

# **MESCO, Inc. and Subsidiaries**

**Consolidated Financial Statements  
For the year ended March 31,  
2019 and 2020**



# Financial Highlights

Mesco, Inc. and Consolidated Subsidiaries

Thousands of

Years ended March 31

Millions of yen

U.S. dollars

2018

2019

2020

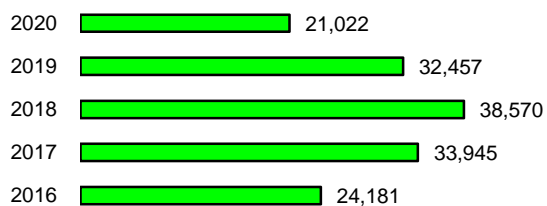
2020

## Consolidated Performance

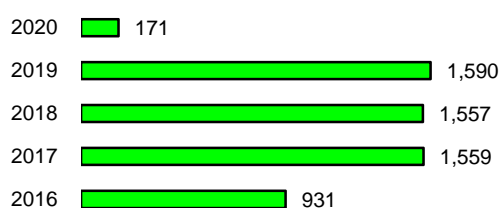
Net sales	¥38,570	¥32,457	¥21,022	\$193,202
Net income	1,557	1,590	171	1,568
Total assets	22,775	21,500	19,884	182,739
Total net assets	13,802	14,497	13,733	126,210
Net income per share( ¥, \$)	121.87	124.52	13.36	0.12
Cash dividends per share( ¥, \$)	66.00	66.00	33.00	0.30

- Notes:
1. All U.S. dollar figures are translated from Japanese yen amounts, for convenience only, at the rate of ¥ 108.81 to US\$1.00, the rate prevailing at March 31, 2020.
  2. In this report, fiscal 2020 represents the year ended March 31, 2020.

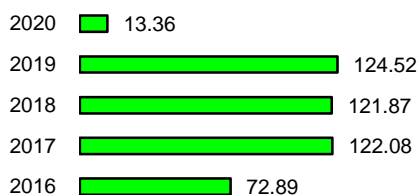
Net sales  
(Millions of Yen)



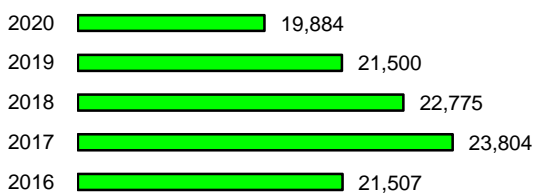
Net Income  
(Millions of Yen)



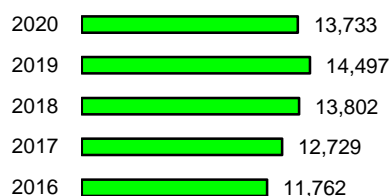
Net Income per Share  
(Yen)



Total Assets  
(Millions of Yen)



Total net assets  
(Millions of Yen)



# Financial Section

## Five-Year Summary

Mesco, Inc. and Consolidated Subsidiaries  
 Years ended March 31

	Millions of yen				
	2016	2017	2018	2019	2020
<b>Consolidated Performance</b>					
<b>For the year:</b>					
Orders	¥42,316	¥30,953	¥28,252	¥24,896	¥26,869
Net sales	24,181	33,945	38,570	32,457	21,022
Cost of sales	20,318	29,182	33,643	27,451	18,293
Gross profit	3,863	4,764	4,928	5,006	2,729
Selling, general and administrative expenses	2,436	2,607	2,699	2,803	2,572
Operating income	1,427	2,157	2,229	2,203	157
Income before income taxes	1,479	2,214	2,299	2,296	254
Net income	931	1,559	1,557	1,590	171
<b>At year-end:</b>					
Total current assets	¥19,377	¥21,611	¥20,311	¥19,177	¥17,577
Total assets	21,507	23,804	22,775	21,500	19,884
Total current liabilities	8,560	9,883	7,850	5,915	5,051
Long-term liabilities	1,185	1,191	1,122	1,088	1,100
Total net assets	11,762	12,729	13,802	14,497	13,733
<b>Per share data:</b>					
Net income ( ¥ )	¥72.89	¥122.08	¥121.87	¥124.52	¥13.36
Cash dividends applicable to the year ( ¥ )	38.00	54.00	66.00	66.00	33.00
<b>Number of employees ( person )</b>	332	348	360	370	379

# Financial Review

## Overview

During the fiscal year ended March 31, 2020, the Japanese economy entered a recessionary phase as a result of decreased personal spending after the consumption tax hike and slowdowns in the global economy triggered by the U.S.-China trade dispute, in addition to the spread of the novel coronavirus disease (COVID-19) in Japan and overseas, despite a trend of moderate recovery against the backdrop of improvements in the employment and income environment.

Under these circumstances, on a consolidated basis, the Company's net sales during fiscal year amounted ¥ 21,022 million (**US\$193,202 thousand**), down 35.2%, or ¥ 11,435 million, from the previous year.

At the earnings level, the gross profit decreased 45.5% to ¥ 2,729 million (**US\$25,083 thousand**), and the gross profit margin was 13.0%, which was slightly down as compared to the previous year.

Selling, general and administrative (SGA) expenses decreased 8.2% or ¥ 230 million, to ¥ 2,572 million (**US\$23,641 thousand**).

As a result, operating income decreased 92.9%, or ¥ 2,046 million, to ¥ 157 million (**US\$1,442 thousand**), and, income before income taxes decreased 88.9%, or ¥ 2,041 million, to ¥ 254 million (**US\$2,339 thousand**).

Income taxes totaled ¥ 84 million (**US\$771 thousand**), down 88.1%, or ¥ 622 million.

Consequently, net income decreased 89.3%, or ¥ 1,420 million, to ¥ 171 million (**US\$1,568 thousand**).

Net income per share was ¥ 13.36 (**US\$0.12**), and cash dividends applicable to the year was ¥ 33.00 (**US\$0.3**) per share.

## Segment Information

### Engineering

The Engineering Group's net sales decreased 40.2%, or ¥ 10,123 million, to ¥ 15,032 million (**US\$138,152 thousand**) due to a decrease of large-scale projects such as the hydraulic power plant.

Accordingly, segment (ordinary) profit dropped 84.2% or ¥ 2,129 million, to ¥ 401 million (**US\$ 3,685 thousand**).

### Piping and Soundproof materials

The Piping and Soundproof materials Group's net sales decreased 13.1%, or ¥ 978 million, to ¥ 6,503 million (**US\$59,765 thousand**), reflecting a drop of orders.

Whereas, segment (ordinary) profit rose 1.5% or ¥ 8 million, to ¥ 570 million (**US\$ 5,240 thousand**) due to the effect for the cost-of-sales reduction.

## Financial Position

The Company's total assets decreased 7.5%, or ¥ 1,616million, during this period, amounting to ¥ 19,884 million (**US\$182,739 thousand**). This was chiefly attributable to a decrease of ¥ 1,341 million in Notes and accounts receivable.

Total liabilities decreased 12.2%, or ¥ 852 million, to ¥ 6,151 million (**US\$56,528 thousand**), owing to a decrease of ¥ 894 million in Other current liabilities.

Factors that included an decrease of ¥ 672 million in net income led to a reduction in total net assets of ¥ 764 million, to ¥ 13,733 million (**US\$126,210 thousand**).

Consequently, Company's equity ratio rose 1.7 percentage-point, to 69.1%. The Company had no interest-bearing debt at fiscal year-end.

## Cash Flows

Net cash provided by operating activities decreased ¥2,119 million, to net cash outflow of ¥115 million (US\$1,053 thousand), mainly reflecting ¥254 million of income before income taxes and ¥2,027 million of decrease in notes and accounts receivable, which were partially offset by ¥712 million of increase of costs on uncompleted construction contracts, ¥313 million of decrease in advances received, ¥1,011 million of decrease in other current liabilities and ¥445 of income taxes.

Net cash used in investing activities came to net cash outflow of ¥265 million (US\$2,437 thousand), due mainly to ¥83 million of payments in acquisition property, plant and equipments, ¥275 million of the deposit to time deposits.

Net cash used in financing activities amounted to net cash outflow of ¥842 million (US\$7,742 thousand), owing to ¥842 million payments for cash dividends.

As a result, cash and cash equivalents at the end of fiscal year decreased ¥1,222 million, to ¥5,325 million (US\$48,935 thousand).

## Forward-Looking Statement

With regard to business prospects going forward, the current global pandemic of the COVID-19 is spreading and at this point it is not possible to predict when it will come to an end. In addition to this, there are concerns over other various uncertainties, including the impacts from the spread of COVID-19 on domestic and overseas economic activity.

