CMIC HOLDINGS Co., Ltd.

Consolidated Financial Statements

For the Year ended September 30, 2018

Together with Independent Auditors' Report

Ernst & Young ShinNihon LLC
Hibiya Mitsui Tower, Tokyo Midtown Hibiya
1-1-2 Yurakucho, Chiyoda-ku
Tokyo 100-0006, Japan

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
ey.com

Building a better working world

Independent Auditor's Report

The Board of Directors
CMIC HOLDINGS Co., Ltd.

We have audited the accompanying consolidated financial statements of CMIC HOLDINGS Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at September 30, 2018, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CMIC HOLDINGS Co., Ltd. and its consolidated subsidiaries as at September 30, 2018, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

December 14, 2018
Tokyo, Japan

CONSOLIDATED BALANCE SHEET

CMIC HOLDINGS Co., Ltd. and consolidated subsidiaries
As of September 30, 2017 and 2018

ASSETS	Millions of yen 2017	Millions of yen 2018	Thousands of U.S. dollars (Note 1) 2018
Current assets:			
Cash and deposits (Notes 14 and 16)	¥ 4,947	¥ 14,009	$ 123,357
Notes and accounts receivable-trade (Note 16)	12,989	13,655	120,242
Merchandise and finished goods(Note 6)	479	514	4,528
Work in process(Note 6)	3,360	3,419	30,113
Raw materials and supplies(Note 6)	1,603	1,878	16,542
Deferred tax assets (Note 21)	1,596	1,526	13,441
Other	2,376	2,773	24,418
Allowance for doubtful accounts	(12)	(18)	(164)
Total current assets	27,341	37,759	332,477
Property, plant and equipment:			
Buildings and structures	19,008	21,450	188,877
Machinery, equipment and vehicles	13,481	14,190	124,946
Tools, furniture and fixtures	3,447	4,253	37,450
Land	6,160	6,167	54,310
Leased assets	1,294	1,040	9,160
Construction in progress	4,136	4,467	39,340
Less: accumulated depreciation	(18,939)	(21,061)	(185,447)
Total property, plant and equipment	28,589	30,508	268,636
Intangible assets:			
Goodwill	737	419	3,695
Other	1,092	985	8,681
Total intangible assets	1,830	1,405	12,376
Investments and other assets:			
Investment securities (Notes 3, 16 and 18)	2,878	3,809	33,543
Lease and guarantee deposits	1,638	1,655	14,578
Deferred tax assets (Note 21)	1,872	1,941	17,099
Other	2,057	1,564	13,776
Allowance for doubtful accounts	(603)	(611)	(5,380)
Total investments and other assets	7,844	8,360	73,616
Total assets	¥ 65,605	¥ 78,034	$ 687,105

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

CONSOLIDATED BALANCE SHEET (continued)
CMIC HOLDINGS Co., Ltd. and consolidated subsidiaries
As of September 30, 2017 and 2018

LIABILITIES AND NET ASSETS	Millions of yen 2017	Millions of yen 2018	Thousands of U.S. dollars (Note 1) 2018
Current liabilities:			
Notes and accounts payable-trade (Note 16)	¥ 1,034	¥ 726	$ 6,394
Short-term borrowings(Notes 16 and 17)	1,050	1,450	12,767
Current portion of long-term debt(Notes 16 and 17)	2,918	3,648	32,127
Commercial papers (Notes 16 and 17)	3,000	2,000	17,610
Accounts payable-other	4,566	4,252	37,445
Accrued expenses	1,019	1,123	9,889
Income taxes payable	1,027	1,076	9,475
Advances received	1,159	1,663	14,649
Provision for bonuses	2,317	2,655	23,385
Provision for directors' bonuses	53	63	555
Provision for loss on orders received	568	683	6,019
Other	2,158	3,399	29,929
Total current liabilities	20,873	22,741	200,244
Noncurrent liabilities:			
Long-term debt(Notes 16 and 17)	11,930	12,178	107,236
Deferred tax liabilities (Note 21)	79	312	2,752
Net defined benefit liability（Note 12 and 20）	7,068	7,544	66,433
Asset retirement obligations (Note 23)	416	420	3,703
Other	1,629	1,300	11,447
Total noncurrent liabilities	21,124	21,756	191,571
Total liabilities	41,997	44,498	391,815
Contingent liabilities (Note 5)			
NET ASSETS (Note 13)			
Shareholders' equity:			
Capital stock			
Authorized-46,000,000 shares Issued-18,923,569 shares in 2017	3,087		
Authorized-46,000,000 shares Issued-18,923,569 shares in 2018		3,087	27,188
Capital surplus	7,715	6,102	53,738
Retained earnings	11,847	12,814	112,829
Treasury shares, at cost-216,028 shares in 2017 and 351,521 shares in 2018	(261)	(579)	(5,103)
Total shareholders' equity	22,389	21,425	188,652
Accumulated other comprehensive income（Note 12 and 20）:			
Unrealized gain (loss) on securities	663	1,217	10,717
Foreign currency translation adjustments	15	23	207
Remeasurements of defined benefit plans	(200)	(83)	(733)
Total accumulated other comprehensive income	478	1,157	10,191
Non-controlling interests	740	10,953	96,447
Total net assets	23,608	33,536	295,290
Total liabilities and net assets	¥ 65,605	¥ 78,034	$ 687,105

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

CONSOLIDATED STATEMENT OF INCOME

CMIC HOLDINGS Co., Ltd. and consolidated subsidiaries
Years ended September 30, 2017 and 2018

	Millions of yen		Thousands of U.S. dollars (Note1)
	2017	2018	2018
Net sales	¥ 65,282	¥ 69,869	$ 615,207
Cost of sales	(51,044)	(54,976)	(484,078)
Gross profit	14,237	14,892	131,129
Selling, general and administrative expenses（Note 7 and 8）:	(10,340)	(10,570)	(93,079)
Operating income	3,897	4,321	38,050
Non-operating income (expenses):			
Interest income	16	6	55
Foreign exchange gains (losses)	96	17	153
Rent income	8	20	178
Government grant	1	14	125
Refunded consumption taxes	15	14	125
Other income	29	26	230
Interest expenses	(121)	(116)	(1,029)
Share of loss of entities accounted for using equity method	(147)	(182)	(1,609)
Other expenses	(63)	(58)	(511)
Total Non-operating income (expenses)	(164)	(259)	(2,283)
Ordinary income	3,732	4,061	35,767
Special gains (losses):			
Gain on abolishment of retirement benefit plan（Note 20）	-	233	2,058
Loss on sales of non-current assets（Note 9）	(27)	(0)	(8)
Loss on retirement of non-current assets（Note 10）	(125)	(59)	(526)
Provision of allowance for doubtful accounts	(310)	-	-
Loss on revision of pay regulations（Note 11）	-	(280)	(2,472)
Loss on valuation of investment securities（Note 18）	-	(4)	(44)
Total special gains (losses)	(463)	(112)	(992)
Profit before income taxes	3,269	3,949	34,775
Income taxes (Note 21):			
Current	2,111	2,260	19,901
Deferred	(515)	(72)	(639)
Total income taxes	1,596	2,187	19,262
Profit	1,672	1,761	15,513
Profit attributable to non-controlling interests	121	274	2,414
Profit attributable to owners of parent	¥ 1,550	¥ 1,487	$ 13,099

	Yen	Yen	U.S. dollars (Note 1)
Amounts per share of common stock:			
Profit attributable to owners of parent	¥ 82.90	¥ 79.71	$ 0.70
Cash dividends applicable to the year	27.50	27.50	0.24

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CMIC HOLDINGS Co., Ltd. and consolidated subsidiaries
Years ended September 30, 2017 and 2018

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2017		2018		2018	
Profit	¥	1,672	¥	1,761	$	15,513
Other comprehensive income（Note 12 and 20）:						
Unrealized gain (loss) on securities		248		553		4,873
Foreign currency translation adjustments		178		18		164
Remeasurements of defined benefit plans		245		41		367
Total other comprehensive income		672		613		5,404
Comprehensive income	¥	2,345	¥	2,375	$	20,917
Comprehensive income attributable to:						
Owners of the parent	¥	2,169	¥	2,166	$	19,077
Non-controlling interests		177		208		1,840

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

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

CMIC HOLDINGS Co., Ltd. and consolidated subsidiaries
Years ended September 30, 2017 and 2018

	Shares	
	2017	2018
Number of shares of common stock:		
Balance at the beginning of the year	18,923,569	18,923,569
Balance at the end of the year	18,923,569	18,923,569

