Online Disclosures Relating to Notice of the 102nd Annual Shareholders Meeting

Notes to Consolidated Financial Statements

Notes to Non-Consolidated Financial Statements
(From April 1, 2016 to March 31, 2017)

NAGASE & CO., LTD.

The Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements are provided to shareholders by posting them on the Company's website pursuant to laws and regulations and Article 14 of the Company's Articles of Incorporation.

Notes to Consolidated Financial Statements

1. Notes relating to premise as a going concern
   No applicable information.

2. Matters relating to the scope of consolidation
   The Company has 59 consolidated subsidiaries.
   Main subsidiaries: Nagase ChemteX Corporation, Hayashibara Co., Ltd., Nagase (Thailand) Co., Ltd., Nagase (Hong Kong) Ltd.
   During the fiscal year, Nagase FineChem Singapore (Pte) Ltd. was excluded from the scope of consolidation as a result of a sale of shares.
   There are nine non-consolidated subsidiaries, including Nagase Business Management and Planning (Shanghai) Co., Ltd., that were excluded from the scope of consolidation as the total assets, net sales, profit or loss, retained earnings, and so on of these companies do not have a material impact on the consolidated financial statements of the Company.

3. Matters relating to application of the equity method
   There are 21 companies subject to application of the equity method.
   Main companies: Nissei Technology Corporation, Nagase-OG Colors & Chemicals Co. Ltd., Nagase Landauer, Ltd.
   Wuxi Chenghong Electronic Chemicals Co., LTD. which increased importance is subject to application of the equity method as of the fiscal year.
   During the fiscal year, Nihon Vopak Co., Ltd. and Majend Makcs Co., Ltd. were excluded from the scope of application of the equity method as a result of a sale of shares, OnFine Co., Ltd. and PT. TUNE Manufacturing Indonesia due to decrease in materiality, and TIMLE S.A.DE C.V. as a result of being absorbed in an absorption-type merger.
   There are 19 companies that were removed from the scope of application of the equity method, including nine non-consolidated subsidiaries such as Nagase Business Management and Planning (Shanghai) Co., Ltd., as well as 10 affiliated companies such as Nihon UNF Co., Ltd. As none of these companies' total assets, net sales, profit or loss, retained earnings, and so on has a material impact on the consolidated financial statements of the Company, they were excluded from the scope of application of the equity method.

4. Matters relating to fiscal years of consolidated subsidiaries, etc.
   As a result of legal requirements in the countries where affiliated companies are located, there are 13 consolidated subsidiaries and two companies subject to application of the equity method whose settlement dates are primarily the last day of December. Consolidation of financial statements is performed based on provisional settlement on the consolidated settlement date.

5. Notes concerning significant accounting policies
   (1) Valuation criteria and policies for major assets
      (i) Securities
         Other securities
         - Securities with market value

The market value method based on the market price as of the last day of the fiscal period is adopted (all valuation gains or losses are treated as a component of net assets, with the cost of securities sold calculated according to the moving-average method).

- Securities without market value

  The cost method based on the moving-average method is adopted.

(ii) Derivatives

The market value method is adopted.

(iii) Inventories

Primarily, the moving-average method is adopted (the lower of cost or market value based on decreases in profitability).

(2) Depreciation and amortization of significant depreciable assets

(i) Tangible fixed assets (excluding leased assets)

The straight-line method is adopted. The estimated useful lives of major assets are as follows.

Buildings and structures (excluding fixtures): 15 - 50 years

Machinery and equipment: 2 - 17 years

(ii) Intangible fixed assets (excluding leased assets)

The straight-line method is adopted. The estimated useful lives of major assets are as follows.

Technology-based assets: 13 - 17 years

Software used internally: 5 years

(iii) Leased assets

The method of depreciation of leased assets relating to finance lease transactions that do not involve a transfer of ownership is the straight-line method with the lease term as the useful life and a residual value of zero.

(3) Accounting for significant allowances

(i) Allowance for doubtful accounts

In order to provide for losses arising from uncollectible receivables, the Company reviews collectability on an individual basis for particular loans such as those with a higher probability of default and based on the loan loss ratio for general claims and accrues the amounts estimated to be uncollectible.

(ii) Accrued bonuses for employees

In order to provide for the payment of employee bonuses, the amounts that we estimate will be paid are accrued.

