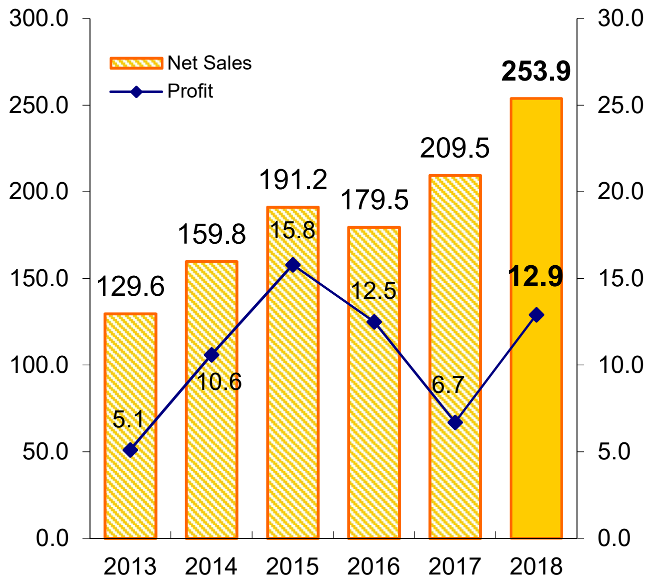
Financial Report 2018

Japan Aviation Electronics Industry, Limited and consolidated subsidiaries. Years ended March 31

Financial Outlook

In the consolidated fiscal year ended March 31, 2018, the global economy has maintained its course toward recovery due to the improved employment climate in the United States. The Chinese economy, too, shifted to steady growth. The Japanese economy also maintains moderate recovery fueled by strong external demand and the expansion of capital investments.

As for the electronics markets relevant for the JAE Group, the growth rate of Chinese smartphones in the mobile device market has slowed, but shipments of smartphones overall remained high and market growth continued. The automotive market, too, grew mostly steadily. As for the industrial machinery market, demand remained robust with focus on FA.



Against this backdrop, the JAE Group worked to improve business performance in our major markets of mobile devices, automotive, and industrial machinery. Specifically, we worked to improve our performance through focusing on expanding orders and sales by implementation of global marketing and acceleration of initiatives for development of new products. Also we worked to improve efficiency across whole business operations such as reducing costs by promoting in-house manufacturing and automation, improving productivity by streamlining facilities and curbing expenses.

As a result of these efforts and based on the aforementioned robust demand in each market, the consolidated fiscal year performance of the JAE Group achieved the levels summarized below.
The net sales were 253.947 billion yen (121% of the previous year). The income recorded was 20.632 billion yen in operating income (171% of the previous year), 17.357 billion yen in ordinary income (190% of the previous year), and 12.936 billion yen in profit attributable to owners of parent (192% of the previous year).

(Years ended March 31)

Years ended March 31	Yen in billions 2016	Yen in billions 2017	Yen in billions 2018 From April1, 2017 to March31, 2018	% of Previous Year	U.S. dollars in millions 2018 From April1, 2017 to March31, 2018
Net sales	¥ 179.5	¥ 209.5	**¥ 253.9**	121%	**$ 2,396**
Gross profit	39.6	33.1	**42.9**	130%	**404**
Operating profit	17.93	12.06	**20.63**	171%	**194.6**
to sales ratio	10.0%	5.8%	**8.1%**	2.3%	**8.1%**
Ordinary profit	16.95	9.15	**17.36**	190%	**163.7**
to sales ratio	9.4%	4.4%	**6.8%**	2.4%	**6.8%**
Profit	12.52	6.74	**12.94**	192%	**122.0**
to sales ratio	7.0%	3.2%	**5.1%**	1.9%	**5.1%**
Profit attributable to owners of parent	12.52	6.74	**12.94**	192%	**122.0**
to sales ratio	7.0%	3.2%	**5.1%**	1.9%	**5.1%**

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of 106=U.S.$1

Sales-by-segment

■Connector Line: Sales of 231.6 billion yen (122% of the previous year)

Demand remained high in the mobile device field, steadily increased in the automotive market and also continued to thrive in the industrial machinery area.

