

**SHINSHO
CORPORATION
AND
CONSOLIDATED
SUBSIDIARIES
FINANCIAL
STATEMENTS**

(Year ended March 31, 2019)

2019

SHINSHO CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2019	March 31, 2018	2019 Thousands of U.S. Dollars
	(Millions of Yen)	(Millions of Yen)	
ASSETS			
Current assets:			
Cash and deposits	5,553	19,023	50,032
Notes and accounts receivable	182,963	165,824	1,648,469
Electronically recorded monetary claims	7,259	8,102	65,402
Inventories	48,519	33,866	437,153
Advance payments	16,050	8,816	144,615
Deferred tax assets (Note 6)	–	1,078	–
Other	5,156	3,776	46,461
Allowance for doubtful accounts	(129)	(105)	(1,170)
Total current assets	265,373	240,383	2,390,964
Non-current assets			
Property, plant and equipment:			
Land	1,690	1,750	15,227
Building and structures	7,681	7,347	69,207
Machinery and equipment	8,312	8,194	74,896
Construction in progress	555	150	5,002
Accumulated depreciation	(10,936)	(9,909)	(98,538)
Other	1,455	1,409	13,114
Total property, plant and equipment	8,758	8,943	78,909
Intangible assets, investments and other assets:			
Goodwill	157	250	1,419
Investment securities	29,710	32,372	267,689
Long-term loans receivable	454	400	4,091
Deferred tax assets (Note 6)	697	129	6,283
Other	3,323	2,241	29,946
Allowance for doubtful accounts	(884)	(429)	(7,968)
Total intangible assets, investments and other assets	33,459	34,965	301,462
Total non-current assets	42,217	43,908	380,371
 Total Assets	 307,590	 284,291	 2,771,336

See accompanying notes to consolidated financial statements.

	March 31, 2019	March 31, 2018	2019 Thousands of U.S. Dollars
	(Millions of Yen)	(Millions of Yen)	
LIABILITIES			
Current liabilities:			
Notes and accounts payable	139,067	129,311	1,252,969
Electronically recorded obligations	16,304	14,415	146,900
Short-term loans payable (Note 3)	38,868	39,921	350,198
Income taxes payable	743	1,393	6,697
Deferred tax liabilities (Note 6)	—	2	—
Provision for bonuses	1,009	1,048	9,098
Deposits received	9,328	6,256	84,050
Other	18,852	12,974	169,859
Total current liabilities	224,174	205,324	2,019,774
Non-current liabilities:			
Long-term loans payable (Note 3)	23,685	19,390	213,398
Guaranteed deposits received	1,645	1,646	14,822
Deferred tax liabilities (Note 6)	1,011	2,192	9,109
Provision for director's retirement benefits	89	130	808
Net defined benefit liability (Note 8)	895	887	8,065
Provision for loss on guarantees	—	77	—
Other	1,168	917	10,526
Total non-current liabilities	28,494	25,242	256,729
Total LIABILITIES	252,668	230,566	2,276,503
NET ASSETS:			
Shareholders' equity			
Common stock	5,650	5,650	50,908
Capital surplus	2,645	2,645	23,836
Retained earnings	42,133	38,370	379,619
Treasury shares	(17)	(17)	(154)
Total shareholders' equity	50,412	46,648	454,209
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	2,480	3,338	22,351
Deferred gains or losses on hedges	(33)	117	(299)
Foreign currency translation adjustment	(205)	734	(1,854)
Total accumulated other comprehensive income	2,241	4,190	20,197
Non-controlling interests			
	2,266	2,886	20,425
Total NET ASSETS	54,921	53,725	494,831
Total LIABILITIES and NET ASSETS	307,590	284,291	2,771,336

See accompanying notes to consolidated financial statements.