(iii) Accrued bonuses for directors

In order to provide for the payment of officer bonuses, the amount that we estimate will be paid during the fiscal year included in projected expenditures is accrued.

(4) Method of accounting for retirement benefits

In order to provide for the payment of employee retirement benefits, amounts are accrued based on the estimated amounts of retirement benefit obligations and pension assets at the end of the fiscal year. When calculating retirement benefit obligations, the benefit formula method is used for attributing expected retirement benefits to periods through the end of the fiscal year.

Past service costs are recognized in full in the consolidated fiscal year in which they were incurred. Actuarial differences are recognized in full in the consolidated fiscal year following the consolidated fiscal year in which they were primarily incurred.

(5) Significant hedge accounting method
  (i) Hedge accounting method
    (a) Foreign exchange forward contracts
    In principle, the deferred hedge accounting method is used. When the allocation conditions are satisfied with regard to monetary claims and obligations denominated in foreign currencies with foreign exchange forward contracts, allocation is performed.
    (b) Interest-rate swaps
    The conditions for special accounting are satisfied, and accordingly, special accounting is performed.
  (ii) Hedge methods and hedged items
    (a) Hedge methods: Foreign exchange forward contracts, foreign currency-denominated deposits, and foreign currency-denominated loans
    Hedged items: Monetary claims and obligations denominated in foreign currencies and anticipated transactions denominated in foreign currencies
    (b) Hedge methods: Interest-rate swaps
    Hedged items: Loan interest
  (iii) Hedging policies
    (a) In order to avoid the risks of changes in currency exchange rates relating to import and export transactions, the Company enters into foreign exchange forward contracts primarily for accounts receivable and accounts payable in foreign currencies. Execution and management of such contracts is performed in accordance with internal management rules, and foreign exchange forward contracts are conducted to the extent of actual demand (accounts receivable, accounts payable, and volume of contracts in foreign currencies).
    (b) In order to avoid the risks of changes in loan interestrates, the Company engages in interest-rate swaps. Execution and management of such contract is performed in accordance with internal management rules, and targets of interest-rate-swap hedging are identified individually for each contract.
  (iv) Method of evaluating the effectiveness of hedges
    (a) The accumulated changes in market value of hedged items and the accumulated changes in market value of hedging instruments are compared over the period from the start of the hedge to the time of evaluation of effectiveness, and effectiveness is evaluated based on the amounts of changes of both and other factors.
    (b) With regard to interest-rate swaps, the conditions for a special accounting are satisfied, and accordingly, evaluation of effectiveness on the settlement date is omitted.

(6) Goodwill amortization method and amortization period
Goodwill is amortized by the straight-line method for the period when its effects will be realized within 20 years after recognition. When the amounts arising are *de minimis*, however, goodwill is amortized when it arises.

(7) Accounting for consumption taxes
Accounting for consumption taxes employs the tax-excluded method.
(8) Application of consolidated taxation system
The Company and some subsidiaries adopt the consolidated taxation system with the Company as the consolidated taxpayer parent company as of this fiscal year.

6. Material changes to matters that serve as the basis for preparation of the consolidated financial statements
(Changes in Accounting Policy)
The Company and certain domestic affiliates had valued inventory according to the weighted-average method. In the current fiscal year, these entities have changed to the moving-average method of inventory valuation. This change in inventory valuation method was made in conjunction with the adoption of a new enterprise system in August 2016. By calculating payout costs on a more timely basis, the Company believes it will be able to determine periodic profit or loss more promptly and accurately.
The Company has not applied this change retroactively to restate prior financial statements, as management has not judged the impact of this change to be material.

7. Notes to Consolidated Balance Sheet
(1) Accumulated depreciation of tangible fixed assets 95,011 million yen
(2) A pledge is created over ¥50 million of cash and deposits as collateral for trade accounts payable.
(3) Guarantee obligations
Guarantees of bank loans, etc. of trading partners 316 million yen
Guarantees of home loans of employees 1 million yen
(4) Discounted export notes 245 million yen
(5) The compressed entry amount from acceptance of government subsidies included in tangible fixed assets is 935 million yen, and the compressed entry amount has been deducted from the consolidated balance sheet.