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2018	2018
Capital stock:			
Balance at the beginning of the year	¥ 3,087	¥ 3,087	$ 27,188
Balance at the end of the year	3,087	3,087	27,188
Capital surplus:			
Balance at the beginning of the year	7,715	7,715	67,934
Increase (Decrease) of capital surplus by change of share to consolidated subsidiary	-	(1,612)	(14,196)
Balance at the end of the year	7,715	6,102	53,738
Retained earnings:			
Balance at the beginning of the year	10,596	11,847	104,318
Profit attributable to owners of parent	1,550	1,487	13,099
Cash dividends paid - ￥16.00 ($0.141) per share in 2017	(302)	-	-
￥27.50 ($0.242) per share in 2018	-	(519)	(4,573)
Change in scope of consolidation	2	(1)	(15)
Balance at the end of the year	11,847	12,814	112,829
Treasury stock:			
Balance at the beginning of the year	(265)	(261)	(2,303)
Acquisition of treasury stock	(0)	(326)	(2,878)
Disposal of treasury stock	4	8	78
Balance at the end of the year - 216,028 shares in 2017 and 315,521 shares in 2018	(261)	(579)	(5,103)
Total shareholders' equity	22,389	21,425	188,652
Unrealized gain (loss) on securities:			
Balance at the beginning of the year	414	663	5,844
Net change in items other than those in shareholders' equity	248	553	4,873
Balance at the end of the year	663	1,217	10,717
Foreign currency translation adjustments:			
Balance at the beginning of the year	(143)	15	133
Net change in items other than those in shareholders' equity	158	8	74
Balance at the end of the year	15	23	207
Remeasurements of defined benefit plans			
Balance at the beginning of the year	(409)	(200)	(1,764)
Net change in items other than those in shareholders' equity	209	117	1,031
Balance at the end of the year	(200)	(83)	(733)
Total accumulated other comprehensive income	478	1,157	10,191
Non-controlling interests			
Balance at the beginning of the year	401	740	6,523
Net change in items other than those in shareholders' equity	339	10,212	89,924
Balance at the end of the year	740	10,953	96,447
Total net assets	¥ 23,608	¥ 33,536	$ 295,290

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

CONSOLIDATED STATEMENT OF CASH FLOWS

CMIC HOLDINGS Co., Ltd. and consolidated subsidiaries

Years ended September 30, 2017 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2017	2018	2018
Cash flows from operating activities:			
Profit before income taxes	¥ 3,269	¥ 3,949	$ 34,775
Depreciation	2,822	3,127	27,537
Amortization of goodwill	355	318	2,801
Increase (decrease) in net defined benefit liability	1,094	995	8,765
Increase (decrease) in provision for bonuses	262	337	2,975
Increase (decrease) in provision for directors' bonuses	4	10	88
Increase (decrease) in allowance for doubtful accounts	311	6	54
Increase (decrease) in provision for loss on order received	163	114	1,010
Interest and dividends income	(16)	(6)	(55)
Interest expenses	121	116	1,029
Share of (profit) loss of entities accounted for using equity method	147	182	1,609
Foreign exchange losses (gains)	(152)	(17)	(155)
Loss (gain) on valuation of investment securities	-	4	44
Loss (gain) on sales of non-current assets	27	0	8
Loss on retirement of non-current assets	125	59	525
Gain on abolishment of retirement benefit plan	-	(233)	(2,058)
Government grant	(1)	(14)	(125)
Decrease (increase) in notes and accounts receivable - trade	(2,176)	(652)	(5,742)
Decrease (increase) in inventories	(135)	(372)	(3,279)
Increase (decrease) in notes and accounts payable - trade	61	(315)	(2,777)
Increase (decrease) in accrued expenses	62	116	1,029
Increase (decrease) in advances received	(99)	501	4,416
Increase (decrease) in deposits received	712	1,338	11,790
Other, net	186	227	2,002
Subtotal	7,145	9,797	86,266
Interest and dividend income received	9	14	124
Interest expenses paid	(125)	(118)	(1,040)
Proceeds from government grant	1	14	125
Income taxes paid	(2,094)	(2,219)	(19,541)
Net cash provided by (used in) operating activities	4,937	7,488	65,934

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

	Millions of yen 2017	Millions of yen 2018	Thousands of U.S. dollars (Note 1) 2018
Cash flows from investing activities:			
Payments into time deposits	(99)	(30)	(267)
Proceeds from withdrawal of time deposits	163	16	148
Purchase of property, plant and equipment	(6,343)	(5,609)	(49,393)
Proceeds from sales of property, plant and equipment	166	1	12
Payments for asset retirement obligations	(40)	-	-
Purchase of intangible assets	(205)	(270)	(2,378)
Payments for lease and guarantee deposits	(119)	(58)	(512)
Proceeds from collection of lease and guarantee deposits	83	42	374
Purchase of investment securities	(1,219)	(280)	(2,471)
Net decrease (increase) in short-term loans receivable	72	(15)	(132)
Other, net	0	-	-
Net cash provided by (used in) investing activities	(7,541)	(6,203)	(54,619)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	(1,200)	400	3,522
Proceeds from long-term loans payable	6,000	4,000	35,221
Repayments of long-term loans payable	(2,936)	(3,021)	(26,606)
Redemption of bonds	(50)	-	-
Repayments of lease obligations	(214)	(196)	(1,731)
Net increase (decrease) in commercial papers	1,000	(1,000)	(8,805)
Purchase of treasury stocks	(0)	(326)	(2,878)
Cash dividends paid	(301)	(519)	(4,574)
Cash dividends paid to non-controlling shareholders	-	(64)	(572)
Proceeds from share issuance to non-controlling shareholders	161	8,499	74,843
Net cash provided by (used in) financing activities	2,458	7,770	68,420
Effect of exchange rate change on cash and cash equivalents	126	(26)	(237)
Net increase (decrease) in cash and cash equivalents	(19)	9,028	79,498
Cash and cash equivalents at the beginning of the period	4,946	4,928	43,399
Increase in cash and cash equivalents from newly consolidated subsidiary	1	19	171
Cash and cash equivalents at the end of the period (Note 14)	¥ 4,928	¥ 13,976	$ 123,068

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CMIC HOLDINGS Co., Ltd. and consolidated subsidiaries

1 Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by CMIC HOLDINGS Co., Ltd. (the "Company") and its domestic consolidated subsidiaries (the "Domestic Companies") in accordance with the provisions set forth in the 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 accounts of overseas subsidiaries have been prepared in accordance with either International Financial Reporting Standards or accounting principles generally accepted in the United States, with the necessary consolidation adjustments made based on materiality.
The accompanying consolidated financial statements have been restructured and translated into English 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 U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto have been translated from Japanese yen into U.S. dollars on the basis of ¥113.57 to U.S. $1.00, the rate of exchange prevailing at September 30, 2018. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts have been, could have been or could in future be converted, realized or settled in U.S. dollars at this or any other rate of exchange. As a result, the total Japanese yen and U.S. dollar amounts shown in the financial statements and notes do not necessarily agree with the sum of the individual amounts.
Amounts less than one million yen is rounded down and one thousand U.S. dollar is rounded.
In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

2 Significant accounting policies

Consolidation- As of September 30, 2018, the numbers of consolidated subsidiaries and affiliates accounted for by the equity method are 23 and 2 (21 and 2 in 2017). The accompanying consolidated financial statements for the years ended September 30, 2017 and 2018 include the accounts of the Company and its subsidiaries (the "Companies").
The Company established "CMIC DATA SCIENCE VIETNAM COMPANY LIMITED", which was newly included in the scope of consolidation, on March, 2018.
Investments in subsidiaries and affiliates which are not consolidated or accounted for by the equity method are carried at cost or less. The Company has 1 affiliate and 1 unconsolidated subsidiary accounted at cost or less at September 30, 2017, and has1 affiliate as such at September 30, 2018.
The fiscal year-end of CMIC (Beijing) Pharmaceutical Services Co., Ltd., CMIC (Beijing) Co., Ltd. and CMIC (Suzhou) Pharmaceutical Technology Co., Ltd. is December 31. These subsidiaries provisionally close their books at September 30

for the purpose of consolidation of the Company. The fiscal year-end of the other subsidiaries other than the above subsidiaries is September 30.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling interests, are recorded based on the fair values at the time the Company acquired the control of the respective subsidiaries.

Securities- Other securities with fair market values are stated at fair market value as of the balance sheet date. Unrealized gains or losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sales of such securities are computed using the moving-average method. Other non-marketable securities are stated at cost by the moving-average method.

Inventories- Inventories are valued at the lower of cost or net realizable value at the fiscal year end in the balance sheet. Merchandise and finished goods are principally stated at cost determined by the first-in first-out method. Work-in-process is principally stated at cost determined by the identified cost method, and by the first-in first-out method in certain consolidated subsidiaries. Raw materials and supplies are principally stated at cost determined by the moving-average method.

Property, plant and equipment- Tangible fixed assets of the Companies are depreciated using the straight-line method over the estimated useful lives.