SHINSHO CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	March 31, 2019	March 31, 2018	2019 Thousands of U.S. Dollars
	(Millions of Yen)	(Millions of Yen)	
Net sales (Note 11)	952,507	929,467	8,581,918
Cost of sales	920,890	898,534	8,297,061
Gross profit	31,616	30,933	284,857
Selling, general and administrative expenses	23,693	22,813	213,473
Operating profit	7,922	8,119	71,383
Non-operating income			
Interest income	119	94	1,075
Dividend income	841	751	7,582
Purchase discounts	62	57	559
Gain on valuation of derivatives	-	150	-
Gain on bargain purchase	152	90	1,372
Gain on sales of investment securities	210	-	1,897
Miscellaneous income	380	386	3,425
	1,766	1,531	15,913
Non-operating expenses			
Interest expenses	1,151	778	10,375
Loss on sales of accounts receivable	369	427	3,328
Sales discounts	220	205	1,987
Foreign exchange losses	113	331	1,025
Loss on valuation of derivatives	125	-	1,128
Impairment loss	31	-	285
Loss on valuation of investment securities	1,498	13	13,499
Loss on valuation of investments in capital	-	153	-
Loss on valuation of membership	3	3	34
Provision for loss on guarantees	-	7	-
Miscellaneous loss	76	86	687
	3,590	2,008	32,353
Profit before income taxes, non-controlling interests and equity method income	6,098	7,642	54,943
Income taxes (Note 4)			
Current	2,033	2,646	18,318
Deferred	(262)	394	(2,361)
	1,771	3,040	15,956
Profit (Loss) attributable to non-controlling interests	55	46	497
Share of profit of entities accounted for using equity method	747	893	6,731
Profit attributable to owners of parent	5,019	5,449	45,220
	(yen)	(yen)	(dollars)
Profit per share	566.81	615.47	5.11

See accompanying notes to consolidated financial statements.

SHINSHO CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	March 31, 2019	March 31, 2018	2019 Thousands of U.S. Dollars
	(Millions of Yen)	(Millions of Yen)	
Common stock:			
Balance at beginning of period	5,650	5,650	50,908
Balance at end of period	5,650	5,650	50,908
Capital surplus:			
Balance at beginning of period	2,645	2,703	23,831
Disposal of treasury shares	—	(0)	—
Purchase of shares of consolidated subsidiaries	0	(58)	4
Balance at end of period	2,645	2,645	23,836
Retained earnings:			
Balance at beginning of period	38,370	33,850	345,707
Change of scope of equity method affiliates	(192)	—	(1,734)
Dividends of surplus	(1,062)	(929)	(9,574)
Profit attributable to owners of parent	5,019	5,449	45,220
Balance at end of period	42,133	38,370	379,619
Valuation difference on available-for-sale securities:			
Balance at beginning of period	3,338	2,769	30,076
Net changes of items other than shareholders' equity	(857)	568	(7,725)
Balance at end of period	2,480	3,338	22,351
Deferred gains or losses on hedges:			
Balance at beginning of period	117	0	1,061
Net changes of items other than shareholders' equity	(151)	117	(1,361)
Balance at end of period	(33)	117	(299)
Foreign currency translation adjustment:			
Balance at beginning of period	734	309	6,616
Net changes of items other than shareholders' equity	(940)	424	(8,470)
Balance at end of period	(205)	734	(1,854)
Treasury shares:			
Balance at beginning of period	(17)	(19)	(153)
Change in treasury shares arising from change in equity in entities accounted for using equity method	0	—	0
Purchase of treasury shares	(0)	(15)	(0)
Disposal of treasury shares	—	17	—
Balance at end of period	(17)	(17)	(154)
Non-controlling interests:			
Balance at beginning period	2,886	2,417	26,009
Net changes of items other than shareholders' equity	(619)	469	(5,583)
Balance at end of period	2,266	2,886	20,425
Total net assets			
	54,921	53,725	494,831
	(thousands)	(thousands)	
Number of authorized shares	27,000	27,000	
Number of issued shares (including treasury shares)	8,860	8,860	

See accompanying notes to consolidated financial statements.