■User Interface Solutions Line: Sales of 8.6 billion yen (106% of the previous year)

Control panels mainly for machine tools, in the field of industrial machinery, grew steadily.

■Aerospace Line: Sales of 12.9 billion yen (113% of the previous year)

Demand declined for products in the defense and aerospace fields, but sales in the industrial machinery field increased, led by strong demand of new products for oil drilling.

Sales by Business Segment

Years ended March 31	Yen in billions 2016	2017	2018	% of Previous Year	U.S.dollars in millions 2018
Connector	158.9	189.3	**231.6**	122%	**$ 2,185**
U.I.S.	8.0	8.1	**8.6**	106%	**81**
Aerospace	11.8	11.4	**12.9**	113%	**122**
Others	0.8	0.7	**0.9**	122%	**8**
Total	179.5	209.5	**253.9**	121%	**2,396**
Overseas	126.7	152.6	**188.5**	124%	**1,778**
%	70.6%	72.8%	**74.2%**	―	**74.2%**
Domestic	52.8	56.9	**65.4**	115%	**618**

Operating profit by Business Segment

Years ended March 31	Yen in billions 2016	2017	2018	% of Previous Year	U.S.dollars in millions 2018
Connector	22.1	16.1	**23.3**	145%	**$ 220**
U.I.S.	1.1	0.8	**0.8**	105%	**8**
Aerospace	(1.0)	(0.6)	**0.7**	－%	**7**
Others	(4.3)	(4.2)	**(4.2)**	－%	**(40)**
Total	17.9	12.1	**20.6**	171%	**195**

Connector Sales by Segment

Years ended March 31	Yen in billions 2016	2017	2018	% of Previous Year	U.S.dollars in millions 2018
Mobile Devices	70.7	105.2	**137.9**	131%	**$ 1,301**
Automotive	62.8	59.7	**64.4**	108%	**607**
Industrial & Infrastructure	16.2	17.1	**21.4**	125%	**202**
Others	9.2	7.3	**8.0**	109%	**75**
Total	158.9	189.3	**231.6**	122%	**2,185**
Overseas	120.8	146.8	**180.9**	123%	**1,707**
%	76.0%	77.6%	**78.1%**	―	**78.1%**
Domestic	38.1	42.5	**50.7**	119%	**478**

Management policies, management environment and outstanding issues

(1) JAE's basic management policy

Ever since its establishment, the JAE Group has aimed to increase its corporate value and contribute to the creation of a sustainable society through growth based on the corporate philosophy of "Explore, Create and Practice."

In the pursuit of our business, our basic policy has been the development of operations on a global scale and management that places priority on consolidated management performance and cash flow.

Also, based on the JAE Group Charter of Corporate Behavior, as a good corporate citizen, we will abide by relevant laws and rules, and fulfill social responsibilities toward customers, stockholders and investors, business partners, and other related parties in the community at large.

(2) Medium- and long-term management strategies

As for our major markets, with the global spread of the Internet of Things (IoT), we expect further advancement of in-vehicle electronics in the automotive market, and development of smart factories and robotization in industrial machinery markets. In the mobile device market, smartphone shipment volume is projected to slow, but we expect that expansion of markets for mobile devices in newly emerging economies and sophistication of the functionality of smartphones will stimulate demand. Also, expansion of wearable and VR/AR devices are expected.

In this market environment, the JAE Group shall pursue the strategies summarized below and shall aim to further boost our corporate value.

1. We will continue efforts to expand business by capturing demand for devices with potential for growth and global emerging trends in new markets.
2. Enhancement of proactive global marketing and technology development capacities and incorporating them in the global corporate slogan, "Technology to Inspire Innovation," in order to promote sustainable development of new products and their horizontal development and thus increase profits
3. Increasing profitability by slashing costs, reduction of lead times, enhancement of efficiency and further quality improvement based on a synergy effect of company-wide management innovation activities evolved from manufacturing improvement and technological innovation focused on efforts for in-house manufacturing, and active investment in construction of plants and reinforcement of production facilities

(3) Issues that JAE must address

The business environment that surrounds our company is expected to remain uncertain due to the negative impact that political issues, such as geopolitical risks or the surge in protectionist trade policies, have on stock prices and exchange rates, although the pace of global economic growth is projected to be moderate.

