

**SHINSHO
CORPORATION
AND
CONSOLIDATED
SUBSIDIARIES
FINANCIAL
STATEMENTS**

(Year ended March 31, 2016)

2016

SHINSHO CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2016	March 31, 2015	2016 Thousands of U.S. Dollars
	(Millions of Yen)		
ASSETS			
Current assets:			
Cash and cash equivalents	17,257	18,635	153,154
Notes and accounts receivables	140,712	149,776	1,248,781
Inventories	31,217	31,986	277,042
Advance payments	10,109	12,736	89,722
Deferred tax assets (Note 6)	724	789	6,432
Other current assets	4,665	4,651	41,408
Allowance for doubtful receivables	(94)	(132)	(840)
Total current assets	204,593	218,443	1,815,702
Property and equipment:			
Land	1,047	1,070	9,297
Building and structures	5,895	5,712	52,321
Machinery and equipment	6,288	6,208	55,805
Other	1,383	1,282	12,275
Accumulated depreciation	(8,337)	(7,673)	(73,989)
Construction in progress	3,699	572	32,833
Total property and equipment	9,977	7,172	88,543
Investments and other assets:			
Goodwill	358	228	3,178
Investment securities	27,956	30,890	248,102
Long-term loans	409	323	3,638
Deferred tax assets (Note 6)	192	220	1,711
Other	2,265	2,641	20,101
Allowance for doubtful receivables	(158)	(133)	(1,402)
Total investments and other assets	31,024	34,170	275,329
Total Assets	245,594	259,786	2,179,575

See accompanying notes to consolidated financial statements.

	March 31, 2016	March 31, 2015	2016 Thousands of U.S. Dollars
	(Millions of Yen)		
LIABILITIES AND EQUITY			
Current liabilities:			
Notes and accounts payables	118,183	130,843	1,048,844
Short-term loans and current portion of long term debt (Note 3)	32,878	31,293	291,788
Income taxes payable	492	1,384	4,367
Deferred tax liabilities (Note 6)	2	5	23
Accrued bonuses to employees	813	922	7,218
Deposits received	7,306	9,624	64,839
Other current liabilities	10,200	13,771	90,529
Total current liabilities	<u>169,877</u>	<u>187,846</u>	<u>1,507,609</u>
Long-term liabilities:			
Long-term debt, less current portion (Note 3)	26,412	23,116	234,402
Guaranteed deposits received	1,720	1,025	15,271
Deferred tax liabilities (Note 6)	566	1,325	5,031
Directors' retirement benefit	56	54	501
Net defined benefit liability (Note 8)	732	693	6,499
Allowance for loss on guarantees	44	—	394
Other long-term liabilities	932	33	8,276
Total long-term liabilities	<u>30,466</u>	<u>26,248</u>	<u>270,376</u>
Contingent liabilities (Note 5)			
Equity:			
Owners' Equity			
Common stock	5,650	5,650	50,144
Capital surplus	2,703	2,703	23,993
Retained earnings	31,588	28,907	280,341
Treasury stock	(17)	(17)	(158)
Total owners' equity	<u>39,924</u>	<u>37,243</u>	<u>354,321</u>
Accumulated other comprehensive income (loss)			
Net unrealized gain (loss) on available-for-sale securities	1,352	3,261	11,998
Net unrealized gain (loss) on derivative instruments	(62)	(44)	(553)
Foreign currency translation adjustments	878	2,029	7,793
Total accumulated other comprehensive income (loss)	<u>2,167</u>	<u>5,246</u>	<u>19,239</u>
Noncontrolling interest			
	3,158	3,202	28,027
Total Equity	<u>45,250</u>	<u>45,692</u>	<u>401,588</u>
Total liabilities and equity	<u>245,594</u>	<u>259,786</u>	<u>2,179,575</u>

See accompanying notes to consolidated financial statements.