8. Notes to consolidated statements of income
Research and development expenses 5,167 million yen

9. Notes to consolidated statement of changes in net assets
(1) Total number of issued shares as of the last day of the fiscal year under review
Common stock 127,408,285 shares

(2) Distribution of surplus during the fiscal year

Resolution	Type of shares	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 29, 2016	Common stock	2,032	16.0	March 31, 2016	June 30, 2016
Board of Directors meeting held on November 4, 2016	Common stock	2,017	16.0	September 30, 2016	December 5, 2016

(3) Distribution of surplus after the last day of the fiscal year

Planned Resolution	Type of shares	Source of funds	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 28, 2017	Common stock	Retained earnings	2,144	17.0	March 31, 2017	June 29, 2017

10. Notes concerning financial instruments

(1) Matters concerning the status of financial instruments

The Group invests excess funds in highly safe short-term financial assets (capital securing) and procures short-term funds through bank loans and commercial paper and long-term funds through bank loans and corporate bonds. Derivatives are used to avoid the risks concerning fluctuations in exchange rates in relation to operating claims and obligations denominated in foreign currency and to avoid risks associated with changes in loan interest rates and are not used for speculative transactions.

Notes and accounts receivable, which are operating receivables, are exposed to customer credit worthiness risks. With regard to these risks, the Group performs due date management and balance management while setting sales limits for each customer based on an internal credit rating system. The credit status of customers is reviewed at a minimum once annually and sales limits are updated.

With regard to operating claims and operating liabilities denominated in foreign currencies, the Group hedges against currency exchange risks by using foreign exchange forward contracts for both claims and obligations. With regard to transactions that are denominated in the same currency on both the selling and buying sides, however, foreign exchange forward contracts are used only with regard to the net position.

Investments in securities are exposed to market price fluctuation risks, but the Group holds primarily stock of companies with which it has business relationships. Prices and the financial status of issuers are periodically checked, and the status of holdings is reviewed from time to time taking into consideration the status of business transactions and financial transactions.

Short-term loans are used to procure capital primarily for operating transactions, and long-term loans and corporate bonds are used to procure capital primarily for capital investment and loans and financing. Variable interest rate loans are exposed to the risk of changes in interest rates, but these risks are hedged through the use of derivative transactions (interest-rate swap transactions).

Derivative transactions conducted by the Group are foreign exchange forward contracts intended to hedge against the risks of changes in exchange rates in relation to operating claims and obligations denominated in foreign currencies as well as interest-rate swap transactions intended to hedge against the risks of changes in interest paid in relation to loans.

Operating obligations and loans are exposed to liquidity risks, but the balance of capital income and expenditures is monitored and management is performed to maintain liquidity at one-half of one month's sales or higher.

(2) Matters concerning the market value of financial instruments

The carrying amounts reported in the consolidated balance sheets, market values, and the differences between those values as of March 31, 2017 are as set forth below.

(Million yen)

	Carrying amount in consolidated balance sheet	Market value	Difference
(1) Cash and time deposits	39,830	39,830	—
(2) Notes and accounts receivable	206,846	206,846	—
(3) Investments in securities			
Other securities	84,090	84,090	—
(4) Notes and accounts payable	102,076	102,076	—
(5) Short-term loans payable	28,162	28,162	—
(6) Current portion of long-term loans payable	3,522	3,522	—
(7) Current portion of bonds	10,000	10,007	7
(8) Bonds payable	20,000	20,256	256
(9) Long-term loans payable	20,078	20,329	250
(10) Derivative transactions*	22	22	—

* Net claims and obligations arising from derivative transactions are indicated as a net amount, and in the case of a net obligation, the figure is indicated in parentheses.

Note 1. Matters relating to the method of measurement of market value of financial instruments and matters relating to securities and derivatives transactions

(1) Cash and time deposits

The market value is very close to the book value, and accordingly, the book values are used.

(2) Notes and accounts receivable

The market values of notes and accounts receivable are determined according to the current value discounted at a rate, taking into consideration the period until maturity for each claim classified according to certain periods.

(3) Investments in securities

The market values of stocks are based on prices on exchanges.

(4) Notes and accounts payable

The market values of notes and accounts payable are determined according to the current value discounted at a rate, taking into consideration the period until maturity for each obligation classified according to certain periods.