The estimated useful lives of depreciable assets are as follows:

Buildings and structures: 2 years to 60 years

Machinery, equipment and vehicles: 2 years to 17 years

Tools, furniture and fixtures: 2 years to 15 years

Intangible assets- Intangible assets of the Companies are amortized using the straight-line method over the estimated useful lives. Software for internal use is amortized using the straight-line method over the estimated useful life (5 years).

Lease assets- Lease assets of the Companies are depreciated using the straight-line method over the lease term with no residual value.

Allowance for doubtful accounts- The Companies provide an allowance for doubtful accounts in amounts sufficient to cover probable losses on collection. It comprises an estimated uncollectible amount for certain receivables classified as “doubtful” or “bankrupt” and, for other receivables, an amount calculated using the rate of actual defaults in a certain reference period.

Retirement benefits- The retirement benefits obligation for employees is attributed to each period by the benefit formula method over estimated years of service of the eligible employees.

Prior service cost is being amortized as incurred by the straight-line method over the periods (6 years), which are shorter than the average remaining years of the employees.

Actuarial gain or loss amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over period (1 year), which is shorter than the average remaining years of service of the employees.

Certain consolidated subsidiaries adopt, in calculating their projected benefit obligation, the simplified method which assumes retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at fiscal year end.

Provision for directors' bonuses- The Companies provide an allowance for directors' bonuses based on the estimated amount of the bonus payments.

Provision for bonuses- The Companies provide an allowance for employees' bonuses based on the estimated amount of the bonus payments.

Provision for loss on orders received- To provide for future losses on orders received, the Companies reasonably estimate and provide an allowance for the amount of future foreseeable losses at the end of the year.

Foreign currency translation- Receivables and payables of the Domestic Companies denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date and Gaines and losses arising foreign currency transaction are presented as "Foreign exchange gains (losses)" in "CONSOLIDATED STATEMENT OF INCOME", except for shareholders' equity, which is translated at historical rates. The income and expenses of the overseas subsidiaries are translated into Japanese yen at the average exchange rates of the year. Differences arising from such translation are shown as "Foreign currency translation adjustments" and "Non-controlling interests" in "Net assets".

Hedge accounting-

(1) Hedge accounting method:

The Companies adopt the deferral method. The exceptional treatment is applied with respect to interest rate swaps, in cases where criteria for the exceptional treatment are met.

(2) Hedging instruments and hedged items:

The derivatives designated as hedging instruments are interest rate swap contracts.

The hedged items are interest on borrowings.

(3) Hedging policy:

The Companies' policy is to utilize the above hedging instruments in order to reduce the Companies' exposure to the risk of interest rate fluctuation.

(4) Methods for evaluating hedge effectiveness:

The Companies evaluate effectiveness of hedging transactions by reference to the accumulated gains or losses on the hedging instruments and the related hedged for transactions from the commencement of the hedges.

The Companies omit an evaluation of effectiveness to which the exceptional treatment is applied.

Consumption taxes- Transactions subject to consumption taxes are recorded at amounts excluding the consumption taxes.

Consolidated taxation system- The Company and certain domestic consolidated subsidiaries adopt the consolidated taxation system.

Amounts per share of common stock- Computations of profit attributable to owners of parent per share are based on the weighted-average number of shares outstanding during the respective years. Diluted profit attributable to owners of parent per share is computed based on the weighted-average number of shares of common stock and contingent issuance of common stock from warrants. Cash dividends per share represent the actual amount declared as applicable to the respective years.

Goodwill- Goodwill represents the difference between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries and in affiliates accounted for by the equity method has been amortized on a straight-line basis over the estimated useful life, or 5 years in case the useful life cannot be estimated, with the exception of minor amounts which are charged to the consolidated statement of income in the year of acquisition.

Cash and cash equivalents- In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with a maturity not exceeding three months at the time of purchase without significant risk of change in value are considered to be cash and cash equivalents.

Reclassification- Certain prior year amounts have been reclassified to conform to the current year presentation.

(Accounting Standards Issued but Not Yet Effective)

Implementation Guidance on Tax Effect Accounting and Implementation Guidance on Recoverability of Deferred Tax Assets- On February 16, 2018, the Accounting Standards Board of Japan(the "ASBJ") issued "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No.28) and "Implementation Guidance on Recoverability of Deferred Tax Assets"(revised 2018) (ASBJ Guidance No. 26).

(1) Overview

The accounting treatment for taxable temporary differences related to investments in subsidiaries when an entity prepares separate financial statements was modified. In addition, the accounting treatment related to the recoverability of deferred tax assets in entities that qualify as Category 1 was clarified.

(2) Scheduled date of adoption

The Company expects to adopt the implementation guidance from the beginning of the fiscal year ending September 30, 2019.

(3) Impact of the adoption of implementation guidance

The Company is currently evaluating the effect of the adoption of this implementation guidance on its consolidated financial statements.

Accounting Standard and Implementation Guidance on Revenue Recognition- On March 30, 2018, the ASBJ issued "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30).

(1) Overview

This is a comprehensive accounting standard for revenue recognition. Specifically, the accounting standard establishes the following five-step model that will apply to revenue from customers:

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

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard and the implementation guidance from the beginning of the fiscal year ending September 30, 2022.

(3) Impact of the adoption of accounting standard and implementation guidance

The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

(Additional information)

Accounting for Employee Stock Ownership Plan (J-ESOP)- The Company introduced "the Stock Granting Trust (J-ESOP)" as a mid- to long-term incentive program for employees of the Company and its subsidiaries and affiliates (the "Group"), based on approval at the board of directors meeting held on November 7, 2012.

(1) Overview of the transactions

J-ESOP is a program to grant the Company's common stocks to the employees of the companies who fulfill requirements under the regulations of the Company. The Companies vest points to each employee based on their contributions, and grant the Company's common stocks according to their total points at the time that fulfill requirements under the regulations of the Company. Such stocks, including stocks to be granted in the future, are purchased by money held in the J-ESOP trust, managed separately from book of the Company.

J-ESOP is an incentive program to motivate them to improve corporate value, and to secure talented people.

(2) While adopting "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No.30, issued on March 26, 2015), the Company applies the same accounting treatment as before.

(3) Information related to the stocks of the Company which the trusts hold

①Book value of the stocks of the Company within the trust for the years ended September 30, 2017 and 2018 were ¥200million and ¥191 million ($1,684 thousand).

②These stocks were recorded as the treasury stock in the total shareholders' equity.

③The number of stocks within the trust at the year-end for the years ended September 30, 2017 and 2018 were 180,000 shares and 172,000 shares and the average number of stocks within the trust for the years ended September 30, 2017 and 2018 were 182,833 shares and 175,083 shares.

④The number of shares at the year-end and the average number of stocks were included in the treasury stock, which is deducted when calculating amounts per share information.

Accounting for Practical Solution on Accounting for Risk Sharing Pension Plan- In September 2018,a part of the "Companies" shifted retirement benefit plan to risk sharing pension that is classified as a defined contribution plan as stipulated in Article 4 of the Accounting Standard for Retirement Benefits(ASBJ Statement No.26, issued on December 16, 2016), and practical handling of accounting treatment etc.(PITF No.33, issued on December 16, 2016)has been applied. As a result, extraordinary income of ¥233 million ($2,058 thousand) was recorded as "Gain on abolishment of retirement benefit plan".

3 Shares of subsidiaries and associates

Shares of subsidiaries and associates as of September 30, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Investment securities	¥ 77	¥ 109	$ 962
(The investment amount for Jointly Controlled Entities included in the above)	-	15	132

4 Commitment line

In order to efficiently finance business funds, the Company established commitment line contracts with three banks.
Commitment lines as of September 30, 2017 and 2018 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Commitment lines	¥ 5,000	¥ 5,000	$ 44,026
Used portion of Commitment lines	-	-	-
Unused portion of Commitment lines	¥ 5,000	¥ 5,000	$ 44,026

In the commitment line contracts, there are Financial covenants based on " the net asset value in the consolidated balance sheet", "the operating profit / loss and the ordinary profit / loss in the consolidated statements of income" and so on.

5 Contingent liabilities

The company provides the guarantee for the unconsolidated affiliate which is made for the bank loan.
The amount guaranteed by the company as of September 30, 2017 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Guarantee of obligations:			
Unconsolidated affiliate	¥ 1,056	¥ 1,374	$ 12,107

The obligations under guarantee are based on a joint liability on guarantee. Since the guarantors' ability to pay is sufficient and the self-payment ratio is specified, the amount represents the portion of the company's obligation within the guarantors.