SHINSHO CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	March 31, 2016	March 31, 2015	2016 Thousands of U.S. Dollars
	(Millions of Yen)	(Millions of Yen)	
Net sales (Note 11)	791,342	870,407	7,022,919
Cost of sales	764,826	844,509	6,787,596
Gross profit	26,516	25,897	235,323
Selling, general and administrative expenses	20,684	19,108	183,571
Operating income	5,831	6,788	51,752
Other income			
Interest income	138	52	1,227
Dividends income	825	585	7,326
Purchase discount	56	100	499
Foreign exchange gains	—	151	—
Gain on revaluation of derivatives	637	—	5,655
Amortization of negative goodwill	—	34	—
Gain on sale of membership	1	—	17
Gain on sale of property	5	414	51
Gain on sale of investment securities	18	2	161
Other	363	213	3,229
	2,047	1,554	18,168
Other expense			
Interest expense	653	554	5,796
Loss on sale of notes and account receivables	388	566	3,447
Sales discount	197	293	1,750
Foreign exchange loss	944	—	8,379
Loss on revaluation of derivatives	—	151	—
Loss on write-down of investment securities	231	—	2,055
Loss on impairment of fixed assets	—	192	—
Loss on sale of property	15	—	135
Loss on valuation of membership	2	1	20
Provision for loss on guarantees	44	—	394
Other	102	110	911
	2,579	1,869	22,890
Net income before income taxes, noncontrolling interests	5,299	6,473	47,030
and equity in earnings of affiliates			
Income taxes (Note 4)			
Current	1,911	2,512	16,964
Deferred	192	189	1,704
	2,103	2,702	18,668
Noncontrolling interests	56	122	502
Equity in earnings of affiliates	341	325	3,028
Net income	3,480	3,974	30,887
Net income per share	(yen) 39.30	(yen) 44.88	(dollars) 0.35

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	March 31, 2016	March 31, 2015	2016 Thousands of U.S. Dollars
	(Millions of Yen)	(Millions of Yen)	
Common stock:			
Balance at beginning of year	5,650	5,650	50,144
Balance at end of period	5,650	5,650	50,144
Capital surplus:			
Balance at beginning of year	2,703	2,703	23,993
Balance at end of year	2,703	2,703	23,993
Retained earnings:			
Balance at beginning of year	28,907	25,463	256,540
Effect of changes in accounting policies applied to foreign subsidiaries	(1)	—	(11)
Cash dividends	(797)	(531)	(7,074)
Net income	3,480	3,974	30,887
Balance at end of period	31,588	28,907	280,341
Net unrealized gain (loss) on available-for-sale securities:			
Balance at beginning of year	3,261	1,501	28,945
Net change in unrealized gain (loss) on available -for-sale securities	(1,909)	1,759	(16,946)
Balance at end of period	1,352	3,261	11,998
Net unrealized gain (loss) on derivative instruments:			
Balance at beginning of year	(44)	54	(390)
Net change in unrealized gain (loss) on derivative instruments	(18)	(98)	(162)
Balance at end of period	(62)	(44)	(553)
Foreign currency transaction adjustment:			
Balance at beginning of year	2,029	22	18,007
Net change in foreign currency translation adjustments	(1,150)	2,006	(10,214)
Balance at end of period	878	2,029	7,793
Treasury stock:			
Balance at beginning and end of year	(17)	(17)	(155)
Net change in treasury stock	(0)	(0)	(0)
Balance at end of period	(17)	(17)	(158)
Noncontrolling interest:			
Balance at beginning and end of year	3,202	2,158	28,420
Net change in noncontrolling interest	(44)	1,043	(392)
Balance at end of period	3,158	3,202	28,027
Total shareholders' equity	45,250	45,692	401,588
	(thousands)	(thousands)	
Number of shares of common stock authorized	270,000	270,000	
Number of shares of common stock issued	88,606	88,606	

See accompanying notes to consolidated financial statements.