(5) Short-term loans payable, and (6) Current portion of long-term loans payable

Short-term loans and Current portion of long-term loans payable will be repaid within a short period, and as a result, the market value is very close to the book value, and accordingly the book values are used.

(7) Current portion of bonds, and (8) Bonds payable

The market values of corporate bonds are determined according to market prices.

(9) Long-term loans payable

The market value of long-term loans is calculated based on the present value with the total amount of principal and interest discounted at a rate that is assumed to apply in the case where similar loans are obtained. Long-term loans with variable interest rates are subject to special accounting for interest-rate swaps (see (10)), and the market values of loans payable are calculated by discounting the total amount of principal and interest that are accounted for with the interest-rate swaps using interest rates that are reasonably estimated for similar loans.

(10) Derivative transactions

Items subject to special accounting for interest-rate swaps are handled in the same manner as long-term loans that are subject to hedging, and accordingly, indicated market values are included in the market values of the relevant long-term loans (see (9)). Items subject to allocation accounting such as foreign exchange forward contracts are handled in the same manner as accounts receivable and accounts payable subject to hedging, and accordingly, indicated market values are included in the market values of the relevant accounts receivable and accounts payable.

Note 2. Financial instruments without a market value indicated

Category	Carrying amount on consolidated balance sheet (million yen)
Unlisted stocks	2,669
Stock of subsidiaries and affiliates	7,788

These financial instruments do not have market prices, and as a result it is considered to be extremely difficult to determine their market values, and consequently, they are not included in (3): Investments in securities.

11. Notes concerning per share information

(1) Net assets per share	2,301.10 yen
(2) Profit per share	81.65 yen

12. Notes concerning significant subsequent events
No applicable information.

13. Other notes
(1) Application of implementation guidance on recoverability of deferred tax assets
The Company has adopted "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26; March 28, 2016), effective the current consolidated fiscal year.
(2) Revision to amounts of deferred tax assets and deferred tax liabilities due to the change in the rate of income taxes
The "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 85 of 2016) and the "Act for Partial Amendment of the Act for Partial Amendment of the Local Tax Act and the Local Allocation Tax Act to Make Fundamental Reform of the Taxation System for Securing Stable Financial Resources for Social Security, etc." (Act No. 86 of 2016) were enacted in the Diet on November 18, 2016, and the consumption tax increase to 10% has been postponed from April 1, 2017 to October 1, 2019.
In conjunction with this, the abolition of special local corporate tax and accompanying restoration of corporation business tax, the revision of tax rates of local corporation tax, and the revision of taxation on a corporation tax basis involved in corporate inhabitant tax have been postponed from the consolidated fiscal year beginning on or after April 1, 2017 to the consolidated fiscal year beginning on or after October 1, 2019.
Although the effective statutory tax rate is not affected by these amendments, reclassification of tax rates has been made between national tax and local tax. As the Company and some of its consolidated subsidiaries apply the consolidated taxation system, at consolidated subsidiaries with judgment on recoverability of deferred tax assets differing between one for national tax under the consolidated taxation system and one for local tax under non-consolidated taxation system, deferred tax assets decreased while deferred income tax increased by the same amount of decrease in deferred tax assets. The amount affected by this change is immaterial.

<u>Notes to Non-consolidated Financial Statements</u>

1. Notes relating to premise as a going concern
   No applicable information.

2. Notes concerning significant accounting policies
   (1) Valuation criteria and policies for assets
      (i) Securities
         a. Stock of subsidiaries and affiliates
            The cost method based on the moving-average method is adopted.
         b. Other securities
            i. Securities with market value
               The market value method based on the market price as of the last day of the fiscal period is adopted (all valuation gains or losses are treated as a component of net assets, with the cost of securities sold calculated according to the moving-average method).
            ii. Securities without market value
               The cost method based on the moving-average method is adopted.
      (ii) Derivatives
         The market value method is adopted.
      (iii) Inventories
         Primarily, the moving-average method is adopted (the book value reduction method) based on decreased profitability.
   (2) Depreciation and amortization of fixed assets
      (i) Tangible fixed assets (excluding leased assets)
         The straight-line method is adopted. The estimated useful lives of major assets are as follows.
         Buildings and structures (excluding fixtures): 23 - 50 years
         Machinery and equipment: 2 - 17 years
      (ii) Intangible fixed assets (excluding leased assets)
         The straight-line method is adopted. The estimated useful lives of major assets are as follows.
         Software for internal use: 5 years
      (iii) Leased assets
         The method of depreciation of leased assets relating to finance lease transactions that do not involve a transfer of ownership is the straight-line method with the lease term as the useful life and a residual value of zero.
   (3) Accounting for allowances
      (i) Allowance for doubtful accounts
         In order to provide for losses arising from uncollectible receivables, the Company reviews collectability on an individual basis of particular loans such as those with a higher probability of default based on the loan loss ratio of general claims and accrues the amounts estimated to be uncollectible.
      (ii) Accrued bonuses for employees