6 Loss on Valuation of Inventories

The ending inventory balance is the amount after write-down of book value due to decline in profitability, and the loss on valuation included in cost of sales (Brackets are the gain on valuation of included in cost of sales) for the years ended September 30, 2017 and 2018, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Loss on valuation of inventories	¥ 189	¥ (21)	$ (194)

7 Selling, General and Administrative Expenses

The main components of "Selling, General and Administrative Expenses" for the years ended September 30, 2017 and 2018, are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2017		2018		2018	
Salaries and allowances	¥	3,074	¥	3,371	$	29,686
Bonuses and provision for bonuses		764		750		6,612
Retirement benefit expenses		182		160		1,415
Provision for directors' bonuses		53		63		555
Rent expenses		1,006		1,004		8,846
Provision for doubtful accounts		-		6		56

8 Research and development expenses

	Millions of yen				Thousands of U.S. dollars	
	2017		2018		2018	
Research and development expenses	¥	171	¥	214	$	1,891

9 Loss on sale of non-current assets

Loss on sale of non-current assets for the years ended September 30, 2017 and 2018 , are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2017		2018		2018	
Machinery, equipment and vehicles	¥	-	¥	0	$	8
other		27		-		-
Total	¥	27	¥	0	$	8

10 Loss on retirement of non-current assets

Loss on retirement of non-current assets for the years ended September 30, 2017 and 2018 , are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2017		2018		2018	
Buildings and structures	¥	112	¥	32	$	287
Machinery, equipment and vehicles		1		12		111
Tools, furniture and fixtures		10		0		8
other		2		13		120
Total	¥	125	¥	59	$	526

11 Loss on revision of pay regulations

Loss on revision of pay regulations is one-time cost associated with the personnel system change of some employees enrolled in CDMO Business for the years ended September 30, 2018.

12 Other comprehensive income

The components of other comprehensive income including reclassification adjustments and tax effects income for the years ended September 30, 2017 and 2018, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Unrealized gain (loss) on securities:			
Amount arising during the year	¥ 358	¥ 797	$ 7,023
Amount before tax effect	358	797	7,023
Tax effects	(109)	(244)	(2,150)
Sub-total, net of tax	248	553	4,873
Foreign currency translation adjustments:			
Amount arising during the year	178	18	164
Remeasurements of defined benefit plans:			
Amount arising during the year	(114)	(52)	(458)
Reclassification adjustments	474	157	1,391
Amount before tax effect	359	105	933
Tax effects	(113)	(64)	(566)
Sub-total, net of tax	245	41	367
Total other comprehensive income	¥ 672	¥ 613	$ 5,404

13 Net assets

Information regarding changes in net assets for the years ended September 30, 2017 and 2018, is as follows:

a. Shares issued and outstanding / Treasury stock

For the year ended September 30, 2017

Type of Shares	Number of shares at October 1, 2016	Increase	Decrease	Number of shares at September 30, 2017
Shares issued:				
Common Stock	18,923,569	—	—	18,923,569
Treasury stock				
Common Stock (Notes 1 ,2 and 3)	219,791	237	4,000	216,028

Notes:1. Details of the increase are as follows:

Increase due to purchase of shares of less than one unit	237

2. Details of the decrease are as follows:

Decrease due to transfer of treasury stock by the Stock Granting Trust (J-ESOP)	4,000

3. The Stock Granting Trust (J-ESOP):

The number of shares of treasury stock includes the number of stock of the Stock Granting Trust (J-ESOP).

Number of shares at October 1, 2016	184,000
Number of shares at September 30, 2017	180,000

For the year ended September 30, 2018

Type of Shares	Number of shares at October 1, 2017	Increase	Decrease	Number of shares at September 30, 2018
Shares issued:				
Common Stock	18,923,569	—	—	18,923,569
Treasury stock				
Common Stock (Notes 1 ,2 and 3)	216,028	143,493	8,000	351,521

Notes:1. Details of the increase are as follows:

Increase due to acquire of treasury stock by resolution of the Board of Directors	142,500
Increase due to purchase of shares of less than one unit	993

2. Details of the decrease are as follows:

Decrease due to transfer of treasury stock by the Stock Granting Trust (J-ESOP)	8,000

3. The Stock Granting Trust (J-ESOP):

The number of shares of treasury stock includes the number of stock of the Stock Granting Trust (J-ESOP)

Number of shares at October 1, 2017	180,000
Number of shares at September 30, 2018	172,000

b. Dividends

(1) Dividends paid

For the year ended September 30, 2017

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 December 15,2016	Common stock	*1 207	11.00	September 30, 2016	December 16, 2016
Meeting of the Board of Directors on April 28, 2017	Common stock	*2 94	5.00	March 31, 2017	June 15, 2017

*1 The total dividends includes dividends of ¥ 2 million for the Stock Granting Trust (J-ESOP).

*2 The total dividends includes dividends of ¥ 0 million for the Stock Granting Trust (J-ESOP).

For the year ended September 30, 2018

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
Meeting of the Board of Directors on November 15,2017	Common stock	*1 424	3,742	22.50	0.20	September 30, 2017	December 1,2017
Meeting of the Board of Directors on April 27, 2018	Common stock	*2 94	832	5.00	0.04	March 31, 2018	June 15, 2018

*1 The total dividends includes dividends of ¥ 4 million($ 36 thousand) for the Stock Granting Trust (J-ESOP).

*2 The total dividends includes dividends of ¥ 0 million($ 8 thousand) for the Stock Granting Trust (J-ESOP).

(2) Dividends with the cut-off date in the year ended September 30, 2017 and the effective date in the year ended September 30, 2018

Resolution	Type of shares	Total dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Cut-off date	Effective date
Meeting of the Board of Directors on November 15,2017	Common stock	* 424	Retained earnings	22.50	September 30, 2017	December 1, 2017

* The total dividends includes dividends of ¥ 4 million for the Stock Granting Trust (J-ESOP).

Dividends with the cut-off date in the year ended September 30, 2018 and the effective date in the year ending September 30, 2019

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
Meeting of the Board of Directors on November 14,2018	Common stock	* 421	3,713	Retained earnings	22.50	0.20	September 30, 2018	November 30,2018

* The total dividends includes dividends of ¥ 3 million($ 34 thousand) for the Stock Granting Trust (J-ESOP).

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

14 Supplemental cash flow information

The reconciliation between cash and deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as of September 30, 2017 and 2018 are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2017		2018		2018	
Cash and deposits	¥	4,947	¥	14,009	$	123,357
Less:						
Time deposits over three months		(18)		(32)		(289)
Cash and cash equivalents	¥	4,928	¥	13,976	$	123,068

15 Leases

Obligations for future minimum payment under non-cancelable operating leases as of September 30, 2017 and 2018, are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2017		2018		2018	
Due within one year	¥	1,436	¥	1,540	$	13,562
Due after one year		4,084		3,507		30,885
Total	¥	5,521	¥	5,047	$	44,447

16 Financial instruments

1. Overall status of financial instruments

(1) Policy for financial instruments

The Companies manage temporary cash surpluses through low risk financial instruments. The Companies obtain debt financing from banks and issuance of commercial papers. The Companies use derivative transactions only for the purpose of hedging exchange and interest rate fluctuation risks and do not engage in speculative derivative transactions.

(2) Type and risk of financial instruments

Notes and accounts receivable-trade are exposed to customer credit risk. Notes and accounts receivable-trade denominated in foreign currencies are exposed to risk from fluctuations in foreign exchange rates.

Investment securities are composed of shares of entities with which the Companies have business relationships. Those securities are exposed to the business risk of the entities and the risk from fluctuations in foreign exchange rates.

Almost all notes and accounts payable-trade are settled within one year. Notes and accounts payable-trade denominated in foreign currencies are exposed to the risk from fluctuations in foreign exchange rates.

Short-term borrowings are used as financing mainly for operating activities and is exposed to the risk from fluctuation in interest rates. Long-term debt is used as financing mainly for M&A, capital investment and operating activities and is exposed to the risk from fluctuation in interest rates.

Derivative transactions include forward foreign exchange contracts to hedge the risk associated with trade receivables and payables denominated in foreign currencies, and interest rate swaps to hedge the interest rate risk for loans. Details on hedge accounting related to hedging instruments, hedged items, hedging policy and assessment of hedge effectiveness are outlined in Hedge Accounting in Note 2, Significant accounting policies.

(3) Risk management

1) Credit risk

The Companies examine credit information for new customers before entering into a new transaction, periodically monitor the overdue balance, and take necessary actions such as negotiation for the payment and assessment of the customer's financial position so that credit risks can be minimized.

The counterparties to derivative transactions are limited to financial institutions with high credit ratings, and the credit risk is minimal.

2) Market risk

The Companies have a very small portion of trade receivables and payables denominated in foreign currencies.

Market risk of investment securities are periodically assessed by checking the financial status of the issuers, and the merits of holding such securities are continuously reviewed, taking into account the Companies' relationship with respective issuers.