SHINSHO CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	March 31, 2016	March 31, 2015	2016 Thousands of U.S. Dollars
	(Millions of Yen)	(Millions of Yen)	
Operating activities:			
Net income before income taxes, noncontrolling interests and equity in earnings of affiliates	5,299	6,473	47,030
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation	1,310	1,128	11,634
Amortization of (negative) goodwill	160	104	1,421
Increase (Decrease) of reserve and provision	(206)	(6)	(1,835)
Net defined benefit liability	27	49	243
Interest and dividend income	(963)	(637)	(8,553)
Interest expense	653	554	5,796
Loss on sale and dispose of property	9	(407)	83
Loss on valuation of investment securities	231	—	2,055
Loss on sale of investment securities	(18)	(2)	(161)
Loss on impairment of fixed assets	—	192	0
Loss (Gain) on sale of membership	(1)	—	(17)
Loss on valuation of membership	2	1	20
Decrease (Increase) in trade receivables	8,911	(9,833)	79,083
Decrease (Increase) in inventories	925	(7,506)	8,216
Increase (Decrease) in trade payables	(12,865)	6,715	(114,174)
Decrease (Increase) in other receivables	267	(813)	2,373
Other, net	(3,593)	3,902	(31,889)
Sub-total	149	(85)	1,327
Interest and dividend received	1,004	736	8,915
Interest paid	(644)	(554)	(5,720)
Income taxes paid	(2,847)	(1,797)	(25,271)
Net cash provided by operating activities	(2,337)	(1,701)	(20,747)
Investing activities:			
Purchase of property and equipment	(3,153)	(1,087)	(27,990)
Proceeds from sale of property and equipment	15	818	139
Purchase of investment securities	(123)	(239)	(1,100)
Proceeds from sale of investment securities	19	64	170
Purchase of stocks of affiliates	(311)	(183)	(2,766)
Increase in short-term loans	(152)	(404)	(1,354)
Collection of short-term loans	569	2	5,056
Increase in long-term loans	(15)	(422)	(137)
Collection of long-term loans	186	61	1,651
Other, net	(462)	(242)	(4,104)
Net cash used in investing activities	(3,429)	(1,632)	(30,436)
Financing activities:			
Change in short-term debt, net	4,111	2,390	36,488
Proceeds from long-term debt	9,108	3,593	80,835
Repayment of long-term debt	(7,906)	(1,099)	(70,171)
Repayment of finance lease debt	(7)	(10)	(66)
Dividends paid	(797)	(531)	(7,074)
Dividends paid to noncontrolling interest	(6)	(3)	(61)
Proceeds from paid-in capital of noncontrolling interest	67	782	598
Other, net	(0)	(0)	(0)
Net cash used in financial activities	4,568	5,122	40,545
Effect of exchange on cash and cash equivalents	(493)	518	(4,377)
Net increase (decrease) in cash and cash equivalents	(1,692)	2,307	(15,016)
Cash and cash equivalents at beginning of year	18,589	16,282	164,975
Cash and cash equivalents at end of year	16,897	18,589	149,959

See accompanying notes to consolidated financial statements.

SHINSHO CORPORATION AND CONSOLIDATED SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Shinsho Corporation (the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act 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 the application and disclosure requirements of International Financial Reporting Standards. Japanese yen figures less than a million yen are rounded down to the nearest million yen and U.S. dollar figures less than a thousand dollars are rounded down to the nearest thousand dollars, except for per share data. In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2015 financial statements to conform to the classifications used in 2016. The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and principally operates. The translation of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112.68 to \$1, the rate of exchange at March 31, 2016. Such translation should not be construed as representations that Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of significant accounting policies

(1) Scope of consolidation

The Company had 37 subsidiaries (majority-owned companies) at March 31, 2016.

The accompanying consolidated financial statements include the accounts of the Company and 37 of its subsidiaries for the year ended March 31, 2016, which are listed below:

Shinsho American Corporation

Shinsho Steel Products Corporation
Shinsho Non-ferrous Corporation
Shinko Shoji Singapore Pte. Ltd.
Thai Escorp Ltd.
Shinsho (Malaysia) Sdn. Bhd.
Asia Chemical Engineering Co., Ltd.
Kobelco Trading Shanghai Co., Ltd.
Suzhou Shinko-shoji Material Co., Ltd.
Matsubo Corporation
Kobelco Plate Processing India Private Limited
Kobelco CH Wire Mexicana, S.A.de C.V.
25 other consolidated subsidiaries

(2) Elimination and combination

For the purposes of preparing the consolidated financial statements of the Company and its consolidated subsidiaries, all significant inter-company transactions, account balances and unrealized profits among the Company and its consolidated subsidiaries have been entirely eliminated to "Noncontrolling Interests". In the elimination, any differences between the cost of investments in subsidiaries and the amount of underlying equity in net assets of the subsidiaries is treated as an asset "Goodwill" or a liability "Negative goodwill". Goodwill recorded promptly on balance sheet and Negative goodwill amortized within twenty years by cause.

(3) Equity method of accounting for investments in affiliates

The Company had 23 affiliates (companies owned from 20% to 50% actually) at March 31, 2016. The equity method is applied to these 17 investments.