Under these circumstances, the JAE Group shall improve business performance by focusing efforts on completing the three tasks outlined in the abovementioned "Medium to Long Term Management Strategy," and striving to build a dynamic business structure that responds to changes in the business environment.

Consolidated Balance Sheets

Japan Aviation Electronics Industry, Limited, and consolidated subsidiaries Years ended March 31

Assets	Yen in millions 2017 As of March 31	Yen in millions 2018 As of March 31	U.S. dollars in thousands 2018 As of March 31
Current assets:			
Cash and deposits	¥ 36,529	¥ 39,439	$ 372,067
Notes and accounts receivable	48,575	53,864	508,154
Inventories	16,140	18,940	178,683
Deferred tax assets	1,893	2,079	19,622
Other current assets	1,304	1,272	12,008
Allowance for doubtful accounts	(90)	(89)	(840)
Total current assets	104,353	115,507	1,089,695
Property, plant and equipment:			
Land	5,791	6,069	57,255
Buildings and structures	49,798	50,900	480,195
Machinery , equipment and others	168,197	172,371	1,626,150
Construction in progress	6,130	5,182	48,889
Less: Accumulated depreciation and impairment loss	(162,817)	(172,505)	(1,627,407)
Net property, plant and equipment	67,100	62,018	585,082
Investments and long-term loans receivable:			
Investment securities	2,474	3,022	28,516
Shares of subsidiaries and associates	1,019	153	1,443
Long-term loans receivable	1,127	1,095	10,332
Total investments and long-term loans receivable	4,620	4,270	40,292
Other assets:			
Net defined benefit asset	341	1,572	14,833
Deferred tax assets	2,546	2,189	20,655
Other assets	4,373	4,601	43,408
Allowance for doubtful accounts	(139)	(139)	(1,319)
Total other assets	7,122	8,223	77,578
Total assets	183,196	190,020	1,792,648

Liabilities and net assets	Yen in millions 2017 As of March 31	Yen in millions 2018 As of March 31	U.S. dollars in thousands 2018 As of March 31
Current liabilities:			
Short-term loans payable	¥ 8,118	¥ 6,189	$ 58,390
Notes and accounts payable	40,812	41,324	389,852
Accrued expenses	5,255	6,281	59,257
Income taxes payable	1,495	3,786	35,718
Other current liabilities	4,016	2,411	22,746
Total current liabilities	59,698	59,992	565,966
Non-current liabilities:			
Long-term loans payable	11,451	7,258	68,479
Net defined benefit liability	2,392	873	8,242
Other non-current liabilities	631	1,000	9,435
Total non-current liabilities	14,475	9,132	86,157
Net assets:			
Capital stock			
At March 31, 2017 - Shares authorized: 350,000,000, shares issued: 92,302,608	10,690		
At March 31, 2018 - Shares authorized: 350,000,000, shares issued: 92,302,608		10,690	100,851
Capital surplus	14,498	14,508	136,874
Retained earnings	82,958	94,092	887,662
Less: Treasury shares			
At March 31, 2017 - 1,445,174 shares	(1,089)		
At March 31, 2018 - 1,411,404 shares		(1,070)	(10,100)
Valuation difference on available-for-sale securities	919	1,411	13,311
Foreign currency translation adjustment	783	(213)	(2,015)
Remeasurements of defined benefit plans	134	1,330	12,548
Subscription rights to shares	126	147	1,393
Total net assets	109,022	120,895	1,140,525
Total liabilities and net assets	183,196	190,020	1,792,648

	Yen		U.S. dollars
Net assets per share	¥ 1,198.53	¥ 1,328.49	$ 12.533

Notes : U.S.dollar amounts are translated from yen, for convenience only, at the rate of 106=U.S.$1

Consolidated Statements of Income and Retained Earnings

Japan Aviation Electronics Industry, Limited, and consolidated subsidiaries Years ended March 31