In light of this environment, the Company projects that its consolidated net sales in fiscal 2020, ended March 31, 2021 will amount to ¥30,300 million, up 44.1% from the level in fiscal 2019.

This projection was made by the Company based on information currently available, and it is subject to change due to various potential risks and uncertain elements. Accordingly, if events do not correspond to some of the many assumptions made by the Company to provide a basis for the projections, actual performance may be considerably different than projected performance.

Mesco and Consolidated Subsidiaries  
Years ended March 31, 2021 ( Prospect )

	Millions of yen 2021	Millions of U.S.dollars (Note 1) 2021
Net sales	¥ 30,300	\$278.5
Net income	¥ 780	\$7.2
Net income per share ( ¥ , \$ )	¥ 61.07	\$0.6

# Consolidated Balance Sheets

MESCO, Inc. and Consolidated Subsidiaries

Years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2020	2020
<b>Assets</b>			
<b>Current assets:</b>			
Cash and time deposits (Note 5)	¥2,049	¥2,403	\$22,087
Notes and accounts receivable			
Trade	9,506	8,112	74,548
Unconsolidated subsidiaries	7	61	557
Costs on uncompleted construction contracts	668	1,427	13,111
Inventories (Note 3)	526	499	4,581
Deposits to the holding company (Note 5)	6,239	4,824	44,331
Other current assets	193	263	2,413
Less: Allowance for doubtful accounts	(10)	(9)	(85)
<b>Total current assets</b>	<b>19,177</b>	<b>17,577</b>	<b>161,543</b>
<b>Investments and other assets:</b>			
Investment securities: (Note 12)			
Unconsolidated subsidiaries	57	66	604
Others	0	0	0
Deferred tax assets (Note 10)	432	468	4,299
Asset for retirement benefits (Note 11)	92	23	212
Others	230	212	1,945
Less: Allowance for doubtful accounts	(11)	(4)	(36)
<b>Total Investments and other assets</b>	<b>801</b>	<b>764</b>	<b>7,024</b>
<b>Property, plant and equipment:</b>			
Land	1,099	1,099	10,100
Buildings and structures	579	586	5,387
Machinery, vehicles and equipment	2,866	2,933	26,956
Construction in progress	-	1	5
	4,544	4,619	42,448
Less: Accumulated depreciation	(3,022)	(3,077)	(28,276)
<b>Total Property, plant and equipment</b>	<b>1,522</b>	<b>1,542</b>	<b>14,172</b>
<b>Total assets</b>	<b>¥21,500</b>	<b>¥19,884</b>	<b>\$182,739</b>

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2019	2020	2020
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities:</b>			
Notes and accounts payable:			
Trade	¥3,216	¥3,193	\$29,341
Others	137	167	1,539
Accrued income taxes	465	89	817
Advances received	241	608	5,588
Accrued bonuses	387	386	3,549
Allowance for warranties for completed construction	164	171	1,574
Allowance for expected losses on construction contracts in process	22	80	737
Other current liabilities	1,281	356	3,272
<b>Total current liabilities</b>	<b>5,915</b>	<b>5,051</b>	<b>46,417</b>
<b>Long-term Liabilities:</b>			
Liability for retirement benefits(Note 11)	1,013	1,015	9,327
Directors' and corporate auditors' retirement benefits	47	58	534
Deferred tax liabilities (Note 10)	1	0	1
Others	27	27	248
<b>Total Long-term liabilities</b>	<b>1,088</b>	<b>1,100</b>	<b>10,111</b>
<b>Contingent Liabilities(Note 7)</b>			
<b>Net Assets(Note 8)</b>			
Shareholders' equity:			
Common stock			
Authorized - 32,000 thousand shares			
Issued - 12,780 thousand shares	1,085	1,085	9,975
Capital surplus	684	684	6,290
Retained earnings	12,826	12,153	111,692
Less: Treasury stock	(7)	(7)	(60)
<b>Total Shareholders' equity</b>	<b>14,589</b>	<b>13,916</b>	<b>127,897</b>
Valuation, translation adjustments and others:			
Unrealized gains ( losses ) on hedging derivatives, net of tax	(0)	(29)	(267)
Foreign currency translation adjustments	(149)	(147)	(1,350)
Remeasurement of defined benefit plans	58	(7)	(68)
<b>Total valuation, translation adjustments and others</b>	<b>(92)</b>	<b>(183)</b>	<b>(1,686)</b>
<b>Total net assets</b>	<b>14,497</b>	<b>13,733</b>	<b>126,210</b>
<b>Total liabilities and net assets</b>	<b>¥21,500</b>	<b>¥19,884</b>	<b>\$182,739</b>

See accompanying notes.

# Consolidated Statements of Income

MESCO, Inc and Consolidated Subsidiaries  
Years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2019	2020	2020
<b>Net sales (Note 9):</b>			
Construction contracts (Note 2)	¥28,870	¥17,663	\$162,328
Net sales on sideline business			
Net sales of merchandise	1,852	1,663	15,287
Net sales of finished goods	1,736	1,696	15,586
Total net sales of side line business	3,588	3,359	30,873
Total net sales	32,457	21,022	193,202
<b>Cost of sales:</b>			
Construction contracts (Note 2)	24,345	15,455	142,038
Cost of sales on sideline business			
Cost of merchandise sold	1,564	1,375	12,635
Cost of finished goods sold	1,542	1,463	13,446
Total cost of sales on sideline business	3,106	2,838	26,081
Total cost of sales	27,451	18,293	168,119
<b>Gross profit:</b>			
Construction contracts (Note 2)	4,524	2,208	20,290
Gross profit on sideline business			
Gross profit-merchandise	287	289	2,653
Gross profit-finished goods	194	233	2,139
Total gross profit on sideline business	482	521	4,792
Total gross profit	5,006	2,729	25,083
<b>Selling , general and administrative expenses (Note 6)</b>	2,803	2,572	23,641
Operating income	2,203	157	1,442
Other income (expense):			
Interest and dividends income	68	83	759
Interest expense	(0)	(0)	(1)
Equity in gains(losses) of unconsolidated subsidiaries	7	6	51
Foreign exchange gain (loss)	1	1	6
Loss on disposal of property, plant and equipment	(0)	(7)	(62)
Loss on valuation of membership	-	(0)	(4)
Others , net	17	16	147
Total other income	93	98	897
<b>Income before income taxes</b>	2,296	254	2,339
<b>Income taxes (Note 10):</b>			
Current	636	79	723
Deferred	69	5	48
Total income taxes	706	84	771
<b>Net income</b>	¥1,590	¥171	\$1,568
<b>Net income attributable to owners of parent</b>	¥1,590	¥171	\$1,568
	Yen	Yen	U.S. dollars(Note 1)
<b>Amounts per share of common stock:</b>			
Net income (Note 15)	¥124.52	¥13.36	\$0.12
Cash dividends applicable to the year	66.00	33.00	0.30

See accompanying notes.



## Consolidated Statements of Comprehensive Income

MESCO, Inc and Consolidated Subsidiaries

Years ended March 31, 2019 and 2020

	Millions of yen 2019	Millions of yen 2020	Thousands of U.S.dollars (Note 1) 2020
<b>Income before minority interests</b>	1,590	171	1,568
Other comprehensive income			
Unrealized gains (losses) on hedging derivatives, net of tax	(10)	(29)	(263)
Foreign currency translation adjustments	(96)	(1)	(14)
Remeasurements of defined benefit plans	54	(65)	(601)
Share of other comprehensive income of associates accounted for using equity method	(1)	4	33
<b>Total other comprehensive income (Note 16)</b>	<b>(52)</b>	<b>(92)</b>	<b>(845)</b>
<b>Comprehensive income (Note 16)</b>	<b>1,538</b>	<b>79</b>	<b>723</b>
(Breakdown)			
Comprehensive income attributable to :			
Owners of the parent	1,538	79	723
Non-controlling interests	-	-	-

See accompanying notes.

