,676)

7) Accumulated remeasurements for retirement benefit (before income tax effects)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Unrecognized actuarial differences	¥ 2,270	¥ 1,543	$ 20,450
Unrecognized prior service costs	(5,248)	(6,594)	(47,279)
Total	¥(2,978)	¥(5,051)	$(26,829)

8) Pension plan assets

(i) Pension plan assets comprise:

	2019	2018
Equity securities	39%	17%
Debt securities	15%	2%
General account	22%	23%
Cash and deposits	19%	53%
Other	5%	5%
Total	100%	100%

(Note): The employee retirement benefit trust set up for corporate pension plans represents 17% and 16% of total pension assets, as of March 31, 2019 and 2018, respectively.

(ii) Long-term expected rate of return

Current and target asset allocations, as well as current and expected returns on various categories of pension plan assets have been considered in determining the long-term expected rate of return.

9) Actuarial assumptions

The principal actuarial assumptions at the end of the period are as follows:

	2019	2018
Discount rate	mainly 0.8%	mainly 0.8%
Long-term expected rate of return	mainly 3.0%	mainly 3.0%

(2) Defined contribution plan

At March 31, 2019 and 2018, the required contributions to the defined contribution plans of the Company and its consolidated subsidiaries were ¥1,121 million ($10,099 thousand) and ¥993 million, respectively.

11. Net Assets

Under the Japanese Corporation Law ("the Law") and regulations, the entire amount paid for new shares is required to be designated as capital stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as legal capital surplus, which is included in capital surplus.

In cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of capital stock over the total of legal capital surplus and legal retained earnings must be set aside as legal capital surplus or legal retained earnings. Legal retained earnings are included in retained earnings in the accompanying consolidated balance sheets.

Legal capital surplus and legal retained earnings may not be distributed as dividends. However, all legal capital surplus and all legal retained earnings may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with the Law.

12. Lease Transactions

(1) Finance lease transactions which do not transfer the ownership of the leased property to the lessee, and that were concluded prior to the year that began on April 1, 2008 for which the new accounting standards were applied

The assumed outstanding future lease payments as of March 31, 2019 and 2018:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Future lease payments:			
Due within one year	¥6	¥12	$54
Due over one year	–	8	–
Total	¥6	¥20	$54

Total lease expenses, total assumed depreciation cost and total assumed interest cost as lessee for the years ended March 31, 2019 and 2018:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
Total lease expenses	¥11	¥14	$99
Total assumed depreciation cost	8	10	72
Total assumed interest cost	1	1	9

Assumed acquisition cost, accumulated depreciation and net book value of the leased assets under the finance lease contracts as lessee as of March 31, 2019 and 2018:

	Millions of Yen		
2019	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥104	¥99	¥5
Total	¥104	¥99	¥5

	Thousands of U.S. Dollars (Note 1)		
2019	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	$937	$892	$45
Total	$937	$892	$45

For 2018	Acquisition cost	Accumulated depreciation	Net book value
			Millions of Yen
Machinery, equipment and vehicles	¥155	¥139	¥16
Total	¥155	¥139	¥16

(Notes) 1. In calculating assumed depreciation cost, the leased assets are depreciated on a straight-line basis on the assumption that the lease term is the useful life and residual value is zero.
2. In calculating the assumed interest cost, the difference between the total lease amount and the assumed acquisition cost is taken as the assumed interest cost. The method of distribution over each period depends on the interest method.

(2) Finance leases

See Note 2 on P. 42

(3) Operating leases

Outstanding future noncancellable lease payments as of March 31, 2019 and 2018:

	Millions of Yen		Thousands of U.S.Dollars (Note 1)
	2019	2018	2019
Future lease payments:			
Due within one year	¥164	¥169	$1,478
Due over one year	457	557	4,117
Total	¥621	¥726	$5,595

13. Segment Information

(1) Overview of reportable segments

The Group's reportable segments consist of the Group's constituent units for which separate financial information is available and which are subject to periodic examination in order for the board of directors to determine the allocation of management resources and evaluate financial results.

The Group has designated three areas of segment reporting, which are the "Consumer," "System Equipment," and "Others" segments, based on the type of products and services, and the market and consumer categories.

The categories of the main products and services belonging to each reportable segment are as follows:

Consumer ....Watches, Clocks, Electronic dictionaries, Electronic calculators, Label printers, Electronic musical instruments, Digital cameras, etc.

System Equipment ....Handheld terminals, Electronic cash registers, Management support systems, Data projectors, etc.

Others ....Formed parts, Molds, etc.

(2) Basis of measurement for net sales, income or loss, assets and others for each reportable segment

The accounting method for the reportable segments is largely in line with the descriptions in Notes 1-2 on p.40-44 Intersegment profits are based on the market price.