	Yen in millions		U.S. dollars in thousands
	2017	2018	2018
Net sales	¥ 209,510	¥ 253,947	$ 2,395,729
Cost of sales	176,419	211,076	1,991,283
Gross profit	33,091	42,871	404,446
Selling, general and administrative expenses	21,032	22,238	209,800
Operating profit	12,059	20,632	194,646
Other income (expenses):			
Interest expenses	(82)	(80)	(755)
Interest and dividend income	137	155	1,465
Foreign exchange gains (losses)	(2,548)	(1,268)	(11,967)
Loss on retirement of non-current assets	(374)	(2,184)	(20,608)
Other, net	(36)	102	968
	(2,904)	(3,275)	(30,897)
Ordinary profit	9,154	17,357	163,748
Profit before income taxes	9,154	17,357	163,748
Income taxes-current	2,416	4,644	43,816
Income taxes-deferred	1	(223)	(2,110)
Profit	6,736	12,936	122,042
Profit attributable to owners of parent	6,736	12,936	122,042
Retained earnings:			
Balance at beginning of the year	78,947	82,958	782,626
Add:			
Profit attributable to owners of parent	6,736	12,936	122,042
Change of scope of consolidation	–	923	8,711
Deduct:			
Dividends of surplus	2,725	2,726	25,719
Balance at end of the year	82,958	94,092	887,662
	Yen		U.S. dollars
Net income per share (*1)	¥ 74.15	¥ 142.34	$ 1.343

(*1) Figures represents profit attributable to owners of the parent.

Consolidated Statements of Cash Flows

Japan Aviation Electronics Industry, Limited, and consolidated subsidiaries Years ended March 31

	Yen in millions		U.S. dollars in thousands
	2017	2018	2018
Net cash provided by (used in) operating activities			
Profit before income taxes	¥ 9,154	¥ 17,357	$ 163,748
Depreciation and amortization	20,252	20,750	195,759
Increase (decrease) in net defined benefit liability	(1,834)	(1,501)	(14,169)
Loss on retirement of non-current assets	374	2,184	20,608
Decrease (increase) in notes and accounts receivable-trade	(11,697)	(4,263)	(40,220)
Decrease (increase) in inventories	(3,259)	(2,464)	(23,247)
Increase (decrease) in notes and accounts payable-trade	8,933	1,045	9,866
Other, net	(481)	(675)	(6,376)
Net cash provided by (used in) operating activities	21,443	32,432	305,968
Net cash provided by (used in) investing activities			
Proceeds from withdrawal of time deposits	7	–	–
Purchase of property, plant and equipment	(21,716)	(17,533)	(165,408)
Proceeds from sales of property, plant and equipment	14	51	486
Purchase of investment securities	(3)	(3)	(36)
Other, net	(762)	(2,301)	(21,715)
Net cash provided by (used in) investing activities	(22,459)	(19,787)	(186,673)
Net cash provided by (used in) financing activities			
Proceeds from long-term loans payable	10,000	–	–
Repayments of long-term loans payable	(7,370)	(6,122)	(57,756)
Cash dividends paid	(2,725)	(2,726)	(25,719)
Other, net	3	19	183
Net cash provided by (used in) financing activities	(93)	(8,828)	(83,291)
Effect of exchange rate change on cash and cash equivalents	(270)	(1,087)	(10,257)
Net increase (decrease) in cash and cash equivalents	(1,380)	2,729	25,746
Cash and cash equivalents at beginning of period	37,909	36,529	344,616
Increase in cash and cash equivalents from newly consolidated subsidiary	–	180	1,704
Cash and cash equivalents at end of period	36,529	39,439	372,067
Supplemental disclosure of cash flow information			
Cash paid during the year for:			
Interest expenses paid	86	79	754
Income taxes paid	1,570	2,522	23,794

Notes : U.S.dollar amounts are translated from yen, for convenience only, at the rate of 106=U.S.$1

Notes to Consolidated Financial Statements

Japan Aviation Electronics Industry, Limited and consolidated subsidiaries Years ended March 31