## Consolidated Statements of Changes in Net Assets

MESCO, Inc. and Consolidated Subsidiaries  
Years ended March 31, 2019 and 2020

	Number of shares of common stock issued (Thousands)	Shareholders' equity					Valuation, translation adjustments and others				
		Common stock	Capital surplus	Retained earnings (Note 8)	Treasury stock	Total shareholders' equity	Unrealized gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Remesurements of defined benefit plans	Total valuation, translation adjustments and others	Total net assets
		Millions of yen									
<b>Net assets at April 1, 2019</b>	12,780	¥1,085	¥684	¥12,826	¥(7)	¥14,589		¥(149)	¥58	¥(92)	¥14,497
Cash dividends				(843)		(843)					(843)
Net income				171		171					171
Purchase of treasury stock				-		-					-
Net changes during the year							(29)	2	(65)	(92)	(92)
<b>Balance at March 31, 2020</b>	<b>12,780</b>	<b>¥1,085</b>	<b>¥684</b>	<b>¥12,153</b>	<b>¥(7)</b>	<b>¥13,916</b>	<b>¥(29)</b>	<b>¥(147)</b>	<b>¥(7)</b>	<b>¥(183)</b>	<b>¥13,733</b>

	Number of shares of common stock issued (Thousands)	Shareholders' equity					Valuation, translation adjustments and others				
		Common stock	Capital surplus	Retained earnings (Note 8)	Treasury stock	Total shareholders' equity	Unrealized gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Remesurements of defined benefit plans	Total valuation, translation adjustments and others	Total net assets
		Millions of yen									
<b>Net assets at April 1, 2018</b>	12,780	¥1,085	¥684	¥12,078	¥(7)	¥13,841	¥9	¥(53)	¥4	¥(39)	¥13,802
Cash dividends				(843)		(843)					(843)
Net income attributable to owners of parent				1,590		1,590					1,590
Purchase of treasury stock				(0)		(0)					(0)
Net changes during the year							(10)	(96)	54	(52)	(52)
<b>Balance at March 31, 2019</b>	<b>12,780</b>	<b>¥1,085</b>	<b>¥684</b>	<b>¥12,826</b>	<b>¥(7)</b>	<b>¥14,589</b>	<b>¥ 0</b>	<b>¥(149)</b>	<b>¥58</b>	<b>¥(92)</b>	<b>¥14,497</b>

		Shareholders' equity					Valuation, translation adjustments and others				
		Common stock	Capital surplus	Retained earnings (Note 8)	Treasury stock	Total shareholders' equity	Unrealized gains (losses) on hedging derivatives, net of tax	Foreign currency translation adjustments	Remesurements of defined benefit plans	Total valuation, translation adjustments and others	Total net assets
		Thousands of U.S. dollars (Note 1)									
<b>Net assets at April 1, 2019</b>		\$9,975	\$6,290	\$117,871	\$(60)	\$134,076	\$(4)	\$(1,370)	\$533	\$(841)	\$133,235
Cash dividends				(7,747)		(7,747)					(7,747)
Net income				1,568		1,568					1,568
Purchase of treasury stock				-		-					-
Net changes during the year							(263)	20	(601)	(845)	(845)
<b>Balance at March 31, 2020</b>		<b>\$9,975</b>	<b>\$6,290</b>	<b>\$111,692</b>	<b>\$(60)</b>	<b>\$127,897</b>	<b>\$(267)</b>	<b>\$(1,350)</b>	<b>\$(68)</b>	<b>\$(1,686)</b>	<b>\$126,210</b>

See accompanying notes.

# Consolidated Statements of Cash Flows

MESCO, Inc and Consolidated Subsidiaries

Years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2020	2020
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥2,296	¥254	\$2,339
Depreciation and amortization	144	140	1,290
Loss on retirement of non-current assets	-	7	62
Increase(Decrease) in allowance for doubtful accounts	(2)	(7)	(69)
Foreign exchange gain	(1)	0	3
Equity in losses(gains) of unconsolidated subsidiaries	(7)	(6)	(51)
Decrease(Increase) in asset for employees' retirement benefits	33	(33)	(307)
Increase(Decrease) in liability for employees' retirement benefits	23	11	97
Increase(Decrease) in allowance for warranties for completed construction	41	7	68
Increase(Decrease) in allowance for expected losses on construction contracts in process	(198)	58	532
Interest and dividends income	(68)	(83)	(759)
Decrease (Increase) in notes and accounts receivable	10,401	2,027	18,625
Decrease (Increase) in costs on uncompleted construction contracts	632	(712)	(6,546)
Decrease (Increase) in inventories	72	27	253
Increase (Decrease) in accounts payable	(1,275)	6	51
Increase (Decrease) in advances received	(10,615)	(313)	(2,872)
Others, net	1,189	(1,126)	(10,353)
Subtotal	2,665	257	2,363
Interest and dividends received	65	74	682
Interest paid	(0)	(0)	(1)
Income taxes paid	(726)	(446)	(4,097)
Net cash provided by operating activities	2,004	(115)	(1,053)
<b>Cash flows from investing activities:</b>			
Increase in time deposits	(320)	(275)	(2,523)
Decrease in time deposits	-	112	1,033
Acquisition of property, plant and equipment	(105)	(83)	(758)
Acquisition of intangible assets	(18)	(8)	(70)
Payments for retirement of non-current assets	-	(6)	(55)
Others, net	1	(7)	(63)
Net cash used in investing activities	(442)	(265)	(2,437)
<b>Cash flows from financing activities:</b>			
Payment for cash dividends to the Company's shareholders	(842)	(842)	(7,742)
Payment for purchase of treasury stock	(0)	-	-
Net cash used in financing activities	(842)	(842)	(7,742)
Effect of exchange rate changes on cash and cash equivalents	(30)	0	4
Net increase in cash and cash equivalents	690	(1,222)	(11,227)
Cash and cash equivalents at beginning of year	5,856	6,546	60,162
Cash and cash equivalents at end of year (Note 5)	¥6,546	¥5,325	\$48,935

See accompanying notes.

# Notes to Consolidated Financial Statements

MESCO, Inc. and Consolidated Subsidiaries

Years ended March 31, 2019 and 2020

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## 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accounts of consolidated overseas subsidiaries are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified six items as applicable.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of MESCO, Inc. ("the Company") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Amounts less than one million yen have been rounded off in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen shown herein do not necessarily agree with the sums of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2020, which was ¥108.81 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

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## 2. Summary of Significant Accounting Policies

### a) Consolidation

The consolidated financial statements include the accounts of the Company and its significant subsidiaries (the "Companies"). All significant intercompany transactions, accounts and unrealized profits among the Companies have been eliminated in consolidation. Investments in the unconsolidated subsidiaries and significant affiliates, which the Company and its subsidiaries are able to influence, in a material degree, their financial and operating decision-making, is accounted for by the equity method after the elimination of unrealized intercompany profits. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries are recorded based on the fair value at the time when the Company acquired control of the respective subsidiaries.

### b) Goodwill

The consolidation difference between acquisition cost and net assets at the date of acquisition is shown as the goodwill.

### c) Foreign currency translation and foreign currency financial statements

Revenues and expenses are translated at the rates of exchange prevailing when transactions are made. Monetary claims and liabilities denominated in foreign currencies are generally translated into each reporting currency at the rates of foreign exchange prevailing at the balance sheet dates and the resulting translation gains or losses are included in earnings. All assets, liabilities, revenues and expenses of consolidated foreign subsidiaries are translated into Japanese yen at the rates prevailing at their balance sheet dates. The resulting translation adjustments are shown as "Foreign currency translation adjustments," a component of net assets.

### d) Cash and cash equivalents

In the accompanying statements of cash flows, cash and cash equivalents include cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition which have high liquidity and negligible risk of price fluctuation.

**e) Marketable securities and investment securities**

Available-for-sale securities with fair market values are stated at fair market values, and the corresponding unrealized holding gains or losses, net of applicable income taxes, are reported as a component of net assets.

Realized gains and losses on sale of such securities are computed using average cost.

Other available-for-sale securities with no available fair market value are stated at average cost.

**f) Derivative transactions and hedge accounting**

The Company generally state derivative financial instruments at fair value and recognize changes in the fair value as gains or losses unless they are used for hedging purposes and qualified for hedge accounting.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company generally defers recognition of gains or losses resulting from changes in their fair value until the related gains or losses on the hedged items are recognized.

All of derivative contracts are based on actual demand and not for trading in the short term or for speculation.

For commodities forward transaction for purchases of inventories and currency forward contracts , the Company evaluates hedge effectiveness by comparing the cumulative changes in cash flows or the changes in fair value of the hedged items with the corresponding changes in the hedging derivative instruments.

The hedge effectiveness is skipped for currency forward contracts that are believed to have high hedge effectiveness, such as in cases where hedging instruments and hedged items share the same important characteristics.

**g) Inventories**

Costs on uncompleted construction contracts : At cost on an individual basis

Inventories of side line business : At cost on an individual basis

Other inventories : At cost using average method

The carrying value of inventories on the balance sheet is presented at book value after write-down for a decline in earnings.