The finance division of the Company continually monitors the foreign exchange market to minimize the market risk. The Companies use interest-rate swaps for the purpose of reducing risk from interest rate fluctuation for loans from banks. Derivative transactions are executed and managed under the approval by the responsible officer in the finance division of the Company in accordance with internal rules.

3) Liquidity risk in funding

In order to optimize capital efficiency, the Company promotes cash control through a centralized cash management way for each applicable subsidiary, and the company has credit line for commercial paper, overdraft and commitment line to secure cash flexibility.

(4) Supplementary explanation on the fair value of financial instruments

The fair value of financial instruments is based on market price. In case no market price is available, the fair value is calculated based on the amount reasonably estimated. As a number of variables are incorporated in such calculation, the estimated fair value may change if different assumptions are used.

2. Fair value of financial instruments

The book value, fair value and the difference as of September 30, 2017, are as follows:

	Millions of yen		
	Book value	Fair value	Difference
Assets			
(1) Cash and deposits	¥ 4,947	¥ 4,947	¥ —
(2) Notes and accounts receivable-trade	12,989		
Allowance for doubtful accounts(*1)	(7)		
	12,981	12,981	—
(3) Investment securities	1,120	1,120	—
Total assets	¥ 19,049	¥ 19,049	¥ —
Liabilities			
(1) Notes and accounts payable-trade	1,034	1,034	—
(2) Short-term borrowings	1,050	1,050	—
(3) Commercial papers	3,000	3,000	—
(4) Long-term debt (*2)	14,849	14,879	30
Total liabilities	¥ 19,933	¥ 19,963	¥ 30

*1. Allowance for doubtful accounts calculated as the specific reserve for the default possibility of notes and accounts receivable-trade are included.

*2. Long-term debt includes the current portion of long-term debt.

Interest-rate swaps for which the exceptional method is applied are valued at fair value which is included in the underlying long-term debt as such swaps are treated as a single transaction with the hedged long-term debt.

The book value, fair value and the difference as of September 30, 2018, are as follows:

	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Assets						
(1) Cash and deposits	¥ 14,009	¥ 14,009	¥ —	$ 123,357	$ 123,357	$ —
(2) Notes and accounts receivable-trade	13,655			120,242		
Allowance for doubtful accounts(*1)	(6)			(53)		
	13,649	13,649	—	120,189	120,189	—
(3) Investment securities	1,906	1,906	—	16,789	16,789	—
Total assets	¥ 29,566	¥ 29,566	¥ —	$ 260,335	$ 260,335	$ —
Liabilities						
(1) Notes and accounts payable-trade	726	726	—	6,394	6,394	—
(2) Short-term borrowings	1,450	1,450	—	12,767	12,767	—
(3) Commercial papers	2,000	2,000	—	17,610	17,610	—
(4) Long-term debt (*2)	15,827	15,833	6	139,363	139,421	58
Total liabilities	¥ 20,003	¥ 20,010	¥ 6	$ 176,134	$ 176,192	$ 58

*1. Allowance for doubtful accounts calculated as the specific reserve for the default possibility of notes and accounts receivable-trade are included.

*2. Long-term debt includes the current portion of long-term debt.

Interest-rate swaps for which the exceptional method is applied are valued at fair value which is included in the underlying long-term debt as such swaps are treated as a single transaction with the hedged long-term debt.

Note 1:Method of calculating fair value of financial instruments, and information on investment securities and derivative transactions.

Assets

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

These items are recorded at book value, as they are settled in the short term and the fair value approximates the book value.

(3) Investment securities

The fair values of equity securities are measured based on quoted market price.

For information on investment securities by holding purpose, please refer to “18. Securities”

Liabilities

(1) Notes and accounts payable-trade

These items are recorded at book value, as they are settled in the short term and the fair value approximates the book value.

(2) Short-term borrowings, and (3) Commercial papers

These items are recorded at book value, as the fair value is almost identical to the book value because it reflects the market interest rate for the short-term period.

(4) Long-term debt including current portion of long-term debt

The fair value of long-term debt with fixed interest rates is calculated based on the total amount of principal and interest discounted by the interest rate which would be applied if the debt were refinanced at the year-end. Book value is used as the fair value for long-term debt with floating interest rates, as the fair value of such debt is almost identical to the book value because it reflects the market interest rate for the short-term period. However, the fair value of certain long-term debt with floating interest rates hedged by interest rate swaps to which the exceptional method is applied is calculated by discounting the total amount of principal and interest that were treated as a single transaction with the interest rate swap using the interest rate that is reasonably estimated to be applicable to similar fixed rate loans debt.

Derivative transactions

For information relating to derivative transactions, please refer to “19. Derivative financial instruments”

Note 2: Financial instruments for which it is extremely difficult to determine the fair value.

	Millions of yen				Thousands of U.S. dollars	
	2017		2018		2018	
Book value in consolidated balance sheet						
Unlisted shares(*)	¥	1,656	¥	1,793	$	15,792
Stocks of affiliates(*)		101		109		962
Total	¥	1,758	¥	1,902	$	16,754

* Unlisted shares and stocks of affiliates do not have a market value and it is not possible to estimate future cash flows. Accordingly, appraising the fair value of such items is extremely difficult, and they are excluded from Assets (3) Investment securities above.

Note 3: Redemption schedule for monetary claims and marketable securities with maturities subsequent to September 30, 2018.

	Millions of yen				Thousands of U.S. dollars			
	2019		2020 and thereafter		2019		2020 and thereafter	
Cash and deposits	¥	14,007	¥	—	$	123,339	$	—
Notes and accounts receivable-trade		13,655		—		120,242		—
	¥	27,663	¥	—	$	243,581	$	—

Note 4: Redemption schedule for long-term debt subsequent to September 30, 2018.

Please refer to “17. Short-term borrowings and long-term debt”.

17 Short-term borrowings and long-term debt

(1) Short-term borrowings at September 30, 2017 and 2018, are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2017		2018		2018	
Short-term borrowings:						
Weighted average interest rate of 0.29% and 0.35% at September 30, 2017 and 2018, respectively	¥	1,050	¥	1,450	$	12,767

(2) Commercial papers at September 30, 2017 and 2018, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Commercial papers:			
Weighted average interest rate of 0.07% and 0.05% at September 30, 2017 and 2018, respectively	¥ 3,000	¥ 2,000	$ 17,610

(3) Long-term debt at September 30, 2017 and 2018, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Long-term debt:			
Due 2018 to 2026 with weighted average interest rates of 0.65% and 0.63% at September 30,2017 and 2018, respectively	¥ 14,849	¥ 15,827	$ 139,363
Less:			
Current portion of long-term debt:			
Weighted average interest rates of 0.69% and 0.61% at September 30, 2017 and 2018, respectively	2,918	3,648	32,127
	¥ 11,930	¥ 12,178	$ 107,236

(4) Annual maturities of long-term debt at September 30, 2018, are as follows:

Years ending September 30,	Millions of Yen	Thousands of U.S. dollars
	2018	2018
2019	¥ 3,648	$ 32,127
2020	2,422	21,330
2021	2,422	21,330
2022	2,186	19,254
2023	1,736	15,292
2024 and thereafter	3,410	30,030
	¥ 15,827	$ 139,363

(5) Lease obligations at September 30, 2017 and 2018, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Lease obligations:			
Due 2018 to 2024 with weighted average interest rates of 1.80% and 1.65% at September 30, 2017 and 2018, respectively	¥ 505	¥ 325	$ 2,869
Less:			
Current portion of long-term debt:			
Weighted average interest rates of 1.85% and 1.60% at September 30, 2017 and 2018, respectively	208	135	1,195
	¥ 297	¥ 190	$ 1,674

(6) Annual maturities of lease obligations at September 30, 2018, are as follows:

Years ending September 30,	Millions of Yen 2018	Thousands of U.S. dollars 2018
2019	¥ 135	$ 1,195
2020	95	837
2021	63	562
2022	23	206
2023	7	65
2024 and thereafter	0	4
	¥ 325	$ 2,869

18 Securities

(1) The Companies did not hold any trading securities as of September 30, 2017 and 2018.

(2) The Companies did not hold any held-to-maturity securities as of September 30, 2017 and 2018.

(3) The Companies held shares of other securities as of September 30, 2017 and 2018.

The book value, the acquisition cost and the unrealized gain or loss as of September 30, 2017 and 2018, are as follows:

	Millions of yen						Thousands of U.S. dollars		
	2017			2018			2018		
	Book value	Acquisition cost	Unrealized gain(loss)	Book value	Acquisition cost	Unrealized gain(loss)	Book value	Acquisition cost	Unrealized gain(loss)
Securities with book value exceeding acquisition cost:									
Stock	¥ 1,120	¥ 134	¥ 986	¥ 1,833	¥ 34	¥ 1,798	$ 16,147	$ 308	$ 15,839
Securities with book value not exceeding acquisition cost:									
Stock	-	-	-	¥ 72	¥ 99	¥ (27)	$ 642	$ 880	$ (238)
Total	¥ 1,120	¥ 134	¥ 986	¥ 1,906	¥ 134	¥ 1,771	$ 16,789	$ 1,188	$ 15,601

Unlisted shares are not included in the above table because they have no market value and it is extremely difficult to estimate their future cash flows or fair value. Their book values are ¥ 1,680 million and ¥ 1,793 million ($15,792 thousand) as of September 30, 2017 and 2018, respectively.