SHINSHO CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	March 31, 2019	March 31, 2018	2019 Thousands of U.S. Dollars
	(Millions of Yen)	(Millions of Yen)	
Operating activities:			
Profit before income taxes, non-controlling interests and equity method income	6,098	7,642	54,943
Depreciation	1,562	1,160	14,079
Amortization of goodwill	93	93	841
Increase (Decrease) of reserve and provision	403	348	3,638
Increase (Decrease) in net defined benefit liability	-	92	-
Interest and dividend income	(960)	(846)	(8,658)
Interest expenses	1,151	778	10,375
Gain on bargain purchase	(152)	(90)	(1,372)
Impairment loss	31	-	285
Loss (Gain) on valuation of investment securities	1,498	13	13,499
Loss on valuation of investments in capital	-	153	-
Decrease (Increase) in notes and accounts receivable	(17,363)	(19,567)	(156,440)
Decrease (Increase) in inventories	(15,049)	(5,392)	(135,596)
Increase (Decrease) in notes and accounts payable	12,287	17,522	110,704
Decrease (Increase) in accounts receivable	(24)	(182)	(216)
Other, net	25	722	227
Subtotal	(10,398)	2,448	(93,689)
Interest and dividend income received	1,028	957	9,263
Interest expenses paid	(1,109)	(745)	(9,992)
Income taxes paid	(2,789)	(2,460)	(25,131)
Net cash provided by operating activities	(13,268)	199	(119,549)
Investing activities:			
Purchase of property, plant and equipment	(1,098)	(660)	(9,901)
Proceeds from sales of property, plant and equipment	94	12	849
Purchase of investment securities	(68)	(13)	(613)
Proceeds from sales of investment securities	318	245	2,865
Purchase of shares of subsidiaries and associates	-	(84)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(22)	-
Payments of short-term loans receivable	(0)	(1)	(8)
Collection of short-term loans receivable	1	1	10
Payments of long-term loans receivable	(416)	(237)	(3,751)
Collection of long-term loans receivable	6	184	60
Other, net	(826)	(105)	(7,449)
Net cash used in investing activities	(1,990)	(680)	(17,938)
Financing activities:			
Net increase (decrease) in short-term loans payable	4,032	5,306	36,329
Proceeds from long-term loans payable	6,719	6,632	60,542
Repayments of long-term loans payable	(6,879)	(4,968)	(61,982)
Repayments of finance lease obligations	(223)	(77)	(2,015)
Cash dividends paid	(1,062)	(929)	(9,574)
Dividends paid to non-controlling interests	(68)	(53)	(620)
Payment from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(412)	(100)	(3,712)
Other, net	(0)	32	(0)
Net cash used in financial activities	2,104	2,840	18,965
Effect of exchange rate change on cash and cash equivalents	(315)	171	(2,840)
Net increase (decrease) in cash and cash equivalents	(13,470)	2,531	(121,362)
Cash and cash equivalents at beginning of period	19,022	16,490	171,386
Cash and cash equivalents at end of period	5,552	19,022	50,023

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 2018 financial statements to conform to the classifications used in 2019. 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 ¥110.99 to \$1, the rate of exchange at March 31, 2019. Such transaction 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 39 subsidiaries (majority-owned companies) at March 31, 2019.

The accompanying consolidated financial statements include the accounts of the Company and 39 of its subsidiaries for the year ended March 31, 2019, 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.
27 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 non-operating income "Gain on bargain purchase" Goodwill recorded promptly on balance sheet amortized within twenty years by cause.

(3) Equity method of accounting for investments in affiliates

The Company had 21 affiliates (companies owned from 20% to 50% actually) at March 31, 2019. The equity method is applied to these 15 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, plant and equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment are 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) Provision for retirement and 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 accounts

The allowance for doubtful accounts 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

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.

(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 loans payable and long-term loans payable

Short-term loans payable at March 31, 2019 and 2018 consisted of the following:

	(¥ millions)		(\$ thousands)
	2019	2018	2019
Short-term loans payable principally from banks at March 31, 2019 and 2018 represent short-term notes with the interest on the principal at the average rate of 1.868% and 1.419%, respectively.	36,152	32,701	325,723

Long-term loans payable at March 31, 2019 and 2018 consisted of the following:

	(¥ millions)		(\$ thousands)
	2019	2018	2019
Long-term loans payable from banks, insurance companies and other financial institutions due through 2027, at the averaged rate of 0.700%	26,401	26,610	237,873
Less current portion	(2,716)	(7,220)	(24,475)
	23,685	19,390	213,398

The aggregate annual maturity of long-term loans payable at March 31, 2019 were as follows:

Year ending March 31	(¥ millions)	(\$ thousands)
2021	1,198	10,797
2022	2,792	25,160
2023	7,890	71,093
2024 and thereafter	11,803	106,347

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 30.6% for 2019 and 30.8% for

2018. 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, 2019 and 2018 were as follows:

	(¥ millions)		(\$ thousands)
	2019	2018	2019
Maximum amount of obligations to repurchase transferred receivables under certain conditions	1,177	1,504	10,606
As guarantor of loans	2,300	2,462	20,724
Trade notes discounted	1,040	1,041	9,374

6. Deferred income taxes

Significant components of deferred tax assets and liabilities at March 31, 2019 and 2018, were as follows:

	(¥ millions)		(\$ thousands)
	2019	2018	2019
Deferred tax assets:			
Allowance for doubtful accounts	209	84	1,889
Provision for bonuses	330	350	2,973
Inventories	101	499	918
Membership	85	86	772
Impairment loss of fixed assets	506	563	4,561
Net defined benefit liability	253	177	2,283
Investment securities	1,278	1,145	11,522
Directors' retirement benefits	27	32	244
Loss carried forward	900	586	8,114
Valuation difference on available -for-sale securities	51	-	466
Other	573	398	5,169
Valuation allowance	(2,307)	(2,336)	(20,794)
Gross deferred tax assets	2,011	1,588	18,122

Deferred tax liabilities:

	<div style="display: flex; justify-content: space-between;"> (¥ millions) (\$ thousands) </div>			<div style="display: flex; justify-content: space-between;"> (¥ millions) (\$ thousands) </div>		
	2019	2018	2019	2019	2018	2019
Unrealized gain on available-for-sale securities	(1,200)	(1,566)	(10,813)	1,273	1,229	11,476
Undistributed earnings of affiliates	(971)	(835)	(8,749)	(559)	(522)	(5,037)
Other	(153)	(172)	(1,385)	714	707	6,439
Gross deferred tax liabilities	(2,325)	(2,574)	(20,948)	180	180	1,625
Net deferred tax assets, liabilities	(313)	(986)	(2,825)	895	887	8,065

7. Lease transactions

- Operating lease

Under non-cancelable operating leases, future minimum lease payments at March 31, 2019 were ¥411 millions (\$3,706 thousands) of which ¥109 millions (\$987 thousands) 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.

	<div style="display: flex; justify-content: space-between;"> (¥ millions) (\$ thousands) </div>		
	2019	2018	2019
Balance at beginning of year	887	790	7,998
Retirement benefit expenses	86	162	778
Post-employment benefits paid	(43)	(57)	(390)
Employer contributions	(35)	(38)	(320)
Increase due to change in scope of consolidation	—	30	—
Balance at end of year	895	887	8,065

Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2019, were as follows:

	<div style="display: flex; justify-content: space-between;"> (¥ millions) (\$ thousands) </div>		
	2019	2018	2019
Funded defined benefit obligation	1,273	1,229	11,476
Pension assets	(559)	(522)	(5,037)
Unfunded defined benefit obligation	180	180	1,625
Net liability for defined benefit obligation	895	887	8,065
Liability for retirement benefits	895	887	8,065
Net liability for defined benefit obligation	895	887	8,065

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, 2019 and 2018, for which hedge accounting has not been applied.

	<div style="display: flex; justify-content: space-between;"> (¥ millions) (\$ thousands) </div>		
	2019	2018	2019
a. Currency related:			
Forward currency exchange contracts			
Sell (Japanese yen)			
Contracts outstanding	5	—	48
Fair values	(0)	—	(1)
Sell (U.S. dollar)			
Contracts outstanding	12,969	11,868	116,854
Fair values	(29)	202	(268)
Sell (Chinese yuan)			
Contracts outstanding	—	468	—
Fair values	—	6	—
Sell (Other)			
Contracts outstanding	—	24	—
Fair values	—	0	—
Buy (Japanese yen)			
Contracts outstanding	295	—	2,660
Fair values	(0)	—	(2)
Buy (U.S. dollar)			
Contracts outstanding	3,654	4,562	32,924
Fair values	28	(40)	252