In order to provide for the payment of employee bonuses, the amounts that we estimate will be paid in the fiscal year included in projected expenditures are accrued.

(iii) Provision for retirement benefits

In order to provide for the payment of employee retirement benefits, amounts are accrued based on the estimated amounts of retirement benefit obligations and pension assets at the end of the fiscal year.

Past service costs are recognized in full in the fiscal year in which they were incurred.

Actuarial gains and losses are recognized in full in the fiscal year following the year in which they were incurred.

Treatment on the balance sheet of unrecognized actuarial differences is different from that on the balance sheet.

(4) Other material matters that serve as the basis for preparation of the financial statements

(i) Method of account for deferred assets

Bond issuance costs are amortized using the interest method over the redemption period of the bonds.

(ii) Hedge accounting methods

(a) Hedge accounting methods

i. Foreign exchange forward contracts

In principle, the deferred hedge accounting method is used. When the allocation conditions are satisfied with regard to monetary claims and obligations denominated in foreign currencies with foreign exchange forward contracts, allocation is performed

ii. Interest-rate swaps

The conditions for special accounting are satisfied, and accordingly, special accounting is performed.

(b) Hedge methods and hedged items

i. Hedge methods: Foreign exchange forward contracts, foreign currency-denominated deposits, and foreign currency-denominated loans

Hedged items: Monetary claims and obligations denominated in foreign currencies and anticipated transactions denominated in foreign currencies

ii. Hedge methods: Interest-rate swaps

Hedged items: Loan interest

(c) Hedging policies

i. In order to avoid the risks of changes in currency exchange rates relating to import and export transactions, the Company enters into foreign exchange forward contracts primarily for accounts receivable and accounts payable in foreign currencies. Execution and management of such contracts is performed in accordance with internal management rules, and foreign exchange forward contracts are conducted to the extent of actual demand (accounts receivable, accounts payable, and volume of contracts in foreign currencies).

ii. In order to avoid the risks of changes in loan interest rates, the Company engages in interest-rate swaps. Execution and management of such contract is performed in accordance with internal management rules, and targets of interest-rate-swap hedging are identified individually for each contract.

(d) Method of evaluating the effectiveness of hedges

i. The accumulated changes in market value of hedged items and the accumulated changes in market value of hedging instruments are compared over the period from the start of the hedge to the time of evaluation of effectiveness, and effectiveness is evaluated based on the amounts of changes of both and other factors.

ii. With regard to interest-rate swaps, the conditions for special accounting are satisfied, and accordingly, evaluation of effectiveness on the settlement date is omitted.

(iii) Accounting for consumption taxes

Accounting for consumption taxes employs the tax-excluded method.

(iv) Application of consolidated taxation system

The Company adopt the consolidated taxation system with the Company as the consolidated taxpayer parent company as of this fiscal year.

3. Material changes to matters that serve as the basis for preparation of the consolidated financial statements

(Changes in Accounting Policy)

The Company had valued inventory according to the weighted-average method. In the current fiscal year, it has changed to the moving-average method of inventory valuation. This change in inventory valuation method was made in conjunction with the adoption of a new enterprise system in August 2016. By calculating payout costs on a more timely basis, the Company believes it will be able to determine periodic profit or loss more promptly and accurately.

The Company has not applied this change retroactively to restate prior financial statements, as management has not judged the impact of this change to be material.

(Changes in presentation)

"Advance payments - trade" under "Current assets," "Vehicles," "Leased assets," "Construction in progress," "Goodwill" and "Software in progress" under "Non-current assets," "Lease obligations," "Accrued expenses," "Advances received," "Unearned revenue" and "Accrued bonuses for directors" under "Current liabilities," and "Lease obligations," "Long-term accounts payable - other" and "Provision for loss on guarantees" under "Long-term liabilities," which were presented as separate items in the previous fiscal year, were included in "Other," respectively, from the fiscal year following the review of presentation that was carried out to increase transparency.