1. Basis of presenting consolidated financial statements

Japan Aviation Electronics Industry, Limited (the "Company"), a Japanese corporation and its domestic subsidiaries maintain their records and prepare financial statements in Japanese yen in conformity with accounting principles generally accepted in Japan.
Overseas consolidated subsidiaries prepare financial statements in accordance with either Accounting Standards generally accepted in the United States of America or International Financial Reporting Standards.
The accompanying consolidated financial statements are basically an English version of those that have been prepared for Japanese domestic purposes in accordance with the provisions of the Financial Instruments and Exchange Law of Japan, and filed with the Ministry of Finance Japan, and the Tokyo Stock Exchange. Certain modifications, including presentation of the statements of net assets and the cash flows have been made in the accompanying financial statements to facilitate understanding by readers outside Japan.
The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers and have been calculated at the rate of ¥106=U.S.$1.

2. Scope of consolidation

(1) Number of consolidated subsidiaries: 18

The consolidated subsidiaries are as follows: JAE Hirosaki, Ltd., JAE Yamagata, Ltd., JAE Fuji, Ltd., JAE Shinshu, Ltd. , Meiyu - Giken Co., Ltd., JAE Taiwan, Ltd., JAE Oregon, Inc., Nikko Logistics, Corp., JAE Hakko Ltd., JAE Electronics, Inc., JAE Philippines, Inc., JAE Hong Kong, Ltd., JAE Singapore Pte Ltd., JAE Europe, Ltd., JAE Wuxi Co., Ltd., JAE Korea, Inc., JAE Wujiang Co., Ltd. and JAE Shanghai Co., Ltd.

(2) Number of non-consolidated subsidiaries: 7

The non-consolidated subsidiaries are as follows: JAE Business Support, Ltd., JAE Foods, Ltd., Hirosaki Hakko Co., Ltd., Meiyu Automation Corporation, JAE Houston,LLC, JAE Tijuana, S. A. de C. V. and JAE Dongguan Service Co., Ltd.

(3) Reason for exclusion of non-consolidated subsidiaries from scope of consolidation

The 7 non-consolidated subsidiaries were excluded from the scope of consolidation because they are all small in terms of their total assets, net sales, profit and retained earnings, and would have no significant overall impact on the consolidated financial statements.

3. Application of equity method

The impact of the 7 non-consolidated subsidiaries and 2 affiliated companies on the consolidated profit and consolidated retained earnings is slight, and overall they are of minor importance. Investments in said companies have therefore been valued according to the cost method rather than the equity method.

4. Business years of consolidated subsidiaries

Since the consolidated subsidiaries, JAE Wuxi Co., Ltd., JAE Wujiang Co., Ltd. and JAE Shanghai Co., Ltd. have closing dates falling on December 31, the financial statements contained herein are based on the statements of the provisional settlement of accounts, which were performed on the consolidated closing date.

5. Accounting standards

(1) Standards and methods for valuing major assets

1. Securities

   Other securities:

   Listed shares: Market value method based on the market on the closing date.
   (The entire difference between the acquisition cost and the market price is accounted for by the direct-inclusion-to-net assets method, and the cost of sales is calculated by the moving average method.)
   Unlisted shares: Cost method based on the moving average method.

2. Derivatives: Market value method
3. Inventories: Lower of cost or market method for valuation
   Mainly weighted average method for costing

(2) Depreciation on major depreciable assets

Property, plant and equipment

Buildings: The Company and 16 out of the 18 consolidated subsidiaries use the straight line method, while the remaining 2 use the declining balance method.

Items other than buildings: The Company and 9 out of the 18 consolidated subsidiaries use the declining balance method, while the remaining 9 use the straight line method.

(3) Standards for calculating allowance for doubtful accounts

As provision against losses from bad debts, bad debts reserve has been calculated in accordance with past records of bad debts in the case of general credits. In cases of the specialized credits such as doubtful credits, the possibility of recovery has been considered individually, and the estimated non-recoverable amount has been accrued.

(4) Treatment of major hedge accounts

1. Hedge accounting

   Deferred treatment. Interest rate swap is applied, however, in cases meeting the necessary requirements.

   In addition, forward exchange contract and currency swap is applied in cases meeting the necessary requirements.