	<u>(¥ millions) (\$ thousands)</u>				<u>(¥ millions) (\$ thousands)</u>		
	2019	2018	2019		2019	2018	2019
Buy (Chinese yuan)				Sell (Other)			
Contracts outstanding	–	987	–	Contracts outstanding	81	150	735
Fair values	–	(13)	–	Fair values	0	(0)	0
Buy (Euro)				Buy (Japanese yen)			
Contracts outstanding	3	–	33	Contracts outstanding	618	–	5,569
Fair values	(0)	–	0	Fair values	–	–	–
Buy (Other)				Buy (U.S. dollar)			
Contracts outstanding	–	348	–	Contracts outstanding	531	10	4,792
Fair values	–	(14)	–	Fair values	(0)	0	0
b. Commodities futures:				Buy (Euro)			
Sell (Japanese yen)				Contracts outstanding	369	630	3,324
Contracts outstanding	546	345	4,924	Fair values	(1)	(6)	(10)
Fair values	(4)	4	(40)	Buy (Chinese yuan)			
Buy (Japanese yen)				Contracts outstanding	148	145	1,338
Contracts outstanding	536	354	4,834	Fair values	3	0	29
Fair values	14	(13)	130	Buy (Other)			
				Contracts outstanding	177	154	1,596
				Fair values	3	(2)	35

(2) Hedge accounting applied

The following tables summarize the outstanding contract amounts and fair values of financial derivatives of the Company at March 31, 2019 and 2018, for which hedge accounting has been applied.

	<u>(¥ millions) (\$ thousands)</u>				<u>(¥ millions) (\$ thousands)</u>		
	2019	2018	2019		2019	2018	2019
a. Currency related:				b. Commodities futures:			
Forward currency exchange contracts				Sell (Japanese yen)			
Sell (Japanese yen)				Contracts outstanding	2,149	1,889	19,368
Contracts outstanding	232	–	2,093	Fair values	(46)	153	(421)
Fair values	–	–	–	Sell (U.S. dollar)			
Sell (U.S. dollar)				Contracts outstanding	1,699	1,390	15,310
Contracts outstanding	7,205	684	64,917	Fair values	(37)	107	(340)
Fair values	(7)	3	(67)	Buy (Japanese yen)			
Sell (Euro)				Contracts outstanding	3,566	597	32,137
Contracts outstanding	3,028	2,496	27,285	Fair values	28	(31)	258
Fair values	(24)	34	(221)	Buy (U.S. dollar)			
Sell (Chinese yuan)				Contracts outstanding	1,154	1,218	10,398
Contracts outstanding	2,186	2,971	19,702	Fair values	27	(104)	251
Fair values	(13)	(4)	(124)				

10. Segment information

For the year ended March 31, 2018

		Iron & Steel	Raw Materials	Nonferrous Metals
Net sales	Outside customers	338,628	303,069	242,648
	Inter - segment	3	–	8
Total		338,632	303,069	242,656
Segment profit (loss)		4,048	1,394	2,175
Segment assets		118,544	30,796	84,345
Other items	Depreciation	654	122	225
	Amortization of goodwill	–	–	57
	Interest income	45	20	61
	Interest expenses	438	84	142
	Equity in income (loss) of equity method companies	818	–	62
	Gain on bargain purchase	90	–	–
	Investments in equity method companies	7,641	–	785
	Increase in property, plant and equipment and intangible assets	447	91	100

For the year ended March 31, 2019

		Iron & Steel	Raw Materials	Nonferrous Metals
Net sales	Outside customers	369,002	294,619	242,516
	Inter - segment	–	–	2
Total		369,002	294,619	242,519
Segment profit (loss)		4,325	1,237	1,694
Segment assets		150,458	34,557	89,749
Other items	Depreciation	652	155	262
	Amortization of goodwill	–	–	57
	Interest income	115	69	118
	Interest expenses	820	98	249
	Equity in income (loss) of equity method companies	663	–	78
	Gain on bargain purchase	152	–	–
	Impairment loss	–	–	31
	Investments in equity method companies	7,191	–	744
	Increase in property, plant and equipment and intangible assets	349	213	575