Investments in limited partnerships (book value ¥ 0 million) are not included in the above table because assets of the partnership consist of unlisted shares and other assets/investments, for which it is extremely difficult to estimate their fair value as of September 30, 2017.

(4) There was no sale of other securities for the years ended September 30, 2017 and 2018, respectively.

(5) There was no impairment loss recognized on the stock in other securities for the year ended September 30, 2017.

The amount of impairment loss recognized on the stock in other securities was ¥4 million ($44 thousand) for the year ended September 30, 2018.

If the market value of securities with fair market value other than trading securities declines to less than 50% of the acquisition cost, the difference is recognized as impairment loss, in principle. If the market value drops by between 30%

and 50%, the impairment loss is calculated based on the possibility of recovery in market value. If the value of shares which does not have market value drops by over 50% of the acquisition cost, the amount considered to be impaired is recognized as impairment loss unless the possibility of recovery is demonstrated by sufficient evidence.

19 Derivative financial instruments

(1) The following table summarizes the derivative transactions as of September 30, 2017 and 2018, for which hedge accounting has not been applied:

There was no derivative transaction for which hedge accounting has not been applied on September 30, 2017 and 2018.

(2) The following table summarizes the derivative transactions as of September 30, 2017 and 2018, for which hedge accounting has been applied:

Interest related:

			Millions of yen		
			2017		
			Contract amount		
Hedge accounting method	Classification	Hedged item	Total	Due after one year	Fair value
Exceptional method for interest rate swaps	Interest rate swap contracts: Pay/fixed and receive/floating	Long-term debt	¥ 2,210	¥ 1,733	(*)

			Millions of yen			Thousands of U. S. dollars		
			2018			2018		
			Contract amount			Contract amount		
Hedge accounting method	Classification	Hedged item	Total	Due after one year	Fair value	Total	Due after one year	Fair value
Exceptional method for interest rate swaps	Interest rate swap contracts: Pay/fixed and receive/floating	Long-term debt	¥ 1,733	¥ 1,271	(*)	$ 15,264	$ 11,195	(*)

* Interest-rate swaps for which the exceptional method is applied are valued at fair value and included in the value of the underlying long-term debt as such swaps are treated as a single transaction with the hedged long-term debt.

20 Retirement benefits

The Company and certain of its subsidiaries provide an unfunded lump-sum payment plan under which all eligible employees are entitled to benefits based on the level of salaries at the time of retirement, length of service and certain other factors.

Certain subsidiaries have defined benefit pension plans in addition to an unfunded lump-sum payment plan. Other certain subsidiaries have defined contribution pension plans.

In September 2018, a part of the “Companies” shifted retirement benefit plan to risk sharing pension that is classified as a defined contribution plan as stipulated in Article 4 of the Accounting Standard for Retirement Benefits.

In the risk sharing pension plan, contributions by the “Companies” to the pension fund are defined in advance in the constitution for the pension plan, and the risk of asset management of the pension is shared between the “Companies” and their employees by increase or decrease of the amount of benefits paid to the employees according to the financial status of the corporate pension fund.

1. Defined benefit plans (except the plans to which the simplified method has been applied)

(a) Movement in retirement benefit obligation

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Balance at the beginning of the year	¥ 5,562	¥ 6,173	$ 54,359
Service cost	746	773	6,815
Interest cost	16	18	165
Actuarial losses (gains) arising during the year	114	52	458
Retirement benefits paid	(239)	(308)	(2,718)
Effect of transition to risk sharing pension	-	(416)	(3,672)
Transfers regarding changes in calculation from simplified method to principle method	-	441	3,886
Effect of changes in calculation from simplified method to principle method	-	148	1,311
Revision of retirement benefit plan	-	67	599
Other	(26)	(5)	(45)
Balance at the end of the year	¥ 6,173	¥ 6,945	$ 61,158

(b) Reconciliation between retirement benefit obligation and net defined benefit liability on the Consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Retirement benefit obligation under the unfunded plans	¥ 6,173	¥ 6,945	$ 61,158
Net defined benefit liability	¥ 6,173	¥ 6,945	$ 61,158

(c) Retirement benefit cost

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Service cost	¥ 746	¥ 773	$ 6,815
Interest cost	16	18	165
Amortization of actuarial losses (gains)	427	119	1,053
Amortization of prior service cost	47	43	380
Effect of changes in calculation from simplified method to principle method	-	148	1,311
Total retirement benefit costs	¥ 1,236	¥ 1,104	$ 9,724

In addition to the above, special gain of ¥ 233 million ($2,058 thousand) was recognized as the transition of the defined benefit plan to risk sharing pension plan for the year ended September, 2018.

(d) Remeasurements of defined benefit plans before tax effects

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Prior service cost	¥ (47)	¥ (43)	$ (380)
Actuarial loss	(312)	(62)	(552)
Total	¥ (359)	¥ (105)	$ (932)

Amounts of actuarial loss at the end of the current consolidated fiscal year include ¥ 4 million ($42 thousand) of reclassification adjustmenst to the transition to risk sharing pension plan.

(e) Accumulated remeasurements of defined benefit plans before tax effects

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Unrecognized prior service cost	¥ 144	¥ 101	$ 890
Unrecognized actuarial losses (gains)	114	52	458
Total	¥ 259	¥ 153	$ 1,348

(f) Actuarial assumptions

The principal actuarial assumption at September 30, 2017 and 2018 are as follows:

	2017	2018
Weighted average discount rate	0.20%~0.70%	0.20%~0.70%

The Company uses the index of salary increases by age at September 30, 2017 and 2018, as the expected rate of future salary increases.

2. Defined benefit plans to which the simplified method has been applied

(a) Movement in net defined benefit liability

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Balance at the beginning of the year	¥ 762	¥ 894	$ 7,877
Retirement benefit cost	222	204	1,803
Retirement benefit paid	(121)	(73)	(645)
Transfers regarding changes in calculation from simplified method to principle method	-	(441)	(3,886)
Other	30	14	126
Balance at the end of the year	¥ 894	¥ 599	$ 5,275

(b) Reconciliation between retirement benefit obligation and net defined benefit liability on the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Retirement benefit obligation under the funded plans	¥ 49	¥ 66	$ 583
Plan assets	(5)	(6)	(54)
Retirement benefit obligation under the unfunded plans	850	538	4,746
Net defined benefit liability	¥ 894	¥ 599	$ 5,275

(c) Retirement benefit cost

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Retirement benefit cost	¥ 222	¥ 204	$ 1,803

3. Defined contribution plans

Contribution obligations to the defined contribution pension plans are ¥10 million as of September 30, 2017, and ¥19 million ($ 170 thousand) as of September 30, 2018.

The total amount of future contribution in preparation for the shared risk of asset management after the next fiscal year is ¥172 million ($1,515 thousand) and the remaining years for the payment are 19 years and 11 months.

The accumulated amount of contribution payable for the employees' past services at the time of transition is ¥182 million ($1,607 thousand) , and is recognized as accounts payable-other (current liabilities) and other long-term liabilities (non-current liabilities) as of September 30, 2018.

21 Income taxes

(1) Income taxes in the consolidated statements of income consist of corporation tax, inhabitant taxes and enterprise tax. The aggregate statutory income tax rate was approximately 30.86% for the years ended September 30, 2017 and 2018.