Accordingly, in the previous fiscal year, "Current assets" includes 40 million yen in "Advance payments - trade." "Non-current assets" includes 0 million yen in "Vehicles," 171 million yen in "Leased assets," 32 million yen in "Construction in progress," 94 million yen in "Goodwill," and 1,193 million yen in "Software in progress." "Current liabilities" includes 12 million yen in "Lease obligations," 1,572 million yen in "Accrued expenses," 131 million yen in "Advances received," 35 million yen in "Unearned revenue," and 74 million yen in "Accrued bonuses for directors." "Non-current liabilities" includes 150 million yen in "Lease obligations," 208 million yen in "Long-term accounts payable - other," and 75 million yen in "Provision for loss on guarantees."

4. Notes to Balance Sheet

(1) Accumulated depreciation of tangible fixed assets 17,620 million yen

(2) Guarantee obligations

Guarantees of bank loans, etc. of affiliated companies	25,207 million yen
Guarantees of home loans of employees	1 million yen

(3) Discounted export bills 245 million yen

(4) Guarantees of monetary claims against and obligations owed to affiliated companies (excluding those indicated elsewhere)

Short-term monetary claims	41,411 million yen
Short-term monetary obligations	33,293 million yen

(5) The compressed entry amount from acceptance of government subsidies included in tangible fixed assets (buildings, equipment, tools, and fixtures) is 27 million yen, and the compressed entry amount has been deducted from the balance sheet.

5. Notes to statements of income

Transactions with affiliated companies

Net sales	134,710 million yen
Net purchases	53,787 million yen
Selling, general, and administrative costs	4,018 million yen
Balance of non-operating transactions	6,812 million yen

6. Notes to statement of changes in net assets

Number of shares of treasury stock on the last day of the fiscal year	1,287,366 shares

7. Notes concerning tax effect accounting

(1) The primary causes breakdown of the occurrence of deferred tax assets and deferred tax liabilities

The primary causes of the occurrence of deferred tax assets are non-recognition of provisions for retirement benefits and non-recognition of accrued bonuses for employees, and valuation allowances are deducted. The primary cause of the occurrence of deferred tax liabilities is other security evaluation differences.

(2) Application of implementation guidance on recoverability of deferred tax assets

The Company has adopted “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26; March 28, 2016), effective the current consolidated fiscal year.

(3) Revision of deferred tax assets and deferred tax liabilities as a result of changes in income tax rates

The “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 85 of 2016) and the “Act for Partial Amendment of the Act for Partial Amendment of the Local Tax Act and the Local Allocation Tax Act to Make Fundamental Reform of the Taxation System for Securing Stable Financial Resources for Social Security, etc.” (Act No. 86 of 2016) were enacted in the Diet on November 18, 2016, and the consumption tax increase to 10% has been postponed from April 1, 2017 to October 1, 2019.

In conjunction with this, the abolition of special local corporate tax and accompanying restoration of corporation business tax, the revision of tax rates of local corporation tax, and the revision of taxation on a corporation tax basis involved in corporate inhabitant tax have been postponed from the year beginning on or after April 1, 2017 to the fiscal year beginning on or after October 1, 2019.

Although the effective statutory tax rate is not affected by these amendments, reclassification of tax rates has been made between national tax and local tax. The Company applies the consolidated taxation system, and as the judgment on recoverability of deferred tax assets for national tax under the consolidated taxation system and one for local tax under non-consolidated taxation system are the same, deferred tax assets and deferred income tax are not affected by this change.