(4) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments. Cash equivalents are generally at the maturity of three months or less and readily convertible to cash. Cash equivalents near maturity indicate insignificant risk of changes in value because of changes in interest rates.

(5) Investment securities

Securities are classified into the categories based on the purpose of holding, which can result in the different measurement and can account for the changes in the fair value. Debt securities that are intended to be held to maturity ("held-to-maturity debt

securities") are measured at amortized cost in the balance sheet. Securities other than held-to-maturity debt securities and the equity investment in subsidiaries and affiliates ("other securities") are measured at the fair value. The difference between the fair value and the historical cost is recorded in the category of shareholder's equity. The historical cost is determined by the moving average cost. Securities that have no market price are stated at their historical cost.

(6) Inventories

Inventories are mainly stated at cost determined by the moving average method. (unless market value of inventories declines significantly and is not expected to recover to cost, in such cases costs are reduced to net realizable values).

(7) Property and equipment

Property and equipment are stated at cost. Depreciation of property and equipment is computed principally by the declining balance method. However, depreciation of buildings booked from April 1, 1998 is computed using the straight-line method.

(8) Long-lived assets

The Company reviews its long-lived assets for the impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected as a result of the continuous use and eventual disposition of the asset or asset group. The impairment loss would be measured when the carrying amount of the asset exceeds its recoverable amount, which is higher of the discounted cash flows from the continuous use and eventual disposition of the asset or the net selling price at disposition.

(9) Allowance for retirement and severance benefits

Accrued employees' retirement benefits in subsidiaries are provided mainly at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date.

(10) Allowance for doubtful receivables

The allowance for doubtful receivables is provided in amounts which are sufficient to cover possible losses on collection. It consists of individually estimated uncollectible amounts and

amounts calculated using the actual rate of historical bad debt.

(11) Finance leases

Effective April 1, 2008, "Accounting Standard for Lease Transactions"(ASBJ Statement No.13) and "Guidance on Accounting Standard for Lease Transactions"(ASBJ Guidance No.16) were applied. Lease assets related to finance lease transactions that do not involve the transfer of ownership are depreciated on a straight-line basis, with the lease period used their useful lived and no residual value. For finance lease transactions which took place before April 1, 2008, the accounting method remains same, as for ordinary operating lease transactions.

(12) Income taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(13) Translation of foreign currency accounts

Current and non-current monetary assets and liabilities denominated by foreign currencies are translated into Japanese yen at the exchange rates at the end of fiscal year, and the resulting exchange gains and losses are recognized in the income statement. Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the exchange rates at the end of fiscal year except for stockholders' equity accounts, which are translated at the historical rates. Income statements of consolidated overseas subsidiaries are translated at the average exchange rates. The resulting translation adjustments are reflected in the consolidated financial statements as "Foreign currency translation adjustments".

(14) Derivative financial instruments

The Company and its subsidiaries use derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates and commodity prices. Derivatives include foreign currency forward contracts and commodities futures, which are utilized by the Company to reduce foreign currency exchange rate risks and commodity price risks. The Company and its subsidiaries do not enter into derivatives for trading or speculative purposes.

The Company and its subsidiaries have taken various steps, including the establishment of internal management rules, to ensure that transactions are implemented appropriately and that risk is managed. Gains and losses on hedge of existing assets or liabilities are included in carrying amounts of those assets or liabilities and ultimately recognized the income as a part of those carrying amounts. Gains and losses related to qualifying hedges of firm commitments and anticipated transactions are deferred and recognized the income, or adjustments of carrying amounts, when the hedged transaction occurs.

(15) Net income per share

The computation of net income per share is based on the weighted average number of issued shares of common stock outstanding during the relevant period.