The reconciliation of the difference between the statutory income tax rates and the actual effective income tax rates for the years ended September 30, 2017 and 2018, is as follows:

	2017	2018
Statutory income tax rate	30.86 %	30.86 %
Permanently non-deductible expenses	0.99	1.88
Per capita inhabitants tax	2.30	2.07
Amortization of goodwill	2.64	2.21
Equity in losses of affiliates	0.97	0.44
Change in valuation allowance	7.25	7.28
Statutory tax rate difference between the Company and certain subsidiaries	3.75	6.18
Other	0.08	4.47
Actual effective income tax rates	48.84 %	55.39 %

(2) Significant components of deferred tax assets and liabilities as of September 30, 2017 and 2018, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Deferred tax assets:			
Provision for bonuses	¥ 925	¥ 1,051	$ 9,256
Provision for loss on orders received	198	229	2,023
Allowance for doubtful accounts	174	156	1,376
Enterprise tax payable	114	105	931
Loss on valuation of inventories	249	178	1,570
Asset retirement obligations	129	129	1,137
Accounts payable-other	17	23	207
Long-term accounts payable-other	-	62	555
Net defined benefit liability	2,426	2,504	22,049
Net operating loss carry-forwards	1,059	1,221	10,758
Loss on valuation of investment securities	239	77	679
Accumulated depreciation	76	48	430
Other	113	167	1,476
Total deferred tax assets	5,725	5,956	52,447
Less: Valuation allowance	(1,809)	(2,030)	(17,878)
Net deferred tax assets	3,915	3,925	34,569
Deferred tax liabilities:			
Gain on revaluation of fixed assets	(86)	(83)	(734)
Removal expenses associated with asset retirement obligations	(85)	(79)	(697)
Unrealized gain (loss) on securities	(292)	(541)	(4,772)
Other	(60)	(65)	(578)
Total deferred tax liabilities	(525)	(770)	(6,781)
Net deferred tax assets	¥ 3,389	¥ 3,155	$ 27,788

22 Business combinations

Transaction under common control

(Overview of capital increase of the subsidiary)

CMIC CMO increased its capital through a third-party allotment of new shares subscribed by Development Bank of Japan Inc. in July 2, 2018.

Outline of the business combination

1. Name and main business of the company under the business combination
   Name: CMIC CMO Co., Ltd.
   Main business: Manufacturing and drug formula development support of pharmaceutical products

2. Amount of capital increase
   ¥8,499 million ($74,843 thousand)
   Development Bank of Japan Inc. invested ¥8,499 million by undertaking a capital increase through a third-party allotment of new shares.

3. Payment date
   July 2, 2018

4. Shareholders and shareholding ratio(post capital increase)
   CMIC HOLDINGS Co., Ltd. : 50.4%
   Development Bank of Japan Inc. : 49.6%

5. Overview of accounting treatment adopted
   It is accounted for as a transaction under common control based on the “Accounting Standard for Business Combinations” (ASBJ Statement No.21, issued on September 13, 2013) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10, issued on September 13, 2013).

6. Matter relating to the change in ownership interests as a result of transactions with non-controlling interests
   (1) Amount of capital surplus decreased as a result of transactions with non-controlling interests
   ¥1,612 million ($14,196 thousand)
   (2) Major reason for the change
   It is due to a difference between the paid-in amount and the change in the amount of ownership interests as a result of the capital increase through a third-party allotment of new shares.

23 Asset retirement obligations

The asset retirement obligations are mainly the estimated future restoration obligations pursuant to the office rental agreements and expenses for removing asbestos in accordance with the “Ordinance on Prevention of Asbestos Hazards”. The asset retirement obligations are calculated based upon the estimated period of use ranging from 2 to 50 years and discounted by rates ranging from 0.3% to 2.3%.

Movement of asset retirement obligations for the year ended September 30, 2017 and 2018, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Balance at the beginning of the year	¥ 410	¥ 416	$ 3,664
Liabilities incurred due to the acquisition of property, plant and equipment	42	3	30
Accretion adjustment	4	3	34
Settlement of obligations	(37)	(2)	(21)
Other	(3)	(0)	(4)
Balance at the end of the year	¥ 416	¥ 420	$ 3,703

24 Investment and rental property

There is no material investment and rental property to be reported as of September 30, 2017 and 2018 respectively.

25 Segment information

1. General Information about Reportable Segments

CMIC Group has five reportable segments, CRO business, CDMO business, CSO business, Healthcare business and IPM business, which have been summarized and classified under the services and business domain which CMIC group offers based on the concept of Pharmaceutical Value Creator (PVC). Well, PVC is the original business model of our group, which strives for increasing the value of pharmaceutical companies.

Each reportable segment can provide its individual financial reports respectively, and the individual financial reports can also be an object of the deliberation at Board Meeting when Board Members decide the distribution of the business resources or evaluate the business performance regularly.

Each segment is made of Company and our affiliates as follows;

Segment	Products/Services	CMIC Group Companies (as of September 30, 2018)
CRO Business	Services related to pharmaceutical development support, analytical chemistry services, and healthcare for pharmaceutical companies, and BPO and personnel services for the pharmaceutical industry	CMIC HOLDINGS Co., Ltd. CMIC Co., Ltd. CMIC-PMS Co., Ltd. CMIC ShiftZero K.K. CMIC Korea Co., Ltd. CMIC ASIA-PACIFIC, PTE. LTD. CMIC ASIA PACIFIC (MALAYSIA) SDN. BHD. CMIC Asia-Pacific (Hong Kong) Limited CMIC Asia-Pacific (PHILIPPINES) , INC. CMIC (Beijing) Pharmaceutical Services Co., Ltd. CMIC (Beijing) Co., Ltd. CMIC DATA SCIENCE VIETNAM COMPANY LIMITED CMIC Pharma Science Co., Ltd. CMIC, INC. CMIC (Suzhou) Pharmaceutical Technology Co., Ltd. CMIC Career Co., Ltd.
CDMO Business	Services related to drug formulation development and manufacturing support, from formulation design to investigational new drug manufacturing to commercial production of ethical drugs and nonprescription drugs for pharmaceutical companies	CMIC CMO Co., Ltd. CMIC CMO Korea Co., Ltd. CMIC CMO USA Corporation
CSO Business	Services provided to pharma companies related to sales & marketing support	CMIC Ashfield Co., Ltd.
Healthcare Business	Support services primarily for medical institutions and treating, maintaining, and promoting the health of patients and general consumers, such as SMO services and healthcare information services	Site Support Institute Co., Ltd. CMIC Healthcare Co., Ltd. CMIC VIETNAM COMPANY LIMITED
IPM Business	Provision of new business solution to pharmaceutical companies that combines the system to support all value chains and manufacturing authorization and other licenses (intellectual properties) held by CMIC Group	CMIC HOLDINGS Co., Ltd. CMIC CMO Co., Ltd. OrphanPacific, Inc.

2. Method for calculating the amount of net sales, profit (loss), assets, liabilities and other items by segment

Accounting policies applied to reportable segments are almost the same as those described in “Significant accounting policies” expect valuation bases of inventories. Segment profit is based on operating income. Inter-segment sales and transfers between segments are based on market prices.

3. Financial information by reportable segment

As of and for the year ended September 30, 2017 (Millions of yen)

	CRO	CDMO	CSO	Healthcare	IPM	Total	Adjustment Notes 1 and 3	Consolidated Note 2
Net sales								
External customers	¥ 34,024	¥ 14,365	¥ 6,885	¥ 7,628	¥ 2,378	¥ 65,282	¥ -	¥ 65,282
Inter-segment	152	93	0	77	2	326	(326)	-
Total	34,176	14,459	6,885	7,706	2,380	65,608	(326)	65,282
Segment profit (loss)	5,844	462	415	988	(627)	7,083	(3,186)	3,897
Segment assets	28,350	29,154	2,172	6,084	2,401	68,161	(2,556)	65,605
Others								
Depreciation	¥ 988	¥ 1,683	¥ 28	¥ 107	¥ 14	¥ 2,822	¥ -	¥ 2,822
Amortization of goodwill	348	-	6	-	-	355	-	355
Increase in fixed assets	869	5,029	11	12	3	5,925	446	6,372

Notes: 1. The adjustment amount of ¥(3,186) million in segment profit (loss) includes intersegment eliminations and others of ¥(2) million and unallocated corporate expenses of ¥(3,184) million .

2. Segment profit corresponds with operating income in the consolidated statement of income.

3. The adjustment amount of ¥(2,556) million in segment assets includes unallocated corporate assets of ¥23,400 million and intersegment elimination and others of ¥(25,957) million. Depreciation and amortization included in corporate assets were allocated to each of the reporting segments.