(3) Information on net sales, profit or loss, assets and others for each reportable segment

Millions of Yen

For 2019	Reportable segments: Consumer	Reportable segments: System Equipment	Reportable segments: Others	Reportable segments: Total	Adjustments*	Amounts on consolidated financial statements**
Net sales:						
External customers	¥257,354	¥33,821	¥ 6,986	¥298,161	¥ –	¥298,161
Intersegment	4	168	6,782	6,954	(6,954)	–
Total	257,358	33,989	13,768	305,115	(6,954)	298,161
Segment profit (loss)	38,232	(910)	336	37,658	(7,396)	30,262
Segment assets	196,340	37,903	15,820	250,063	107,467	357,530
Other:						
Depreciation	6,746	2,044	376	9,166	518	9,684
Amortization of goodwill	65	11	–	76	–	76
Investment to entities accounted for using equity method	–	–	2,719	2,719	–	2,719
Increase in property, plant and equipment and intangible assets	7,682	2,856	539	11,077	969	12,046

Thousands of U.S. Dollars (Note 1)

For 2019	Reportable segments: Consumer	Reportable segments: System Equipment	Reportable segments: Others	Reportable segments: Total	Adjustments*	Amounts on consolidated financial statements**
Net sales:						
External customers	$2,318,505	$304,693	$ 62,937	$2,686,135	$ –	$2,686,135
Intersegment	36	1,514	61,099	62,649	(62,649)	–
Total	2,318,541	306,207	124,036	2,748,784	(62,649)	2,686,135
Segment profit (loss)	344,432	(8,198)	3,027	339,261	(66,630)	272,631
Segment assets	1,768,829	341,468	142,523	2,252,820	968,171	3,220,991
Other:						
Depreciation	60,775	18,414	3,387	82,576	4,667	87,243
Amortization of goodwill	586	99	–	685	–	685
Investment to entities accounted for using equity method	–	–	24,496	24,496	–	24,496
Increase in property, plant and equipment and intangible assets	69,207	25,730	4,856	99,793	8,730	108,523

For 2018	Reportable segments: Consumer	Reportable segments: System Equipment	Reportable segments: Others	Reportable segments: Total	Adjustments*	Amounts on consolidated financial statements**
						Millions of Yen
Net sales:						
External customers	¥268,905	¥38,302	¥ 7,583	¥314,790	¥ –	¥314,790
Intersegment	1	20	6,733	6,754	(6,754)	–
Total	268,906	38,322	14,316	321,544	(6,754)	314,790
Segment profit	35,028	583	570	36,181	(6,613)	29,568
Segment assets	192,580	37,225	17,924	247,729	116,474	364,203
Other:						
Depreciation	7,209	1,563	378	9,150	244	9,394
Amortization of goodwill	81	11	–	92	–	92
Investment to entities accounted for using equity method	–	–	2,706	2,706	–	2,706
Increase in property, plant and equipment and intangible assets	9,438	1,817	328	11,583	392	11,975

* Adjustments are as shown below:
(1) Downward adjustments to segment profit (loss) for the years ended March 31, 2019 and 2018 are ¥7,396 million ($66,630 thousand) and ¥6,613 million, respectively. These amounts include corporate expenses that are not allocated to any reportable segments of ¥7,396 million ($66,630 thousand) and ¥6,613 million, respectively. Corporate expenses principally consist of administrative expenses of the parent company and R&D expenses for fundamental research, which are not attributable to any reportable segments.
(2) Adjustments to segment assets for the years ended March 31, 2019 and 2018 are ¥107,467 million ($968,171 thousand) and ¥ 116,474 million, respectively. These amounts include corporate assets that are not allocated to any reportable segments of ¥107,536 million ($968,793 thousand) and ¥116,550 million, respectively.
(3) Adjustments to depreciation for the years ended March 31, 2019 and 2018 are ¥518 million ($4,667 thousand) and¥ 244 million, respectively. These amounts consist of depreciation of assets related to administrative divisions that are not attributable to any reportable segments.
(4) Adjustments to the increase in property, plant and equipment and intangible assets for the years ended March 31, 2019 and 2018 are ¥969 million ($8,730 thousand) and ¥392 million, respectively. These amounts consist of capital expenditures in administrative divisions that are not attributable to any reportable segments.
** Segment profit (loss) is reconciled with operating profit in the consolidated financial statements.