2. Hedge method and transactions

   Hedge method: derivatives (interest rate swap, forward exchange contract, currency swap and currency option trading)

   Hedged transaction: A part of debts due to variable interest rate, foreign currency assets and liabilities and time deposit.

3. Hedge policy

   It is our policy not to conduct speculative transactions. Derivatives are used to avoid risks from interest rate fluctuations on debts, and exchange rate fluctuations on foreign currency transactions and so on.

4. Evaluation of hedge effectiveness

   Effectiveness is assessed by rate analysis of the sum total of price fluctuation involving hedged transactions, or cash flows, and the sum total of price fluctuation involving hedge methods, or cash flows.

(5) Funds involved in consolidated statements of cash flows

Funds (cash and cash equivalents) stated in consolidated statements of cash flows consist of cash on hand, demand deposits, and short-term investments which are redeemable within 3 months from the acquisition date, having high liquidity and convertibility into cash and low risk against price fluctuation.

(6) Method of accounting for retirement benefit

1. Method of period attribution for estimated retirement benefit

   We adopt the fixed period standard to impute the estimated retirement benefit amount until the current consolidated fiscal year end upon calculation of the defined benefit obligation.

2. Method of cost processing of actuarial gains and losses

   We process the actuarial gains and losses in the fixed amount method for a specified period (mostly 15 years) in the average remaining service time of the employee upon occurrence from the subsequent consolidated fiscal year.

3. Adoption of a simplified method in small-scale consolidated subsidiaries

   In determining net defined benefit liability and periodic benefit cost, some consolidated subsidiaries apply a simplified method that the amount required for voluntary termination of employees at end of year is treated as defined benefit obligations.

(7) Treatment of consumption taxes

Consumption taxes are recorded by the tax exclusion method.

6. Relating to the Consolidated Statements of Income and Retained Earnings

Years ended March 31	Yen in millions 2017	Yen in millions 2018	U.S.dollars in thousands 2018
(1) Selling, general and administrative expenses			
Main categories and amounts			
1. Packing and transportation expenses	¥ 3,358	¥ 3,828	$ 36,115
2. Salaries and bonuses	7,155	7,611	71,808
3. Commission fee	2,310	2,411	22,747
4. Retirement benefit expenses	379	380	3,586
5. Depreciation	212	224	2,118
(2) R&D expenses included in administrative expenses and current manufacturing expenses			
General and administrative expenses	1,208	1,368	12,909
Current manufacturing expenses	8,044	8,243	77,770
Total	9,252	9,612	90,680

7. Relating to the Consolidated Statements of Cash Flows

Years ended March 31	Yen in millions 2017	Yen in millions 2018	U.S.dollars in thousands 2018
Cash and deposits	¥ 36,529	¥ 39,439	$ 372,067
Cash and cash equivalents	36,529	39,439	372,067

8. Pension and retirement plans

Outline of retirement schedule

JAE and some of our consolidated subsidiaries have mainly introduced the consolidated defined-benefit corporate group pension plan. This plan adopts the cash balance plan, in which we open assumed private accounts equivalent to the reserve and pension resource amounts. In the assumed private accounts, the contributed credits based on the interest credit, salary level, etc. are accumulated. Employees may select a lump-sum or a pension plan (limited period pension up to 15 years) at retirement, and when they select the pension plan, the interest that fluctuates mostly by the market interest is added during the effective period.

Some consolidated subsidiaries adopt the lump-sum plan or defined-contribution pension benefit plan.

Some consolidated subsidiaries adopt a simplified method in calculating defined benefit obligations.