For the year ended March 31, 2019

		Iron & Steel	Raw Materials	Nonferrous Metals
Net sales	Outside customers	3,324,644	2,654,468	2,185,031
	Inter - segment	–	–	25
Total		3,324,644	2,654,468	2,185,056
Segment profit (loss)		38,967	11,151	15,262
Segment assets		1,355,604	311,353	808,625
Other items	Depreciation	5,876	1,403	2,365
	Amortization of goodwill	–	–	521
	Interest income	1,038	627	1,068
	Interest expenses	7,388	890	2,248
	Equity in income (loss) of equity method companies	5,980	–	709
	Gain on bargain purchase	1,372	–	–
	Impairment loss	–	–	285
	Investments in equity method companies	64,796	–	6,711
	Increase in property, plant and equipment and intangible assets	3,153	1,922	5,188

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
66,933	42,064	993,344	356	(64,232)	929,467
–	16	28	–	(28)	–
66,933	42,080	993,372	356	(64,260)	929,467
967	94	8,680	(31)	(25)	8,624
35,870	20,517	290,073	295	(6,077)	284,291
98	58	1,159	1	–	1,160
–	35	93	–	–	93
22	12	161	–	(67)	94
100	78	843	2	(67)	778
–	9	891	–	2	893
–	–	90	–	–	90
–	339	8,766	–	–	8,766
67	13	719	0	–	720

(Millions of yen)

Machinery & Electronics	Welding	Total	Other	Corporate / Elimination	Consolidated
66,923	46,225	1,019,287	397	(67,177)	952,507
–	15	18	–	(18)	–
66,923	46,241	1,019,306	397	(67,196)	952,507
1,271	342	8,871	(330)	(524)	8,016
35,197	21,013	330,976	300	(23,685)	307,590
117	68	1,256	305	–	1,562
–	35	93	–	–	93
78	34	416	0	(296)	119
161	115	1,445	3	(296)	1,151
–	8	750	–	(3)	747
–	–	152	–	–	152
–	–	31	–	–	31
–	335	8,272	–	–	8,272
181	44	1,365	0	–	1,365

(Thousands of US\$)

Machinery & Electronics	Welding	Total	Other	Corporate / Elimination	Consolidated
602,965	416,487	9,183,595	3,580	(605,258)	8,581,918
–	142	167	–	(168)	–
602,965	416,630	9,183,763	3,580	(605,426)	8,581,918
11,458	3,088	79,926	(2,977)	(4,727)	72,223
317,127	189,324	2,982,033	2,704	(213,403)	2,771,336
1,055	620	11,319	2,756	–	14,079
–	320	841	–	–	841
706	306	3,745	2	(2,674)	1,075
1,454	1,040	13,020	28	(2,674)	10,375
–	72	6,761	–	(30)	6,731
–	–	1,372	–	–	1,372
–	–	285	–	–	285
–	3,023	74,530	–	–	74,531
1,634	399	12,296	1	–	12,300

Investor Information (As of March 31, 2019)

Founded	November. 12 1946
Number of Employees	466 (Consolidated 1,604)
Fiscal Year	April 1 – March 31

Ordinary General Meeting of Shareholders	June of each year
Authorised Share Capital	27,000,000
Number of Shares Issued	8,860,562
Number of Shareholders	3,618

Principal Shareholders

At March 31, 2019, the ten largest Shareholders of the Company's Shareholders were as follows:

Name	Shares	Investment Ratio
Mizuho Trust & Banking Co., Ltd. (Kobe Steel, Ltd. Retirement Benefit Trust Account)	1,906,200	21.52%
Kobe Steel, Ltd.	1,179,118	13.31%
Shinsho Client Shareholding Association	727,000	8.21%
Japan Trustee Services Bank, Ltd. (trust account)	181,100	2.04%
The Master Trust Bank of Japan, Ltd. (trust account)	181,100	2.04%
Shinsho Employees' Shareholding Association	177,631	2.01%
SINFONIA TECHNOLOGY CO., LTD.	150,000	1.69%
DFA INTL SMALL CAP VALUE PORTFOLIO	114,699	1.30%
SSBTC CLIENT OMNIBUS ACCOUNT	112,232	1.27%
MUFG Bank, LTD.	109,280	1.23%

Note: The Investment ratio is computed excluding 4,628 shares of treasury stock held by Shinsho Corporation.