3. Short-term debt and long-term debt

Short-term debt at March 31, 2016 and 2015 consisted of the following:

	<u>(¥ millions) (\$ thousands)</u>		
	2016	2015	2016
Short-term loans principally from banks at March 31, 2016 and 2015 represent short-term notes with the interest on the principal at the average rate of 0.839% and 0.829%, respectively.	28,481	23,010	252,767

Long-term debt at March 31, 2016 and 2015 consisted of the following:

	<u>(¥ millions) (\$ thousands)</u>		
	2016	2015	2016
Long-term loans from banks, insurance companies and other financial institutions due through 2020, at the averaged rate of 0.754%	30,809	31,399	273,423
Less current portion	<u>(4,396)</u>	<u>(8,283)</u>	<u>(39,020)</u>
	26,412	23,116	234,402

The aggregate annual maturity of long-term debt at March 31, 2016 were as follows:

Year ending March 31	<u>(¥ millions) (\$ thousands)</u>	
2018	4,546	40,344
2019	7,293	64,723
2020	2,731	24,236
2021 and thereafter	11,839	105,076

4. Income taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise of the corporation tax, inhabitants' taxes and the enterprise tax, which in the aggregate resulted in the normal statutory tax rate of approximately 33.0% and 35.6% for 2016 and 2015. The effective tax rates reflected in the statements of operations differ from the statutory tax rates. The difference is due primarily to the timing difference in the recognition of certain income and expenses for tax and financial reporting purposes, and the effect of permanent non-deductible expenses.

5. Contingent liabilities

Contingent liabilities at March 31, 2016 and 2015 were as follows:

	<u>(¥ millions) (\$ thousands)</u>		
	2016	2015	2016
As endorser of notes endorsed	1,953	2,612	17,336
As guarantor of loans	1,888	701	16,757

6. Deferred income taxes

Significant components of deferred tax assets and liabilities at March 31, 2016 and 2015, were as follows:

	(¥ millions)	(\$ thousands)	
	2016	2015	2016
Deferred tax assets:			
Allowance for doubtful receivables	56	41	504
Accrued bonus	275	333	2,449
Loss on devaluation of inventories	138	83	1,233
Loss on devaluation of fixed assets	286	319	2,541
Loss on devaluation of investment securities	1,167	1,073	10,361
Loss on devaluation of membership	86	91	767
Net defined benefit liability	193	204	1,720
Operating loss carry forwards	334	421	2,965
Other	355	343	3,151
Valuation allowance	(1,663)	(1,558)	(14,765)
Gross deferred tax assets	1,231	1,353	10,929
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(558)	(1,417)	(4,952)
Other	(325)	(257)	(2,887)
Gross deferred tax liabilities	(883)	(1,675)	(7,840)
Net deferred tax assets, liabilities	348	(321)	3,089

7. Lease transactions

• Operating lease

Under non-cancelable operating leases, future minimum lease payments at March 31, 2016 were ¥22million (\$188 thousand) of which ¥8million (\$71 thousand) is due within one year.

8. Retirement and severance benefits plans

The Company and certain of its consolidated subsidiaries have the defined contribution plan and various defined benefit plans, which are the welfare pension fund plan and the lump-sum retirement benefit plan.

The Company and certain of its consolidated subsidiaries have the defined contribution plan, Some other subsidiaries have smaller retirement benefit mutual aid plan or special retirement benefit mutual aid plan. The defined contribution plan and various defined benefit plan account retirement benefit liability

and retirement benefit cost by short cut method.

	(¥ millions) (\$ thousands)		
	2016	2015	2016
Balance at beginning of year	693	627	6,151
Retirement benefit cost	142	117	1,262
Post-employment benefits paid	(67)	(18)	(603)
Employer contributions	(35)	(34)	(311)
Balance at end of year	732	693	6,499

Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2016, were as follows:

	(¥ millions) (\$ thousands)		
	2016	2015	2016
Funded defined benefit obligation	1,123	1,111	9,968
Pension assets	(477)	(472)	(4,237)
	645	638	5,730
Unfunded defined benefit obligation	86	54	768
Net liability for defined benefit obligation	732	693	6,499
Liability for retirement benefits	732	693	6,499
Net liability for defined benefit obligation	732	693	6,499

9. Derivative transactions

(1) Hedge accounting not applied

The following tables summarize the outstanding contract amounts and fair values of financial derivatives of the Company at March 31, 2016 and 2015, for which hedge accounting has not been applied.