(4) Information about geographic areas

Millions of Yen

For 2019	Japan	North America	Europe	Asia	Others	Total
Net sales	¥94,512	¥37,922	¥50,822	¥82,071	¥32,834	¥298,161

Thousands of U.S. Dollars (Note 1)

For 2019	Japan	North America	Europe	Asia	Others	Total
Net sales	$851,459	$341,640	$457,856	$739,378	$295,802	$2,686,135

Millions of Yen

For 2018	Japan	North America	Europe	Asia	Others	Total
Net sales	¥100,360	¥39,326	¥53,774	¥87,124	¥34,206	¥314,790

(Notes): 1. Sales are classified by country or region where customers are located.
2. Net sales of North America include ¥31,856 million ($286,991 thousand) in 2019 and ¥33,638 million in 2018 in the US, while those of Asia include ¥30,093 million ($271,108 thousand) in 2019 and ¥35,369 million in 2018 in China.

Millions of Yen

For 2019	Japan	North America	Europe	Asia	Others	Total
Property, plant and equipment	¥49,239	¥959	¥407	¥6,084	¥116	¥56,805

Thousands of U.S. Dollars (Note 1)

For 2019	Japan	North America	Europe	Asia	Others	Total
Property, plant and equipment	$443,594	$8,640	$3,667	$54,811	$1,045	$511,757

Millions of Yen

For 2018	Japan	North America	Europe	Asia	Others	Total
Property, plant and equipment	¥49,670	¥1,072	¥466	¥6,722	¥102	¥58,032

(5) Information on impairment loss of non-current assets for each reportable segment

Millions of Yen

For 2019	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Impairment loss	¥991	¥251	¥–	¥–	¥1,242

Thousands of U.S. Dollars (Note 1)

For 2019	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Impairment loss	$8,928	$2,261	$–	$–	$11,189

(Note): The above impairment loss is included in the amount indicated as "Business structure improvement expenses".

Millions of Yen

For 2018	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Impairment loss	¥485	¥–	¥–	¥–	¥485

(Note): The above impairment loss includes the impairment loss amount indicated as "Business structure improvement expenses."

(6) Information on amortization of goodwill and unamortized balance in each reportable segment

Millions of Yen

For 2019	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Goodwill					
Balance at the end of the reporting year	¥172	¥11	¥–	¥–	¥183

Thousands of U.S. Dollars (Note 1)

For 2019	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Goodwill					
Balance at the end of the reporting year	$1,550	$99	$–	$–	$1,649

Millions of Yen

For 2018	Consumer	System Equipment	Others	Elimination or unallocated amount	Total
Goodwill					
Balance at the end of the reporting year	¥251	¥23	¥–	¥–	¥274

(Note): Disclosure of the amount of goodwill amortization has been omitted as it is disclosed in the segment information above.

14. Contingent Liabilities

At March 31, 2019 and 2018, the Group was contingently liable for trade notes and export drafts discounted with banks in the amount of ¥452 million ($4,072 thousand) and ¥422 million, respectively.

15. Impairment Loss

For 2019

The Group recognized impairment loss.

Use	Type of assets	Location
Business assets	Tools, furniture and fixtures, machinery, equipment and vehicles, software etc.	Zhongshan City, Guangdong Prov. China and others

With respect to business assets, the Group carries out asset grouping principally according to its management accounting categories, which are employed to enable continuous monitoring of the Group's earnings situation.

The Group has applied impairment accounting to business assets whose values are deemed to have significantly declined due to deteriorating business environment. Book value of these assets has been reduced to recoverable amounts and the reduced amounts of ¥1,242 million ($11,189 thousand) are recognized as "Business structure improvement expenses."

The breakdown of the losses is : ¥779 million ($7,018 thousand) for tools, furniture and fixtures, ¥345 million ($3,108 thousand) for machinery, equipment and vehicles, ¥64 million ($577 thousand) for software, and ¥54 million ($486 thousand) for others.

Recoverable amounts are estimated disposal values using net selling prices which are reasonably estimated.

For 2018

The Group recognized impairment loss.

Use	Type of assets	Location
Business assets	Tools, furniture and fixtures, software etc.	Higashine City, Yamagata Pref. and others

With respect to business assets, the Group carries out asset grouping principally according to its management accounting categories, which are employed to enable continuous monitoring of the Group's earnings situation.

The Group has applied impairment accounting to business assets whose values are deemed to have significantly declined due to deteriorating business environment. Book value of these assets has been reduced to recoverable amounts and the reduced amounts of ¥485 million is recognized as "Business structure improvement expenses."

The breakdown of the losses is : ¥237 million for tools, furniture and fixtures, ¥173 million for software, and ¥75 million for others.

Recoverable amounts are estimated disposal values using net selling prices which are reasonably estimated.

16. Business structure improvement expenses

For 2019

These expenses include the following:

- Impairment losses on non-current assets (following the restructuring of the musical instrument business)
- Expenses associated with closing business offices (following the restructuring of Japan-based operations and services)
- Other expenses related to the above

For 2018

These expenses include loss on abandonment of assets, impairment loss of non-current assets and other related expenses related to Digital Camera business structural reforms.