Head Office

● Osaka

Yodoyabashi Square, 6-18, Kitahama 2-chome,
Chuo-ku, Osaka 541-8557, Japan
Phone:+81-6-6206-7010 Fax:+81-6-6206-7018

● Tokyo

Eitaro Bldg., 2-5, Nihonbashi 1-chome,
Chuo-ku, Tokyo 103-8261, Japan
Phone:+81-3-3276-2036 Fax:+81-3-3276-2311

Overseas Representative Offices

● Dubai

Dubai Airport Free Zone Bldg. 2E, East Wing,
1st Floor, No.2E 103 P.O.Box 293563 Dubai,
United Arab Emirates
Phone:+971-4-299-7003 Fax:+971-4-299-7004

● Yangon

#1705 Sakura Tower, 339 Bogyoke Aung
San Road, Kyauktada Township, Yangon,
Myanmar
Phone:+95-1-255-042 Fax:+95-1-255-031

● Sydney

Suite 1203, Level 12, 124 Walker Street, North
Sydney, NSW 2060 Australia
Phone:+61-2-9959-5660 Fax:+61-2-9959-5740

● Brisbane

Suite 17, Level 54, 111 Eagle Street, Brisbane,
QLD 4000 Australia
Phone:+61-7-3012-6518 Fax:+61-7-3012-6699

Overseas Subsidiaries

● SHINSHO AMERICAN CORP.

26200 Town Center Drive, Suite 220, Novi, MI 48375, U.S.A
Phone:+1-248-675-5569 Fax:+1-248-675-5575

● AIKEN WIRE PROCESSING, L.L.C.

75 Windham Boulevard, Verenes Industrial Park, Aiken, SC 29805, U.S.A.
Phone:+1-803-641-6091 Fax:+1-803-641-6092

● GRAND BLANC PROCESSING, L.L.C.

10151 Gainey Drive Holly MI 48442, U.S.A.
Phone:+1-810-694-6000 Fax:+1-810-694-5164

● SHINSHO-MEIHOKU WIRE, INC.

3475 W. International Court, Columbus, IN 47201, U.S.A.
Phone:+1-812-342-2409 Fax:+1-812-342-3257

● SHINSHO MEXICO S.A. DE C.V.

Paseo de la Altiplanicie No. 11. Int. 6BC Col. Villas de Irapuato, C.P. 36670, Irapuato, Guanajuato, Mexico
Phone:+52-462-104-5019

● KOBELCO CH WIRE MEXICANA, S.A. DE C.V.

Circuito Santa Fe No.179 Parque Industrial Santa Fe III, Guanajuato Puerto Interior Silao, Guanajuato C.P.36275 Mexico
Phone:+52-472-135-2900

● SC TECH DE MEXICO, S.A. DE C.V.

Carretera estatal 431 km 2+200. Lote 63 Modulo 5 Hacienda la machorra (Parque Tecnológico Innovación). El Marques, Queretaro, 76246, Mexico
Phone:+52-442-221-5560 Fax:+52-442-221-5029

● SHINSHO EUROPE GMBH

Berliner Allee 55, 40212 Duesseldorf, Germany
Phone:+49-211-4181-960 Fax:+49-211-4181-9629

● KOBELCO TRADING AUSTRALIA PTY. LTD.

Suite 1203 Level 12, 124 Walker Street, North Sydney NSW 2060, Australia
Phone:+61-2-9959-5660 Fax:+61-2-9959-5740

● SHANGHAI SHINSHO TRADING CO., LTD.

Suite 802, Gopher Center, No.757, Mengzi Road, Huangpu District, Shanghai 200023, China
Phone:+86-21-5396-6464 Fax:+86-21-5396-5975

● KOBELCO TRADING (SHANGHAI) CO., LTD.

Suite 802, Gopher Center, No.757, Mengzi Road, Huangpu District, Shanghai 200023, China
Phone:+86-21-5396-6464 Fax:+86-21-5396-5975

● KOBELCO PRECISION PARTS (SUZHOU) CO., LTD.