As of and for the year ended September 30, 2018 (Millions of yen)

	CRO	CDMO	CSO	Healthcare	IPM	Total	Adjustment Notes 1 and 3	Consolidated Note 2
Net sales								
External customers	¥ 37,003	¥ 15,255	¥ 7,316	¥ 7,145	¥ 3,149	¥ 69,869	¥ -	¥ 69,869
Inter-segment	292	130	2	66	0	492	(492)	-
Total	37,296	15,386	7,318	7,212	3,149	70,361	(492)	69,869
Segment profit (loss)	6,650	4	335	822	(360)	7,451	(3,130)	4,321
Segment assets	32,776	38,431	2,356	5,979	2,708	82,252	(4,218)	78,034
Others								
Depreciation	¥ 1,035	¥ 1,953	¥ 31	¥ 99	¥ 7	¥ 3,127	¥ -	¥ 3,127
Amortization of goodwill	311	-	6	-	-	318	-	318
Increase in fixed assets	707	3,959	23	88	5	4,784	149	4,933

As of and for the year ended September 30, 2018 (Thousands of U.S. dollars)

	CRO	CDMO	CSO	Healthcare	IPM	Total	Adjustment Notes 1 and 3	Consolidated Note 2
Net sales								
External customers	$ 325,822	$ 134,326	$ 64,419	$ 62,913	$ 27,727	$ 615,207	$ -	$ 615,207
Inter-segment	2,575	1,153	20	590	1	4,339	(4,339)	-
Total	328,397	135,479	64,439	63,503	27,728	619,546	(4,339)	615,207
Segment profit (loss)	58,559	37	2,956	7,239	(3,176)	65,615	(27,565)	38,050
Segment assets	288,605	338,398	20,747	52,650	23,848	724,248	(37,143)	687,105
Others								
Depreciation	$ 9,122	$ 17,201	$ 279	$ 873	$ 62	$ 27,537	$ -	$ 27,537
Amortization of goodwill	2,743	-	58	-	-	2,801	-	2,801
Increase in fixed assets	6,233	34,864	208	775	49	42,129	1,312	43,441

Notes: 1. The adjustment amount of ¥(3,130) million($(27,565) thousand) in segment profit (loss) includes intersegment eliminations and others of ¥(3) million($(32) thousand) and unallocated corporate expenses of ¥(3,126) million($(27,533) thousand) .

2. Segment profit corresponds with operating income in the consolidated statement of income.

3. The adjustment amount of ¥(4,218) million ($(37,143) thousand) in segment assets includes unallocated corporate assets of ¥16,862 million ($148,475 thousand) and intersegment elimination and others of ¥(21,080) million ($(185,618) thousand). Depreciation and amortization included in corporate assets were allocated to each of the reporting segments.

(Related Information)

1. Information by products and services

The disclosure information by products and services is omitted because identical information is disclosed as segment information.

2. Segment information by geographic areas

(1) Net sales

As of and for the year ended September 30, 2017 (Millions of yen)

	Japan	Americas	Others	Total
Net sales	¥ 57,171	¥ 6,322	¥ 1,788	¥ 65,282
Percentage of the consolidated net sales	87.6%	9.7%	2.7%	100.0%

As of and for the year ended September 30, 2018 (Millions of yen)

	Japan	Americas	Others	Total
Net sales	¥ 60,223	¥ 6,961	¥ 2,684	¥ 69,869
Percentage of the consolidated net sales	86.2%	10.0%	3.8%	100.0%

(Thousands of U.S. dollars)

	Japan	Americas	Others	Total
Net sales	$ 530,273	$ 61,297	$ 23,637	$ 615,207
Percentage of the consolidated net sales	86.2%	10.0%	3.8%	100.0%

(2) The disclosure of geographical segment information of property, plant and equipment is omitted as more than 90% of property, plant and equipment on the consolidated balance sheet is located in Japan.

3. Information by major customers for the year ended September 30, 2018, is as follows:

There is no major unaffiliated customer which accounts for 10% or more of the net sales on consolidated statements of income.

26 Transactions with related parties

1. Transactions between the Company and related parties for the years ended September 30, 2017 and 2018, are as follows:

Company directors, shareholders (Individual only), etc.

As of and for the year ended September 30, 2017

Type	Name	Location	Capital (Millions of yen)	Type of business	Percentage of voting stock owned by CMIC HOLDINGS Co., Ltd. (owned in CMIC HOLDINGS Co., Ltd.) (%)	Transaction details	Transaction amount (Millions of yen)	Item	Balance at fiscal year-end (Millions of yen)
Company in which directors or close relatives hold a majority of the voting stock	Artemis Inc. (Note 2)	Shibuya-ku, Tokyo	¥11	Asset management Management of the museum and accommodation	(21.4) owned, directly	Administrative service Rent of accommodation facilities for training	¥36 ¥17	Accounts payable-other	¥3

Note 1. Transaction amounts do not include consumption tax.

2. Chairman & CEO of CMIC HOLDINGS Co., Ltd. Kazuo Nakamura, Representative managing director of CMIC HOLDINGS Co., Ltd. Keiko Oishi and their family indirectly holds 100% of the voting rights.

3. Information on transaction terms and policy for determining the terms

Transactions with related parties are based on consideration of normal transaction conditions and market prices.

As of and for the year ended September 30, 2018

Type	Name	Location	Capital (Millions of yen)	Type of business	Percentage of voting stock owned by CMIC HOLDINGS Co., Ltd. (owned in CMIC HOLDINGS Co., Ltd.) (%)	Transaction details	Transaction amount (Millions of yen)	Transaction amount (Thousands of U.S. dollars)	Item	Balance at fiscal year-end (Millions of yen)	Balance at fiscal year-end (Thousands of U.S. dollars)
Company in which directors or close relatives hold a majority of the voting stock	Artemis Inc. (Note 2)	Shibuya-ku, Tokyo	¥11	Asset management Management of the museum and accommodation	(21.5) owned, directly	Administrative service Rent of accommodation facilities for training	¥45 ¥23	$397 $207	Accounts payable-other	¥3	$33

Note 1. Transaction amounts do not include consumption tax.

2. Chairman & CEO of CMIC HOLDINGS Co., Ltd. Kazuo Nakamura, President & COO of CMIC HOLDINGS Co., Ltd. Keiko Oishi and their family indirectly holds 100% of the voting rights.

3. Information on transaction terms and policy for determining the terms

Transactions with related parties are based on consideration of normal transaction conditions and market prices.

2. Transactions between consolidated subsidiaries of the Company and related parties for the years ended September 30, 2017 and 2018, are as follows:

Company directors, shareholders (Individual only), etc.

As of and for the year ended September 30,2017

Type	Name	Location	Capital (Millions of yen)	Type of business	Percentage of voting stock owned by CMIC HOLDINGS Co., Ltd. (owned in CMIC HOLDINGS Co., Ltd.) (%)	Transaction details	Transaction amount (Millions of yen)	Item	Balance at fiscal year-end (Millions of yen)
Company in which directors or close relatives hold a majority of the voting stock	Artemis Inc. (Note 2)	Shibuya-ku, Tokyo	¥11	Asset management Management of the museum and accommodation	(21.4) owned, directly	Administrative service Rent of accommodation facilities for training	¥11	Accounts payable-other	¥1

Note 1. Transaction amounts do not include consumption tax.

2. Chairman & CEO of CMIC HOLDINGS Co., Ltd. Kazuo Nakamura, Representative managing director of CMIC HOLDINGS Co., Ltd. Keiko Oishi and their family indirectly holds 100% of the voting rights.

3. Information on transaction terms and policy for determining the terms

Transactions with related parties are based on consideration of normal transaction conditions and market prices.

As of and for the year ended September 30, 2018

Type	Name	Location	Capital (Millions of yen)	Type of business	Percentage of voting stock owned by CMIC HOLDINGS Co., Ltd. (owned in CMIC HOLDINGS Co., Ltd.) (%)	Transaction details	Transaction amount (Millions of yen)	Transaction amount (Thousands of U.S. dollars)	Item	Balance at fiscal year-end (Millions of yen)	Balance at fiscal year-end (Thousands of U.S. dollars)
Company in which directors or close relatives hold a majority of the voting stock	Artemis Inc. (Note 2)	Shibuya-ku, Tokyo	¥11	Asset management Management of the museum and accommodation	(21.5) owned, directly	Administrative service Rent of accommodation facilities for training	¥12	$106	Accounts payable-other	¥1	$9

Note 1. Transaction amounts do not include consumption tax.

2. Chairman & CEO of CMIC HOLDINGS Co., Ltd. Kazuo Nakamura, President & COO of CMIC HOLDINGS Co., Ltd. Keiko Oishi and their family indirectly holds 100% of the voting rights.

3. Information on transaction terms and policy for determining the terms

Transactions with related parties are based on consideration of normal transaction conditions and market prices.

27 Amounts per share

Net assets and profit attributable to owners of parent per share as of and for the years ended September 30, 2017 and 2018, are as follows:

	Yen		U.S. dollars
	2017	2018	2018
Net assets per share	¥ 1,222.37	¥ 1,215.95	$ 10.71
Profit attributable to owners of parent per share (Note)	82.90	79.71	0.70

Diluted profit attributable to owners of parent per share for the years ended September 30, 2017 and 2018 is not presented, since no potential shares that could have had a dilutive effect exist.

Note: The following is the basis for calculating the basic and diluted net income per share :

	Millions of yen		Thousands of U.S. dollars
	2017	2018	2018
Profit attributable to owners of parent	¥ 1,550	¥ 1,487	$ 13,099
Amount not attributable to common shareholders	-	-	-
Profit attributable to owners of parent of common stock	¥ 1,550	¥ 1,487	$ 13,099
Weighted average number of shares outstanding(thousands of shares)	18,704	18,663	

28 Subsequent event

There is no material Subsequent event to be reported as of September 30, 2018.