Defined benefit plan

(1) Reconciliation between the beginning balance and the ending balance of defined benefit obligation (excluding simplified method)

Years ended March 31	Yen in millions 2017	Yen in millions 2018	U.S.dollars in thousands 2018
Balance at beginning of year	¥ 28,938	¥ 28,943	$ 273,051
Service cost	1,344	1,361	12,841
Interest cost	274	288	2,718
Actuarial gains and losses	(240)	(551)	(5,198)
Benefit paid	(1,414)	(1,176)	(11,097)
Others	41	148	1,400
Balance at end of year	28,943	29,013	273,716

(2) Reconciliation between the beginning balance and the ending balance of pension assets (excluding simplified method)

Years ended March 31	Yen in millions 2017	Yen in millions 2018	U.S.dollars in thousands 2018
Balance at beginning of year	¥ 24,926	¥ 26,764	$ 252,495
Expected return on pension assets	613	664	6,266
Actuarial gains and losses	702	1,114	10,518
Contributions from the employer	1,904	1,933	18,241
Benefit paid	(1,414)	(1,174)	(11,080)
Others	31	10	102
Balance at end of year	26,764	29,313	276,543

(3) Reconciliation between the beginning balance and the ending balance of net defined benefit liability for simplified method

Years ended March 31	Yen in millions 2017	Yen in millions 2018	U.S.dollars in thousands 2018
Balance at beginning of year	¥ (92)	¥ (128)	$ (1,212)
Periodic benefit cost	69	(4)	(40)
Contributions paid to pension plan	(106)	(111)	(1,051)
Others	1	(154)	(1,461)
Balance at end of year	(128)	(399)	(3,764)

(4) Reconciliation between the ending balance of defined benefit obligations and pension assets and net defined benefit liability and asset recorded on the consolidated balance sheet

Years ended March 31	Yen in millions 2017	Yen in millions 2018	U.S.dollars in thousands 2018
Funded defined benefit obligations	¥ 29,973	¥ 30,158	$ 284,517
Pension assets	(28,093)	(30,874)	(291,271)
	1,880	(715)	(6,753)
Unfunded defined benefit obligations	169	17	162
Net liability and asset recorded on the consolidated balance sheet	2,050	(698)	(6,591)
Net defined benefit liability	2,392	873	8,242
Net defined benefit asset	(341)	(1,572)	(14,833)
Net liability and asset recorded on the consolidated balance sheet	2,050	(698)	(6,591)

Note) Includes plan that adopt a simplified method

(5) Components of periodic benefit costs

Years ended March 31	Yen in millions 2017	Yen in millions 2018	U.S.dollars in thousands 2018
Service cost	¥ 1,344	¥ 1,361	$ 12,841
Interest cost	274	288	2,718
Expected return on pension assets	(613)	(664)	(6,266)
Recognized actuarial gains and losses	83	29	279
Periodic benefit cost in simplified method	69	(4)	(40)
Periodic benefit costs of defined benefit plan	1,157	1,010	9,533

(6) Reconciliation of remeasurements of defined benefit plans before income tax effect

Years ended March 31	Yen in millions 2017	Yen in millions 2018	U.S.dollars in thousands 2018
Actuarial gains and losses	1,027	1,695	15,995
Total	1,027	1,695	15,995

(7) Components of remeasurements of defined benefit plans before income tax effect

Years ended March 31	Yen in millions 2017	Yen in millions 2018	U.S.dollars in thousands 2018
Unrecognized actuarial gains and losses	¥ (258)	¥ (1,953)	$ (18,432)
Total	(258)	(1,953)	(18,432)

(8) Items relating to pension assets

1. Components of pension assets by major categories

Years ended March 31	2017	2018
Japanese bonds	23.5%	24.2%
Foreign bonds	6.3%	6.3%
Japanese equities	19.5%	20.7%
Foreign equities	16.6%	15.8%
General account	24.0%	24.4%
Others	10.1%	8.6%
Total	100.0%	100.0%

2. Method determining expected long-term rate of return on pension assets

Expected long-term rate of return on pension assets is determined based on the current and the expected allocation of pension assets and the current and the expected long-term rates of return from various assets composing the pension assets.

(9) Assumptions used for actuarial calculation (weighted-average rates are applied)

Years ended March 31	2017	2018
Discount rate	1.0%	1.0%
Expected long-term rate of return on pension assets	2.5%	2.5%
Expected rate of future salary increases	3.6%	3.7%

Defined contribution plan

Years ended March 31	Yen in millions 2017	Yen in millions 2018	U.S.dollars in thousands 2018
Required contribution amount to the defined contribution plan of consolidated subsidiaries	¥ 115	¥ 136	$ 1,289