No.12 Factory, No. 666 Jianlin Road, Suzhou Hi-Tech District, Jiangsu 215151, China
Phone:+86-512-8187-8277 Fax:+86-512-8187-8272

● SHINSHO OSAKA SEIKO (NANTONG) CORPORATION

J8 Qing Feng Establishment Park, No.1 Qing Feng Road Sutong Science and Technology Industrial Park, Nantong, Jiangsu Province, China
Phone:+86-513-8919-1055 Fax:+86-513-8919-1056

● NAKAYAMA CORPORATION (SHANGHAI) LIMITED

Suite 804, Gopher Center, No.757, Mengzi Road, Huangpu District, Shanghai 200023, China
Phone:+86-21-5187-0002 Fax:+86-21-5081-2428

● THAI ESCORP LTD.

1126/2 Vanit Bldg. II, Room 2102, 2103, New Petchburi Road., Makkasan, Rajthevee, Bangkok 10400, Thailand
Phone:+66-2-254-7645 Fax:+66-2-254-7644

● TES E&M SERVICE CO., LTD.

1126/2 Vanit Bldg. II, Room 2102, 2103, New Petchburi Road., Makkasan, Rajthevee, Bangkok 10400, Thailand
Phone:+66-2-254-7645 Fax:+66-2-254-7644

● NAKAYAMA METAL LIMITED

1126/2 Vanit Bldg. II, Room 2104B, New Petchburi Road, Makkasan, Rajthevee, Bangkok 10400, Thailand
Phone:+66-2-255-8537 Fax:+66-2-255-8539

● SHINKO SHOJI SINGAPORE PTE. LTD.

8 Shenton Way, #25-03A AXA Tower, Singapore 068811
Phone:+65-6220-3329 Fax:+65-6224-4700

● SHINSHO KOREA CO., LTD.

9F Bundang Square Bldg. 42, Hwangsaeul-ro 360 bungil, Bundang-gu, Seongnam-si, Gyeonggi-do, Korea 13591
Phone:+82-31-707-7915 Fax:+82-31-707-8394

● PT. KOBELCO TRADING INDONESIA

Wisma Keiai, 7th Floor, Suite 0703 Jl. Jend Sudirman Kav.3 Jakarta 10220, Indonesia
Phone:+62-21-572-4325 Fax:+62-21-572-4327

● PT. NAKAYAMA

Jl.Celebration Boulevard Blok AA 5/26 Grand Wisata, Lambang Jaya, Tambun Selatan, Bekasi 17514, Jawa Barat, Indonesia
Phone:+62-21-8261-5526 Fax:+62-21-8261-5528

● KOBELCO TRADING VIETNAM CO., LTD.

Unit 1808, 18th Floor, SUN WAH TOWER 115 Nguyen Hue Boulevard, District 1, Ho Chi Minh City, Vietnam
Phone:+84-8-3911-0900 Fax:+84-8-3911-0902

● KOBELCO TRADING INDIA PRIVATE LIMITED

202-203A, 2nd Floor, Salcon Rasvilas, D-1, District Centre, Saket, New Delhi-110017, India
Phone:+91-11-4383-3300 Fax:+91-11-4383-3317

● KOBELCO PLATE PROCESSING INDIA PRIVATE LIMITED

2nd Floor, Amble Side, No.8, Khader Nawaz Khan Road, Nungambakkam, Chennai-600 006, India
Phone:+91-44-4904-0104 Fax:+91-44-4203-6467

● KTN Co., Ltd.

182, Seotan 2-ro, Seotan-myeon, Pyeongtaek-si, Gyeonggi-do, Korea 17704
Phone:+82-31-321-4179 Fax:+82-31-321-4189

● SHINSHO (PHILIPPINES) CORP.

Unit 2107 Philippine AXA Life Centre, Sen. Gil Puyat Avenue Makati City 1200, Philippines
Phone:+63-2-848-5171 Fax:+63-2-848-5149

● SHINSHO (MALAYSIA) SDN. BHD.

Suite 503, 5th Floor, Kenanga International Building, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia
Phone:+60-3-2161-6588 Fax:+60-3-2161-8228

● TAIWAN SHINSHO CORPORATION

7F-2, No.146, Sung Chiang Road., Taipei, 10458 Taiwan
Phone:+886-2-2560-1085 Fax:+886-2-2560-1086