8. Notes concerning related party transactions

Subsidiaries and affiliated companies

Attribute	Company name	Main business activities	Percentage of voting rights held	Details of relationship		Details of transactions	Transaction amount (million yen)	Accounting category	Balance at end of fiscal year (million yen)
				Concurrent service by officers, etc.	Business relationship				
Subsidiary	Hayashibara Co., Ltd.	Development, manufacture, and sale of food raw materials, pharmaceutical raw materials, cosmetics raw materials, health foods raw materials, functional dyes, etc.	Direct: 100.0 Indirect: —	Four officers serving concurrently	Sale of goods, purchase of products, lease of building, loan of funds	Purchase of products	8,310	Accounts payable-trade	791
						Loan of funds	5,500	Short-term loans	10,050
								Long-term loans	28,500
						Expected amounts for consolidated gaxation	1,282	Accounts payable-other	1,282
Subsidiary	Nagase ChemteX Corp.	Manufacture of epoxy resins, enzyme preparations, and chemical industry products	Direct: 100.0 Indirect: —	Four officers serving concurrently	Sale of goods, purchase of products, lease of building	Sale of goods	6,504	Accounts receivable	2,297
						Purchase of products	23,626	Accounts payable-trade	5,715
						Dividends received	850	—	—
						Deposit of funds	—	Deposits	3,565
Subsidiary	Totaku Industries, Inc.	Manufacture and sale of plastic products	Direct: 100.0 Indirect: —	Two officers serving concurrently, one seconded officer	Sale of goods, purchase of products	Deposit of funds	—	Deposits	6,882
Subsidiary	Nagase (Hong Kong) Ltd.	Import/export, trade brokerage, market development, information gathering	Direct: 100.0 Indirect: —	One officer serving concurrently, two seconded officers,	Purchase and sale of goods, guarantee of obligations	Sale of goods	15,554	Accounts receivable	2,548
Subsidiary	Nagase Plastics Co., Ltd.	Sale of plastic products, etc.	Direct: 100.0 Indirect: —	Two officers serving concurrently, three transferred officers	Purchase and sale of goods, lease of building, loan of funds	Sale of goods	16,910	Accounts receivable	6,350
Subsidiary	Shanghai Hua Chang Trading Co., Ltd.	Sale of plastics and related products	Direct: 16.2 Indirect: 53.8	Three officers serving concurrently, one seconded officer	Purchase and sale of goods, guarantee of obligations	Sale of goods	1,901	Accounts receivable	517
						Obligations guaranteed	4,333	—	—
Subsidiary	Nagase Chemical Co., Ltd.	Sale of paint raw materials, dyestuffs, industrial chemicals, chemicals for manufacturing paper, plastics, etc.	Direct: 100.0 Indirect: —	Three officers serving concurrently, one transferred officer	Purchase and sale of goods, lease of building	Sale of goods	10,234	Accounts receivable	5,627
						Deposit of funds	—	Deposits	1,931

Attribute	Company name	Main business activities	Percentage of voting rights held	Details of relationship		Details of transactions	Transaction amount (million yen)	Accounting category	Balance at end of fiscal year (million yen)
				Concurrent service by officers, etc.	Business relationship				
Subsidiary	Setsunan Kasei Co., Ltd.	Coloring and processing plastics	Direct: 100.0 Indirect: —	Two officers serving concurrently, one transferred officer	Sale of goods, purchase of products, lease of building, loan of funds, guarantee of obligations	Loan of funds	360	Short-term loans	2,660
								Long-term loans	2,200
						Provision of allowance for doubtful accounts for subsidiaries and associates	111	Allowance for doubtful accounts	3,653
Subsidiary	Fukui Yamada Chemical Co., Ltd.	Manufacture of color former	Direct: 100.0 Indirect: —	Three officers serving concurrently	Sale of goods, purchase of products, loan of funds, guarantee of obligations	Loan of funds	400	Short-term loans	1,280
								Long-term loans	2,900
						Provision of allowance for doubtful accounts for subsidiaries and associates	1,647	Allowance for doubtful accounts	2,801

Notes

1. Transaction terms relating to purchase and sale of goods and purchase of products, and policies on determination of transaction terms are determined in the same manner as general transactions.
2. Deposit and loan of funds are governed by the Group cash management system, and reasonable interest rates are applied, taking into account market interest rates. Lending and borrowing of funds among participating companies takes place on a daily basis, and consequently, transaction amounts are not indicated.
3. Guarantees of obligations are guarantees relating to operating capital from outside financial institutions, and Transaction amounts are balances as of the end of March 2017.
4. Transaction amounts are exclusive of consumption taxes, etc.

9. Notes concerning per share information

(1) Net assets per share 1,538.10 yen

(2) Profit per share 37.12 yen

10. Notes concerning significant subsequent events

No applicable information.