	(¥ millions) (\$ thousands)		
	2016	2015	2016
a. Currency related:			
Forward currency exchange contracts			
Sell (U.S. dollar)			
Contracts outstanding	11,247	12,778	99,817
Fair values	432	(311)	3,836
Sell (Chinese yuan)			
Contracts outstanding	348	-	3,091
Fair values	(4)	-	(44)

	(¥ millions) (\$ thousands)		
	2016	2015	2016
Sell (Other)			
Contracts outstanding	13	93	117
Fair values	(0)	(1)	(2)
Buy (U.S. dollar)			
Contracts outstanding	4,344	4,590	38,558
Fair values	(76)	46	(680)
Buy (Chinese yuan)			
Contracts outstanding	1,063	–	9,433
Fair values	(5)	–	(51)
Buy (Other)			
Contracts outstanding	239	34	2,126
Fair values	0	(2)	0
b. Commodities futures:			
Sell (Japanese yen)			
Contracts outstanding	382	418	3,390
Fair values	0	(9)	3
Buy (Japanese yen)			
Contracts outstanding	380	414	3,378
Fair values	0	13	8
c. Currency option trading:			
Sell (Call)			
U.S. dollar			
Contracts outstanding	–	0	–
Fair values	–	0	–
Buy (Put)			
U.S. dollar			
Contracts outstanding	–	0	–
Fair values	–	(0)	–
d. Currency swap trading:			
Chinese yuan			
Contracts outstanding	93	140	831
Fair values	(4)	(22)	(38)

(2) Hedge accounting applied

The following tables summarize the outstanding contract amounts and fair values of financial derivatives of the Company at March

31, 2016 and 2015, for which hedge accounting has been applied.

	(¥ millions) (\$ thousands)		
	2016	2015	2016
a. Currency related:			
Forward currency exchange contracts			
Sell (U.S. dollar)			
Contracts outstanding	999	1,533	8,868
Fair values	8	(52)	77
Sell (Euro)			
Contracts outstanding	4,114	2,116	36,513
Fair values	(130)	(33)	(1,159)
Sell (Chinese yuan)			
Contracts outstanding	1,946	1,410	17,275
Fair values	11	–	–
Sell (Other)			
Contracts outstanding	102	182	907
Fair values	(0)	(4)	(8)
Buy (U.S. dollar)			
Contracts outstanding	1	0	13
Fair values	0	–	–
Buy (Euro)			
Contracts outstanding	965	578	8,567
Fair values	4	(8)	35
Buy (Other)			
Contracts outstanding	564	168	5,013
Fair values	(12)	0	113
b. Commodities futures:			
Sell (Japanese yen)			
Contracts outstanding	343	904	3,045
Fair values	8	16	79
Sell (U.S. dollar)			
Contracts outstanding	252	664	2,243
Fair values	8	14	74
Buy (Japanese yen)			
Contracts outstanding	187	740	1,667
Fair values	(2)	0	(22)
Buy (U.S. dollar)			
Contracts outstanding	265	377	2,359
Fair values	(4)	(20)	(39)

10. Segment information

For the year ended March 31, 2015

		Iron & Steel	Raw Materials	Nonferrous Metals
Net sales	Outside customers	299,146	306,001	209,689
	Inter - segment	–	–	1
Total		299,146	306,001	209,691
Segment profit or loss		3,536	507	1,381
Segment assets		105,901	34,357	68,525
Other items	Depreciation	473	141	293
	Amortization of goodwill	–	–	8
	Amortization of negative goodwill	–	–	14
	Interest received	32	14	16
	Interest expense	172	117	110
	Equity in earnings of affiliates	276	–	47
	Loss on impairment of fixed assets	–	–	–
	Investments in equity method affiliates	4,599	–	744
	Increase from tangible fixed assets and intangible assets	593	135	159

For the year ended March 31, 2016

		Iron & Steel	Raw Materials	Nonferrous Metals
Net sales	Outside customers	295,790	240,819	207,942
	Inter - segment	–	–	5
Total		295,790	240,819	207,948
Segment profit or loss		3,129	779	1,156
Segment assets		111,129	24,317	65,370
Other items	Depreciation	621	148	322
	Amortization of goodwill	–	–	29
	Amortization of negative goodwill	–	–	–
	Interest received	48	22	72
	Interest expense	244	104	156
	Equity in earnings of affiliates	274	–	49
	Loss on impairment of fixed assets	–	–	–
	Investments in equity method affiliates	4,527	–	650
	Increase from tangible fixed assets and intangible assets	2,871	115	116