**h) Property, plant and equipment**

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is generally computed by the declining-balance method based on the estimated durable years of these depreciable assets, except the straight-line method is applied to: (1) buildings, excluding building fixtures, acquired after March 31, 1998 and (2) property, plant and equipment of consolidated subsidiaries. The durable years of these assets generally range from 6 to 36 years for buildings and structures and 2 to 20 years for machinery and equipment.

**i) Allowance for doubtful accounts**

The Company and consolidated subsidiaries provide the allowance for doubtful accounts in an amount sufficient to cover possible losses on collection by estimating individually uncollectible amounts and applying a percentage based on collection experience to the remaining accounts.

**j) Allowance for warranties on completed construction**

Allowance for warranties on completed construction is provided as an estimated amount calculated using an actual percentage of related losses during a past certain period.

**k) Allowance for expected losses on contraction contracts in process**

An allowance is provided for estimated future losses related to the construction contracts in process.

**l) Employee's retirement benefits**

The Company provided employee's retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the balance sheet date. The liabilities and expenses for employees' retirement were determined based on the amounts actuarially calculated using certain assumptions.

**m) Director's and statutory auditor's retirement benefits**

Directors and corporate auditors are generally entitled to receive retirement benefits based on the Company's internal rules. Their retirement benefits are accrued at the amount required to pay in accordance with the internal rules if the directors and corporate auditors had retired at the balance sheet date.

**n) Research and development expenses**

Research and development expenses are charged to statements of income as incurred.

**o) Income taxes**

The Companies recognize tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income of each of the Companies, with certain adjustments required for consolidation and tax purposes.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

**p) Net income, diluted net income and cash dividends per share**

Net income per share is computed based on the weighted-average number of shares of common stock outstanding during the respective fiscal year.

Diluted net income per share is not presented as there were no shares with dilutive effects in 2019 and 2020.

Cash dividends per share represent the historical amount applicable to the respective year.

**q) Bonuses to directors and corporate auditors**

Bonuses for directors and corporate auditors are accounted for as expense with an allowance of the estimated amount attributable for the fiscal year.

**r) Recognition of revenues and related costs**

Recognition of net sales and cost of sales of completed construction contracts

Construction contracts whose outcome can be estimated reliably: Percentage-of-completion method

Other construction contracts: Completed-contract method

**s) Reclassification**

Certain prior year amounts have been reclassified to conform to the 2020 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

**t) Accounting of consumption tax**

Consumption tax generally withheld upon sale, as well as that paid for purchases of goods or services, are recorded as a liability or an asset, and are excluded from the relevant revenue, costs or expenses.

**u) Accounting standards not yet applied, etc.**

(Accounting standard for revenue recognition, etc.)

- "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29 on March 30,2018, Accounting Standards Board of Japan)
- "Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No.30 on March 30,2018, Accounting Standards Board of Japan)

**(1) Overview**

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States jointly developed comprehensive accounting standards for revenue recognition and published the "Revenue from Contracts with Customers" (IFRS 15 in the IASB and Topic 606 in the FASB) in May 2014. Given that IFRS 15 will be applied from a fiscal year starting on or after January 1, 2018 and that Topic 606 will be applied from a fiscal year starting after December 15, 2017, the Accounting Standards Board of Japan (ASBJ) has developed comprehensive accounting standards for revenue recognition and published them in step with the Implementation Guidance.

The basic policy of the ASBJ in developing accounting standards for revenue recognition is thought to be setting accounting standards, with the incorporation of the basic principles of IFRS 15 as a starting point, from a standpoint of comparability between financial statements, which is one of the benefits of ensuring consistency with IFRS 15, and to be adding alternative accounting treatments without losing comparability if there is an item that we should take into account in practices, etc. that have been conducted in Japan.

**(2) Planned date of application**

To be applied from the beginning of the fiscal year ending March 31, 2022.

**(3) Impact of application of the accounting standards, etc.**

The amount of the impact on consolidated financial statements is currently under review.

### 3. Inventories

Inventories as of March 31, 2019 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2019	2020	2020
Merchandise and finished goods	¥215	¥220	\$2,024
Raw material and supplies	311	278	2,557
Total	¥526	¥499	\$4,581

### 4. Allowance for expected losses on construction contracts in process

Amounts of costs on uncompleted construction contracts and merchandise and finished goods, for which a construction loss is anticipated, matching with allowance for expected losses on construction contracts were as follows:

	Million		Thousands of U.S. dollars(Note1)
	2019	2020	2020
Allowance for expected losses on construction contracts in process	¥22	¥80	\$737
Costs on uncompleted construction contracts	-	-	-
Merchandise and finished goods	-	-	-
Total	¥22	¥80	\$737

Note: Costs on uncompleted construction contracts for which a construction loss is anticipated and allowance for expected losses on construction contracts in process are presented without being offset.

### 5. Amounts of Cash and Cash Equivalents

Amounts of cash and cash equivalents at March 31, 2019 and 2020 were reconciled with cash and time deposits as follows:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2019	2020	2020
Cash and time deposits	¥2,049	¥2,403	\$22,087
Time deposits with maturities exceeding three months from the date of deposit	(1,741)	(1,902)	(17,483)
Deposits to the holding company	6,239	4,824	44,331
Total: Cash and cash equivalents	¥6,546	¥5,325	\$48,935

### 6. Research and Development Expenses

Research and development expenses included in general and administrative expenses amounted to ¥33 million and ¥46 million (US\$423 thousand), for the years ended March 31, 2019 and 2020, respectively.

### 7. Contingent Liabilities

Contingent liabilities at March 31, 2019 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2019	2020	2020
Notes receivable securitized with recourse	-	-	-
Total	-	-	-



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## **8.Net Assets**

The Japanese Company Law provides that an amount equal to 10 % of cash dividends and other cash appropriations of retained earnings must be set aside as a legal earnings reserve included in retained earnings until the total amount of capital surplus and the legal earnings reserve equals 25% of common stock.

The excess of the total amount of capital surplus and the legal earnings reserve over 25% of common stock can be transferred to retained earnings by a resolution of the shareholders, which may be available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Japanese Company Law.

## 9. Segment information

The operations of the Companies for the years ended March 31, 2019 and 2020 were summarized as follows.

### (a) Overview of reportable segments

The reportable segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

The Company has business sectors categorized by products and services in head office, and each business sectors plans business strategies comprehensively and operates business activities domestically and internationally.

As a result, the Company reports two segments, such as "Engineering" and "Piping and Soundproof materials" based on business sectors categorized by products and services.

### (b) Basis for Calculating amounts of net sales, profit or loss, assets, and other items by reported segment

Accounting procedure for reported segments is mostly the same as procedures indicated in 2. Summary of Significant Accounting Policies. Profit for reported segments is based on ordinary income. Sales for inter-segment are based on actual market prices.

### (c) Information on amounts of net sales, profit or loss, assets, and other items by reported segment

Segment information as of and for the fiscal year ended March 31, 2019 was as follows:

	Millions of yen		
	Engineering	Piping and Soundproof materials	Total
Year ended March 31, 2019			
Sales			
Outside customers	¥25,053	¥7,404	¥32,457
intergroup	102	77	179
Total	25,155	7,481	32,636
Segment profit (loss)	¥2,530	¥562	¥3,092
Segment Assets	¥8,066	¥6,594	¥14,660
Depreciation expense	32	91	123
Interest income	42	-	42
Investment gains(losses) on equity method	7	-	7
Investments of unconsolidated subsidiaries	57	-	57
Capital expenditures	5	80	85

	Thousands of U.S. dollars ( Note 1 )		
	Engineering	Piping and Soundproof Materials	Total
Year ended March 31, 2019			
Sales			
Outside customers	\$225,705	\$66,702	\$292,407
intergroup	918	693	1,611
Total	226,623	67,395	294,018
Segment profit (loss)	\$22,797	\$5,062	\$27,859
Segment Assets	\$72,668	\$59,402	\$132,069
Depreciation expense	287	824	1,111
Interest income	377	-	377
Investment gains(losses) on equity method	65	-	65
Investments of unconsolidated subsidiaries	509	-	509
Capital expenditures	45	722	766

Segment information as of and for the fiscal year ended March 31, 2020 was as follows:

	Millions of yen		
	Engineering	Piping and Soundproof materials	Total
Year ended March 31, 2020			
Sales			
Outside customers	¥14,752	¥6,270	¥21,022
intergroup	280	233	513
Total	15,032	6,503	21,535
Segment profit (loss)	¥401	¥570	¥971
Segment Assets	¥9,000	¥5,578	¥14,578
Depreciation expense	22	97	119
Interest income	57	-	57
Investment gains or losses on equity method	6	-	6
Investments of unconsolidated subsidiaries	66	-	66
Capital expenditures	20	110	131

	Thousands of U.S. dollars ( Note 1 )		
	Engineering	Piping and Soundproof Materials	Total
Year ended March 31, 2020			
Sales			
Outside customers	\$135,580	\$57,622	\$193,202
intergroup	2,572	2,144	4,716
Total	138,152	59,765	197,917
Segment profit (loss)	\$3,685	\$5,240	\$8,925
Segment Assets	\$82,715	\$51,264	\$133,980
Depreciation expense	201	894	1,095
Interest income	521	-	521
Investment gains or losses on equity method	51	-	51
Investments of unconsolidated subsidiaries	604	-	604
Capital expenditures	187	1,014	1,201

(d) Adjustments of difference between the total of Segment information and the total of financial report

Millions of yen

Sales	March 31,2019	March 31,2020
Segment total	¥32,636	¥21,535
Intergroup	(179)	(513)
Sales on financial report	32,457	21,022

Millions of yen

Profits	March 31,2019	March 31,2020
Segment total	¥3,092	¥971
Corporation	(796)	(710)
Ordinary Profits on financial report	2,296	262

Millions of yen

Assets	March 31,2019	March 31,2020
Segment total	¥14,660	¥14,578
Corporation	6,840	5,306
Total Assets on financial report	21,500	19,884

Millions of yen

Others	Segment total		Adjustments		Financial report	
	2019	2020	2019	2020	2019	2020
Depreciation expense	¥123	¥119	¥20	¥21	¥144	¥140
Interest income	42	57	26	26	68	83
Interest Expense	-	-	0	0	0	0
Investment gains(losses) on equity method	7	6	-	-	7	6
Investments of unconsolidated subsidiaries	57	66	-	-	57	66
Capital expenditures	85	131	15	17	100	148

Thousands of U.S.dollars(Note 1)

Sales	March 31,2019	March 31,2020
Segment total	\$294,018	\$197,917
Intergroup	(1,611)	(4,716)
Sales on financial report	292,407	193,202

Thousands of U.S.dollars(Note 1)

Profits	March 31,2019	March 31,2020
Segment total	\$27,859	\$8,925
Corporation	(7,172)	(6,521)
Ordinary Profits on financial report	20,687	2,404

Thousands of U.S.dollars(Note 1)

Assets	March 31,2019	March 31,2020
Segment total	\$132,069	\$133,980
Corporation	61,621	48,759
Total Assets on financial report	193,690	182,739

Thousands of U.S.dollars(Note 1)

Others	Segment total		Adjustments		Financial report	
	2019	2020	2019	2020	2019	2020
Depreciation expense	\$1,111	\$1,095	\$184	\$194	\$1,295	\$1,290
Interest and Dividends received	377	521	237	238	614	759
Interest Expense	-	-	1	1	1	1
Investment gains(losses) on equity method	65	51	-	-	65	51
Investments of unconsolidated subsidiaries	509	604	-	-	509	604
Capital expenditures	766	1,201	131	158	898	1,359

(e) Relative Information

March 31,2020

1. Area information

Sales

Millions of yen

Japan	Others	Total
¥18,020	¥3,002	¥21,022

Thousands of U.S.dollars

Japan	Other s	Total
\$165,610	\$27,592	\$193,202

2. Main Customer Information

Millions of yen

Customer's name	Sales	Relevant Segment
Mitsui Mining and Smelting Co., Ltd.	¥3,632	Engineering
Hachinohe Smelting Co., Ltd.	2,115	Engineering
Kamioka Smelting Co., Ltd.	1,764	Engineering

Thousands of U.S.dollars(Note 1)

Customer's name	Sales	Relevant Segment
Mitsui Mining and Smelting Co., Ltd.	\$33,384	Engineering
Hachinohe Smelting Co., Ltd.	19,436	Engineering
Kamioka Smelting Co., Ltd.	16,214	Engineering

## 10. Income Taxes

The Company is subject to a number of taxes based on income, which, in the aggregate, indicate statutory rates in Japan of approximately 30.5% for the years ended March 31, 2019 and 2020.

Its foreign subsidiaries were subject to the income taxes of the countries in which they operate.

Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2019 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2019	2020	2020
<b>Deferred tax assets:</b>			
Unpaid enterprise tax	¥26	¥10	\$93
Accrued business office taxes	3	3	32
Excess accrued bonuses to employees	118	118	1,083
Allowance for warranties for completed construction	50	52	480
Allowance for expected losses on construction contracts in process	7	24	225
Employees' retirement benefits	309	310	2,845
Directors' and corporate auditors' retirement benefits	14	18	163
Excess bad debt expenses	6	4	34
Loss on valuation of golf course membership	12	12	110
Loss on valuation of inventories	3	1	12
Accrued social insurance	20	19	177
Unrealized gains (losses) on hedging derivatives, net of tax	0	13	117
Others	16	19	178
Subtotal	584	604	5,549
Valuation allowance	(15)	(13)	(121)
<b>Total deferred tax assets</b>	<b>569</b>	<b>591</b>	<b>5,428</b>
<b>Deferred tax liabilities:</b>			
Retained earnings of foreign subsidiaries	¥109	¥116	\$1,064
Accumulated adjustments for retirement benefit	28	7	65
Unrealized gains (losses) on hedging derivatives, net of tax	-	-	-
Others	1	0	1
<b>Total deferred tax liabilities</b>	<b>138</b>	<b>123</b>	<b>1,130</b>
<b>Net deferred tax assets</b>	<b>432</b>	<b>468</b>	<b>4,298</b>

The net deferred tax assets at March 31, 2019 and 2020 were contained in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars(Note1)
	2019	2020	2020
Deferred tax assets - non current	¥432	¥468	\$4,299
Deferred tax liabilities - non current	1	0	1

The following table summarizes the significant differences between the statutory effective tax rate and the tax rate calculated based on the Company's consolidated financial statements for the year ended March 31, 2019 and 2020.

	2019	2020
Statutory income tax rate	30.5%	30.5%
Permanent difference due to non-deductible expense	0.9	2.8
Inhabitant tax	0.7	5.6
Valuation allowance	(0.1)	(0.8)
Difference in tax rates of foreign consolidated subsidiaries	(1.1)	(6.7)
Retained earnings of foreign consolidated subsidiaries	0.1	2.7
Change in income tax rates	(0.2)	0.0
Others	(0.1)	(1.1)
<b>Tax rate calculated based on the Company's consolidated financial statements</b>	<b>30.7%</b>	<b>33.0%</b>

## 11. Employees' Retirement Benefits

The Company provides two retirement benefit plans for employees, an unfunded retirement plan and a funded retirement plan, under which all eligible employees are entitled to benefits based on the length of service and basic rate of pay at the time of termination.

### Defined benefit plans

#### (a) Movement in retirement benefit obligations

	Millions of Yen		Thousands of U.S. dollars(Note1)
	2019	2020	2020
Balance at the beginning of the fiscal year	¥2,321	¥2,248	\$20,664
Service cost	155	144	\$1,326
Interest cost	-	-	-
Actuarial loss(gain)	(87)	(51)	(473)
Benefits paid	(¥140)	(¥101)	(925)
Balance at the end of the fiscal year	¥2,248	¥2,241	\$20,592

#### (b) Movement in plan assets

	Millions of Yen		Thousands of U.S. dollars(Note1)
	2019	2020	2020
Balance at the beginning of the fiscal year	¥1,379	¥1,328	\$12,204
Expected return on plan assets	33	29	262
Actuarial gain(loss)	(57)	(111)	(1,018)
Contributions paid by the employer	45	54	500
Benefits paid	(¥71)	(¥51)	(471)
Balance at the end of the fiscal year	¥1,328	¥1,249	\$11,477

#### (c) Reconciliation from retirement benefit obligations and plan assets to liability(asset) for retirement benefits

	Millions of Yen		Thousands of U.S. dollars(Note1)
	2019	2020	2020
Funded retirement benefit obligations	¥1,236	¥1,226	\$11,265
Plan assets	(1,328)	(1,249)	(11,477)
	(92)	(23)	(212)
Unfunded retirement benefit obligations	1,013	1,015	9,327
Total Net liability(asset) for retirement benefits at the end of the fiscal year	921	992	\$9,115
Liability for retirement benefits	1,013	1,015	9,327
Asset for retirement benefits	(¥92)	(¥23)	(212)
Total Net liability(asset) for retirement benefits at the end of the fiscal year	¥921	¥992	\$9,115