17. Subsequent Events

(1) Appropriation of retained earnings

At the annual shareholders' meeting held on June 27, 2019, the Company's shareholders approved the payment of a cash dividend of ¥25.00 ($0.23) per share aggregating ¥6,158 million ($55,477 thousand) to registered shareholders as of March 31, 2019.

(2) Change in capital reserve

At a meeting on May 14, 2019, the Board of Directors resolved upon a plan to reduce the Company's capital reserve. The plan was proposed at the 63rd General Meeting of Shareholders held on June 27 of that year, and approved at the meeting.

1) Purpose of Reducing Capital Reserve

The Company reduced the capital reserve pursuant to Article 448, Paragraph 1, of the Corporation Law to enable it to plan its capital strategy dynamically and flexibly.

2) Outline of Reduction

i) Amount reduced

The capital reserve of ¥64,565,597,149 ($581,672 thousand) was reduced by ¥50,000,000,000 ($450,450 thousand), leaving ¥14,565,597,149 ($131,222 thousand).

ii) Method of Reduction

The ¥50,000,000,000 ($450,450 thousand) portion stated above was allocated to other capital surplus.

3) Timeline

i) May 14, 2019: Reduction resolved by Board of Directors

ii) June 27, 2019: Reduction approved by General Meeting of Shareholders

iii) August 31, 2019: Date when reduction took effect

(3) Purchase of Treasury Shares

At a meeting on June 3, 2019, the Board of Directors resolved upon a plan to acquire treasury shares pursuant to Article 156 of the Companies Act, applied with the modification stipulated in Article 165, Paragraph 3.

1) Purpose of Treasury Acquisition

To enhance shareholder returns and capital efficiency.

2) Outline of Acquisition

i) Class of shares acquired: Common stock
ii) Number of acquirable shares: Up to 4,000,000
iii) Total value of acquisition: Up to ¥5,000 million ($45,045 thousand)
iv) Period of acquisition: June 4 to July 4, 2019
v) Method of acquisition: The shares were purchased on the Tokyo Stock Exchange through on-floor trading

(4) Introduction of Restricted Stock Awards

At a meeting on May 14, 2019, the Board of Directors resolved to introduce a restricted stock awards plan (the "plan"). The plan was proposed at the 63rd General Meeting of Shareholders held on June 27 of that year, and approved at the meeting.

1) Purpose of Introducing the Plan

One aim is to motivate eligible directors (outside directors and directors who serve on the Audit & Supervisory Board are not eligible) to run the Company with a view to improving earnings and corporate value sustainably. Another aim is to more closely align the interests of eligible directors with those of shareholders.

2) Outline of the Restricted Stock Awards

The eligible directors will make an in-kind contribution of the entirety of the monetary receivables the Company pays them under the plan. The Company will then issue shares of common stock to the eligible directors, either by issuing new shares or by disposing of treasury shares.

i) Cap on total monetary receivables paid under the plan, cap shares to be issued

The total monetary receivables to be paid to eligible directors under the plan is capped at ¥100 million ($901 thousand) per year (this does not include the portion paid for services as an employee). The total shares of common stock that the Company may issue (either by issuing new shares or by disposing of treasury shares) is capped at 80,000 per year. The Company may reasonably adjust the total amount of common shares that it newly issues or disposes from treasury shares for the purpose of restricted stock awards if, after the date the shareholders approve the plan, it undertakes a stock split (or allocation of shares without contribution) or reverse stock split, or if there is some other compelling reason.

ii) Timing of payout, allotment

The Board of Directors will decide when the Company will issue the shares to the eligible directors. The board will also decide how much eligible directors contribute per restricted share. This amount will be at a level that gives no particular advantage to the eligible directors. It will be based on the closing price of the Company's common stock on the Tokyo Stock Exchange for the business day preceding the day on which the board resolves for the Company to issue new shares or dispose of treasury shares (or, if there is no trading on that day, the day preceding that).

iii) Other

Before issuing new shares or disposing of treasury shares under the plan, the Company will sign an agreement with each eligible director providing for the allotment of the restricted shares as follows:

-The eligible director must not transfer, hypothecate, or otherwise dispose of the allotted shares for a fixed period.

-Under certain circumstances, the Company may acquire the shares from the eligible director for no consideration.

The Company will keep the shares in a trust for the transfer-restriction period to ensure that the eligible directors do not transfer, hypothecate, or otherwise dispose of the shares during that time. The trust will be managed by SMBC Nikko Securities.

3) How the Plan Applies to Executive officers

The plan equally applies to executive officers who do not serve on the Board of Directors.