For the year ended March 31, 2016

		Iron & Steel	Raw Materials	Nonferrous Metals
Net sales	Outside customers	2,625,046	2,137,196	1,845,428
	Inter - segment	–	–	52
Total		2,625,046	2,137,196	1,845,481
Segment profit or loss		27,775	6,920	10,259
Segment assets		986,241	215,808	580,140
Other items	Depreciation	5,511	1,314	2,863
	Amortization of goodwill	–	–	262
	Amortization of negative goodwill	–	–	–
	Interest received	431	196	645
	Interest expense	2,166	930	1,388
	Equity in earnings of affiliates	2,439	–	436
	Loss on impairment of fixed assets	–	–	–
	Investments in equity method affiliates	40,179	–	5,768
	Increase from tangible fixed assets and intangible assets	25,484	1,026	1,037

Notes: The segment is classified with the kind of inventories and the common sales route based on the sales department of the Company.

(Millions of yen)

Machinery & Electronics	Welding	Total	Other	Corporate / Elimination	Consolidated
69,309	40,172	924,319	369	(54,282)	870,407
–	–	1	–	(1)	–
69,309	40,172	924,320	369	(54,283)	870,407
740	478	6,644	(46)	(21)	6,575
34,670	19,488	262,943	421	(3,578)	259,786
147	56	1,112	16	–	1,128
130	–	138	–	–	138
–	19	34	–	–	34
16	11	91	0	(40)	52
125	66	593	1	(40)	554
–	9	333	–	(8)	325
–	–	–	192	–	192
–	316	5,660	–	–	5,660
166	201	1,256	0	–	1,256

(Millions of yen)

Machinery & Electronics	Welding	Total	Other	Corporate / Elimination	Consolidated
65,001	38,587	848,141	381	(57,180)	791,342
–	5	11	–	(11)	–
65,001	38,593	848,153	381	(57,192)	791,342
689	212	5,967	(38)	(20)	5,908
31,522	17,078	249,418	346	(4,169)	245,594
154	61	1,308	2	–	1,310
130	–	160	–	–	160
–	–	–	–	–	–
20	12	176	0	(38)	138
115	70	690	1	(38)	653
–	11	335	–	5	341
–	–	–	–	–	–
–	324	5,501	–	–	5,501
84	97	3,286	0	–	3,286

(Thousands of US\$)

Machinery & Electronics	Welding	Total	Other	Corporate / Elimination	Consolidated
576,864	342,454	7,526,988	3,389	(507,460)	7,022,919
–	53	105	–	(106)	–
576,864	342,507	7,527,094	3,389	(507,566)	7,022,919
6,117	1,883	52,954	(342)	(180)	52,433
279,752	151,564	2,213,505	3,073	(37,006)	2,179,575
1,372	549	11,609	24	–	11,634
1,159	–	1,421	–	–	1,421
–	–	–	–	–	–
183	111	1,566	3	(345)	1,227
1,024	621	6,129	10	(345)	5,796
–	105	2,980	–	47	3,028
–	–	–	–	–	–
–	2,875	48,822	–	–	48,824
750	866	29,163	1	–	29,166

Investor Information (As of March 31, 2016)

Founded	November. 12 1946
Number of Employees	453 (Consolidated 1,426)
Fiscal Year	April 1 – March 31
Ordinary General Meeting of Shareholders	June of each year
Authorised Share Capital	270,000,000
Number of Shares Issued	88,605,625
Number of Shareholders	4,377

Principal Shareholders

At March 31, 2016, the ten largest Shareholders of the Company's Shareholders were as follows:

Name	Thousands of shares	Investment Ratio
Mizuho Trust & Banking Co., Ltd. (Kobe Steel, Ltd. Retirement Benefit Trust Account)	19,062	21.52%
Kobe Steel, Ltd.	11,791	13.31%
Shinsho Client Shareholding Association	6,591	7.44%
Mr. Masayoshi Yamauchi	2,003	2.26%
SINFONIA TECHNOLOGY CO., LTD.	1,500	1.69%
Japan Trustee Services Bank, Ltd. (Trust Account)	1,458	1.65%
Shinsho Employees' Shareholding Association	1,414	1.60%
Tachibana Securities Co., Ltd.	1,265	1.43%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,092	1.23%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,036	1.17%

Note: The Investment ratio is computed excluding 36,529 shares of treasury stock held by Shinsho Corporation.

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