#### (d) Retirement benefit costs

	Millions of Yen		Thousands of U.S. dollars(Note1)
	2019	2020	2020
Service cost	¥155	¥144	\$1,326
Interest cost	-	-	-
Expected return on plan assets	(33)	(29)	(262)
Net actuarial loss amortization	48	(35)	(320)
Total retirement benefit costs for the fiscal years ended March31	¥170	¥81	\$744

#### (e) Accumulated adjustments for retirement benefit

	Millions of Yen		Thousands of U.S. dollars(Note1)
	2019	2020	2020
Actual gains and losses that are yet to be recognized	(¥83)	¥11	\$99
Total balance at the end of the fiscal year	(¥83)	¥11	\$99

(f) Plan assets

1. Plan assets comprise

	2019	2020
Equity securities	55.2%	<b>26.4%</b>
Bonds	40.4%	<b>67.4%</b>
Other	4.4%	<b>6.2%</b>
Total	100.0%	<b>100.0%</b>

2. Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(g) Actuarial assumptions

The principal actuarial assumptions at March, 31 2019 and 2020

	2019	2020
Discount rate	0.0%	<b>0.0%</b>
Long-term expected rate of return	2.38%	<b>2.15%</b>



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## 12. Financial Instruments

### (a) Conditions of Financial Instruments

#### 1. Policy for financial instruments

The Companies raise funds primarily through bank loans.

Temporary fund surpluses are managed principally through short-term deposits.

The Companies utilize financial assets with high degrees of safety for surplus funds.

The Companies use derivatives to reduce risk as described below and do not enter into derivatives for trading in the short term or for speculation.

#### 2. Description of financial instruments, risk

Notes and accounts receivable from completed construction contracts- are exposed to the credit risks of customers.

Because the Companies are expanding their business globally, certain trade receivables denominated in foreign currencies are exposed to foreign currency exchange rate fluctuation risk. For this risk, currency forward contracts are used on a certain portion of the positions that are considered as necessary.

Deposits to the holding company is deposits paid to the holding company in accordance with the policy of management for temporary fund surpluses.

Investment securities are equity securities, and most of which is equity securities for unconsolidated subsidiaries.

The majority of notes and accounts payable for construction contracts have payment due dates of less than one year. A portion of those are denominated in foreign currencies in association with the import of materials and equipments, raw materials and others are thus exposed to foreign currency exchange rate fluctuation risks. For this risk, currency forward contracts are used on a certain portion of the positions that are considered as necessary.

Derivative transactions entered into by the Companies are implemented and controlled based on the Company's internal policies. Moreover, in order to mitigate credit risk, the Companies only conduct business with highly rated financial institutions and trading companies.

Regarding derivative transactions, please refer to "Notes to Consolidated Financial Statements 13. Derivative Transactions".

#### 3. Description of risk management system

Supplementary explanation regarding fair value of financial instruments

The fair value of financial instruments is measured based on the market price, if available, or reasonably estimated value if a market price is not available. Because fair value is estimated based on certain assumptions, the fair value might differ if different assumptions are used.

In addition, the contract amount of the derivative transactions described below in Notes 13 (Derivative Transactions) does not represent the market risk of the derivative transactions.

### (b) Fair value of financial instruments

The carrying amounts on the consolidated balance sheets, fair value, and differences as of March 31, 2020 are as next page. In addition, financial instruments, of which it is extremely difficult to measure the fair value, are not included. (Please refer to "2. Financial instruments whose fair value is extremely difficult to measure")

Millions of yen			
	Consolidated balance sheet amount	Fair value	Difference
<b>Year ended March 31, 2020</b>			
Assets:			
(a)Cash and time deposits:	¥2,403	¥2,403	¥ -
(b)Notes and accounts receivable from completed construction contracts:	8,172	8,172	-
(c) Deposits to the holding company:	4,824	4,824	-
<b>Total:</b>	<b>15,399</b>	<b>15,399</b>	<b>-</b>
Liabilities:			
(a)Notes and accounts payable for construction contracts:	(3,360)	(3,360)	-
(b)Advances received on uncompleted construction contracts:	(608)	(608)	-
<b>Total:</b>	<b>(3,968)</b>	<b>(3,968)</b>	<b>-</b>
Derivative transactions	(42)	(42)	-
Notes:Derivative assets and liabilities are on net basis. Items that are net liabilities are shown in parenthesis.			

Thousands of U.S.dollars (Note 1)			
	Consolidated balance sheet amount	Fair value	Difference
<b>Year ended March 31, 2020</b>			
Assets:			
(a)Cash and time deposits:	<b>\$22,087</b>	<b>22,087</b>	<b>\$ -</b>
(b)Notes and accounts receivable from completed construction contracts:	<b>75,105</b>	<b>75,105</b>	-
(c) Deposits to the holding company:	<b>44,331</b>	<b>44,331</b>	-
<b>Total:</b>	<b>141,523</b>	<b>141,523</b>	<b>-</b>
Liabilities:			
(a)Notes and accounts payable for construction contracts:	<b>(30,879)</b>	<b>(30,879)</b>	-
(b)Advances received on uncompleted construction contracts:	<b>(5,588)</b>	<b>(5,588)</b>	-
<b>Total:</b>	<b>(36,467)</b>	<b>(36,467)</b>	<b>-</b>
Derivative transactions	<b>(385)</b>	<b>(385)</b>	-
Notes:Derivative assets and liabilities are on net basis. Items that are net liabilities are shown in parenthesis.			

Notes:

1. Method of estimating fair value of financial instruments

Assets:

(a)Cash and time deposits and (c)Deposits to the holding company:

The consolidated balance sheet amounts approximate fair value because of the short maturity of these instruments.

(b)Notes and accounts receivable from completed construction contracts:

The fair values of these financial instruments are equivalent to the book value, because of the short term settlements;  
although, the fair value of notes and accounts receivable from completed construction contracts due over one year are based on the present value of discounted cash flows using the interest rate determined by the factors such as bonds issued by the government of Japan.

Liabilities:

(a)Notes and accounts payable for construction contracts (b)Advances received on uncompleted construction contracts:  
The consolidated balance sheet amounts approximate fair value because of the short maturity of these instruments.

Derivative transactions:

Contract amount, fair value, unrealized gain or loss, and others are described in "Notes to Consolidated Financial Statements 13. Derivative Transactions" .

2. Financial instruments whose fair value is extremely difficult to measure

Classification	Consolidated balance sheet amount	
	Millions of yen	Thousands of U.S.dollars(Note 1)
Unlisted equity securities	<b>¥66</b>	<b>\$604</b>

Investment securities is only unlisted equity securities, and there is no market value and extremely difficult to measure the fair value.

3. The redemption schedule for money claim with maturity date subsequent to the consolidated balance sheets date

	Millions of yen	
	April 1 , 2020 to March 31 , 2021	April 1 , 2021 to March 31 , 2025
<b>Year ended March 31, 2020</b>		
(a)Cash and time deposits:	<b>¥2,403</b>	<b>¥ -</b>
(b)Notes and accounts receivable from completed construction contracts:	<b>8,172</b>	<b>-</b>
(c) Deposits to the holding company:	<b>4,824</b>	<b>-</b>
<b>Total:</b>	<b>15,399</b>	<b>-</b>

	Thousands of U.S.dollars (Note 1)	
	April 1 , 2020 to March 31 , 2021	April 1 , 2021 to March 31 , 2025
<b>Year ended March 31, 2020</b>		
(a)Cash and time deposits:	<b>\$22,087</b>	<b>\$ -</b>
(b)Notes and accounts receivable from completed construction contracts:	<b>75,105</b>	<b>-</b>
(c) Deposits to the holding company:	<b>44,331</b>	<b>-</b>
<b>Total:</b>	<b>141,523</b>	<b>-</b>

### 13. Derivative Transactions

The Company used currency forward contracts to hedge transactions, such as sales denominated in foreign currencies and forecasted purchases of inventories (mainly construction materials and raw materials) against foreign currency exchange risk.

The Companies utilized commodities forward transaction to reduce the Company's exposure to fluctuations in raw material prices which is subject to international market fluctuation.

All of these contracts were based on actual demand and not for trading in the short term or for speculation.

(a) Derivative transactions for which hedge accounting had not been applied as of March 31, 2020 was as follows:

Commodity-related derivatives

Type		Millions of	Thousands of
		Yen	U.S. dollars (Note 1)
		2020	2020
Forward contracts			
Buying:	Contract amounts	79	\$729
metal:	Due over one year		
	Market value	81	746
	Net unrealized gains	2	17

Notes: Market values of commodity forward contracts are based on forward rates or prices provided by financial institutions

(b) Derivative transactions for which hedge accounting had been applied as of March 31, 2020 were as follows:

Currency-related derivatives

Type	Hedged items		Millions of	Thousands of
			yen	U.S. dollars (Note 1)
			2020	2020
Forward contracts				
Selling:				
	Notes and accounts	Contract amounts	¥2,438	\$22,410
U.S.dollars:	receivable from completed construction contracts	Due over one year	( - )	( - )
		Market value	2,485	22,841
		Unrealized gain(loss)	(47)	(431)
Buying:				
	Notes and accounts	Contract amounts	¥65	\$599
U.S.dollars:	payable for construction contracts	Due over one year	( - )	( - )
		Market value	66	605
		Unrealized gain(loss)	1	6
	Notes and accounts	Contract amounts	¥27	\$248
Euros:	payable for construction contracts	Due over one year	( - )	( - )
		Market value	27	245
		Unrealized gain(loss)	(0)	(3)
	Notes and accounts	Contract amounts	¥353	\$3,246
Malaysia Ringgits	payable for construction contracts	Due over one year	( - )	( - )
		Market value	356	3,273
		Unrealized gain(loss)	3	26
		Contract amounts	¥2,884	\$26,502
Total		Due over one year	( - )	( - )
		Market value	2,934	26,964
		Unrealized gain(loss)	(44)	(401)

Notes:

(a) The deferred hedge method is applied as hedge accounting methods.

(b) Market values of currency forward contracts are based on prices provided by financial institutions.

## 14.Related Party Transactions

### 1. Year ended March 31, 2019

(1) Transactions of the Company with its holding company and significant shareholders, for the year ended March 31, 2019 were as follows:

Millions of Yen				
2019				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-19			
(c) Capital (Millions of yen)	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage held by the holding company				
(a) Mitsui Mining And Smelting Co.,Ltd.			Notes and accounts receivable from completed construction contracts	¥1,196
	Sales	¥3,398	Advances received on uncompleted construction contracts	-
			Other current receivables	11
(b) Holding Company	Purchases	662	Notes and accounts payable from completed construction contracts	167
			Other current liabilities	15
(c) 42,129 millions of yen	Deposit of funds	1,098	Deposits to the holding company	6,239
(d) Direct 63.4%	Interest income	26	-	-
	Interest expense	0	-	-

Thousands of U.S.dollars				
2019				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-19			
(c) Capital (Millions of yen)	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage held by the holding company				
(a) Mitsui Mining And Smelting Co.,Ltd.			Notes and accounts receivable from completed construction contracts	\$10,779
	Sales	\$30,609	Advances received on uncompleted construction contracts	-
			Other current liabilities	98
(b) Holding Company	Purchases	5,962	Notes and accounts payable from completed construction contracts	1,504
			Other current liabilities	138
(c) 42,129millions of yen	Deposit of funds	9,895	Deposits to the holding company	56,206
(d) Direct 63.4%	Interest income	236	-	-
	Interest expense	1	-	-

#### Notes :

- The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
- Business conditions and policy of business conditions
  - The amount of orders was determined properly on an arm's – length basis as in the case of other general transactions
  - The purchase amount of raw materials for metal processing was determined properly considering normal market prices as in the case of other general transactions
  - The interest rate of deposits paid to its holding company was determined properly considering normal market interest rates as in the case of other general transactions
- Workers on loan  
The Company accepted 21 workers on loan ( 20 support persons on engineering service and 1 support person on administrative service ) from Mitsui Mining & Smelting Co.,Ltd.(its holding company) by request from the Company based upon the contract between the two parties for the year ended March 31, 2019.
- The transaction amount of withdrawal of funds is stated in net increase basis.

(2) Transactions of the Company with its unconsolidated subsidiary for the year ended March 31, 2019 were as follows:

Millions of Yen				
2019				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-19			
(c) Capital (Thousands of Baht)	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage of the Company				
(a) Siam Mesco Co.,Ltd.	Sales	¥9	Notes and accounts receivable from completed construction contracts	¥7
(b) Unconsolidated subsidiary				
(c) 3,000 thousands of Baht	Purchases	19	-	-
(d) 49.0%				

Thousands of U.S.dollars				
2019				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-19			
(c) Capital (Thousands of Baht)	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage of the Company				
(a) Siam Mesco Co.,Ltd.	Sales	\$84	Notes and accounts receivable from completed construction contracts	\$60
(b) Unconsolidated subsidiary				
(c) 3,000 thousands of Baht	Purchases	171	-	-
(d) 49.0%				

Notes :

- The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
- Business conditions and policy of business conditions
  - The amount of orders received was determined properly on an arm's – length basis as in the case of other general transactions
  - The purchase amount of raw materials for metal processing was determined properly considering normal market prices as in the case of other general transactions
- SIAM MESCO Co.,Ltd is regarded as subsidiary because a majority of directors are made up of by the Company's directors or employees.

(3) Transactions of the Company with companies with the same parent company and subsidiaries of other affiliates of the Company for the year ended March 31, 2019 were as follows:

Millions of Yen				
2019				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-19			
(c) Capital	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage of the Company				
(a) Mitsui Kinzoku Catalysts Zhuhai Co., Ltd.				
(b) Company with the same parent company	Sales	¥292	Notes and accounts receivable from completed construction contracts	¥246
(c) 34,400 thousands of RMB				
(d) -				
(a) Hachinohe Smelting Co.,Ltd.				
(b) Company with the same parent company	Sales	¥3,343	Notes and accounts receivable from completed construction contracts	¥330
			Advances received on uncompleted construction contracts	6
(c) 4,795 millions of yen	Rent income of facilities	9	Other current receivables	5
			Notes and accounts payable from completed construction contracts	1
(d) -	Purchases	39	Other current liabilities	2
(a) Kamioka Mining and Smelting Co.,Ltd.				
(b) Company with the same parent company	Sales	¥6,589	Notes and accounts receivable from completed construction contracts	¥409
(c) 4,600 millions of yen			Other current receivables	5
			Advances received on uncompleted construction contracts	188
(d) -	Purchases	2	Other current liabilities	1

Thousands of U.S.dollars				
2019				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-19			
(c) Capital	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage of the Company				
(a) Mitsui Kinzoku Catalysts Zhuhai Co., Ltd.				
(b) Company with the same parent company	Sales	\$2,629	Notes and accounts receivable from completed construction contracts	\$2,219
(c) 34,400 thousands of RMB				
(d) -				
(a) Hachinohe Smelting Co.,Ltd.				
(b) Company with the same parent company	Sales	\$30,115	Notes and accounts receivable from completed construction contracts	\$2,972
			Advances received on uncompleted construction contracts	51
(c) 4,795 millions of yen	Rent income of facilities	82	Other current receivables	41
			Notes and accounts payable from completed construction contracts	13
(d) -	Purchases	347	Other current liabilities	20
(a) Kamioka Mining and Smelting Co.,Ltd.				
(b) Company with the same parent company	Sales	\$59,359	Notes and accounts receivable from completed construction contracts	\$3,681
(c) 4,600 millions of yen			Other current receivables	41
			Advances received on uncompleted construction contracts	1,692
(d) -	Purchases	15	Other current receivables	5

Millions of Yen

2019				
(a) Name (b) Attribution (c) Capital (d) Equity ownership percentage of the Company	Transactions during the year ended March 31, 2019		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Miike Smelting Co.,Ltd. (b) Company with the same parent company (c) 100 millions of yen (d) -	Sales	¥364	Notes and accounts receivable from completed construction contracts	¥244

Thousands of U.S.dollars (Note1)

2019				
(a) Name (b) Attribution (c) Capital (d) Equity ownership percentage of the Company	Transactions during the year ended March 31, 2019		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Miike Smelting Co.,Ltd. (b) Company with the same parent company (c) 100 millions of yen (d) -	Sales	\$3,281	Notes and accounts receivable from completed construction contracts	\$2,196



(4) Transactions of the consolidated subsidiaries of Company with companies with the same parent company and subsidiaries of other affiliates of the Company for the year ended March 31, 2019 were as follows:

Millions of Yen				
2019				
(a) Name (b) Attribution (c) Capital (d) Equity ownership percentage of the Company	Transactions during the year ended 31-Mar-19		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Mitsui Copper Foil (Malaysia) SDN.BHD. (b) Company with the same parent company (c) 330 millions of Malaysia Ringgits (d) -	Sales	¥1,000	Notes and accounts receivable from completed construction contracts	¥689
(a) TAIWAN COPPER FOIL CO., LTD. (b) Company with the same parent company (c) 800 millions of NT\$ (d) -	Sales	¥525	Notes and accounts receivable from completed construction contracts	¥299

Thousands of U.S.dollars				
2019				
(a) Name (b) Attribution (c) Capital (d) Equity ownership percentage of the Company	Transactions during the year ended 31-Mar-19		Balance at the end of the year	
	Description of transaction	Amount	Account	Amount
(a) Mitsui Copper Foil (Malaysia) SDN.BHD. (b) Company with the same parent company (c) 330 millions of Malaysia Ringgits (d) -	Sales	\$9,013	Notes and accounts receivable from completed construction contracts	\$6,208
(a) TAIWAN COPPER FOIL CO., LTD. (b) Company with the same parent company (c) 800 millions of NT\$ (d) -	Sales	\$4,731	Notes and accounts receivable from completed construction contracts	\$2,695

Notes :

1. The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
2. Business conditions and policy of business conditions
  - (i)The amount of orders received was determined properly on an arm's – length basis as in the case of other general transactions
  - (ii)The purchase amount of raw materials was determined properly considering normal market prices as in the case of other general transactions
  - (iii)Rent expense of machineries was determined properly considering normal market prices as in the case of other general transactions
3. Notes about parent company and significant affiliated company  
Information on its parent company  
Mitsui Mining & Smelting Co.,Ltd. (listed in Tokyo Stock Exchange)

2. Year ended March 31, 2020

(1) Transactions of the Company with its holding company and significant shareholders, for the year ended March 31, 2019 were as follows:

Millions of Yen				
2020				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-20			
(c) Capital (Millions of yen)	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage held by the holding company				
(a) Mitsui Mining And Smelting Co.,Ltd.	Sales	¥3,632	Notes and accounts receivable from completed construction contracts	¥1,590
			Advances received on uncompleted construction contracts	0
(b) Holding Company	Purchases	629	Notes and accounts payable from completed construction contracts	127
			Other current liabilities	15
(c) 42,129	Deposit of funds	1,415	Deposits to the holding company	4,824
(d) Direct 63.4%	Interest income	26	-	-
	Interest expense	0	-	-

Thousands of U.S.dollars				
2020				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-20			
(c) Capital (Millions of yen)	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage held by the holding company				
(a) Mitsui Mining And Smelting Co.,Ltd.	Sales	\$33,384	Notes and accounts receivable from completed construction contracts	\$14,612
			Advances received on uncompleted construction contracts	-
(b) Holding Company	Purchases	5,780	Notes and accounts payable from completed construction contracts	1,164
			Other current liabilities	141
(c) 42,129	Deposit of funds	13,007	Deposits to the holding company	44,331
(d) Direct 63.4%	Interest income	237	-	-
	Interest expense	1	-	-

Notes :

- The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
- Business conditions and policy of business conditions
  - The amount of orders was determined properly on an arm's – length basis as in the case of other general transactions
  - The purchase amount of raw materials for metal processing was determined properly considering normal market prices as in the case of other general transactions
  - The interest rate of deposits paid to its holding company was determined properly considering normal market interest rates as in the case of other general transactions
- Workers on loan  
The Company accepted 23 workers on loan ( 21 support persons on engineering service and 2 support persons on administrative service ) from Mitsui Mining & Smelting Co.,Ltd.(its holding company) by request from the Company based upon the contract between the two parties for the year ended March 31, 2020.
- The transaction amount of withdrawal of funds is stated in net increase basis.

(2) Transactions of the Company with its unconsolidated subsidiary for the year ended March 31, 2020 were as follows:

Millions of Yen				
2020				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-20			
(c) Capital (Thousands of Baht)				
(d) Equity ownership percentage of the Company	Description of transaction	Amount	Account	Amount
(a) Siam Mesco Co.,Ltd.				
(b) Unconsolidated subsidiary	Sales	¥72	Notes and accounts receivable from completed construction contracts	¥61
(c) 3,000 thousands of Baht				
(d) 49.0%				

Thousands of U.S.dollars				
2020				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-20			
(c) Capital (Thousands of Baht)				
(d) Equity ownership percentage of the Company	Description of transaction	Amount	Account	Amount
(a) Siam Mesco Co.,Ltd.				
(b) Unconsolidated subsidiary	Sales	\$663	Notes and accounts receivable from completed construction contracts	\$557
(c) 3,000 thousands of Baht				
(d) 49.0%				

Notes :

1. The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
2. Business conditions and policy of business conditions
  - (i) The amount of orders received was determined properly on an arm's – length basis as in the case of other general transactions
  - (ii) The purchase amount of raw materials for metal processing was determined properly considering normal market prices as in the case of other general transactions
3. SIAM MESCO Co.,Ltd is regarded as subsidiary because a majority of directors are made up of by the Company's directors or employees.

(3) Transactions of the Company with companies with the same parent company and subsidiaries of other affiliates of the Company for the year ended March 31, 2020 were as follows:

Millions of Yen				
2020				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-20			
(c) Capital	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage of the Company				
(a) Hachinohe Smelting Co.,Ltd.			Notes and accounts receivable from completed construction contracts	¥759
	Sales	¥2,115		
(b) Company with the same parent company			Advances received on uncompleted construction contracts	6
(c) 4,795 millions of yen	Rent income of facilities	6	Other current receivables	3
(d) -	Purchases	29	Notes and accounts payable from completed construction contracts	5
			Other current liabilities	2

Thousands of U.S.dollars				
2020				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-20			
(c) Capital	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage of the Company				
(a) Hachinohe Smelting Co.,Ltd.			Notes and accounts receivable from completed construction contracts	\$6,975
	Sales	\$19,436		
(b) Company with the same parent company			Advances received on uncompleted construction contracts	52
(c) 4,795 millions of yen	Rent income of facilities	59	Other current receivables	29
(d) -	Purchases	270	Notes and accounts payable from completed construction contracts	47
			Other current liabilities	21

Millions of Yen

2020				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-20			
(c) Capital	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage of the Company				
(a) Kamioka Mining and Smelting Co.,Ltd.				
(b) Company with the same parent company	Sales	¥1,764	Notes and accounts receivable from completed construction contracts	¥264
(c) 4,600 millions of yen				
(d) -	Purchases	16	Other current liabilities	1

Thousands of U.S.dollars

2020				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-20			
(c) Capital	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage of the Company				
(a) Kamioka Mining and Smelting Co.,Ltd.				
(b) Company with the same parent company	Sales	\$16,214	Notes and accounts receivable from completed construction contracts	\$2,431
(c) 4,600 millions of yen				
(d) -	Purchases	145	Other current receivables	6

(4) Transactions of the consolidated subsidiaries of Company with companies with the same parent company and subsidiaries of other affiliates of the Company for the year ended March 31, 2020 were as follows:

Millions of Yen				
2020				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-20			
(c) Capital	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage of the Company				
(a) Mitsui Copper Foil (Malaysia) SDN.BHD.				
(b) Company with the same parent company	Sales	¥319	Notes and accounts receivable from completed construction contracts	¥265
(c) 330 millions of Malaysia Ringgits				
(d) -				
(a) Mitsui Kinzoku Catalyst Zhuhai Co., Ltd.				
(b) Company with the same parent company	Sales	¥677	Notes and accounts receivable from completed construction contracts	¥603
(c) 34 millions of RMB				
(d) -				

Thousands of U.S.dollars				
2020				
(a) Name	Transactions during the year ended		Balance at the end of the year	
(b) Attribution	31-Mar-20			
(c) Capital	Description of transaction	Amount	Account	Amount
(d) Equity ownership percentage of the Company				
(a) Mitsui Copper Foil (Malaysia) SDN.BHD.				
(b) Company with the same parent company	Sales	\$2,933	Notes and accounts receivable from completed construction contracts	\$2,438
(c) 330 millions of Malaysia Ringgits				
(d) -				
(a) Mitsui Kinzoku Catalyst Zhuhai Co., Ltd.				
(b) Company with the same parent company	Sales	\$6,224	Notes and accounts receivable from completed construction contracts	\$5,546
(c) 34 millions of RMB				
(d) -				

Notes :

1. The amounts stated above do not include consumption tax, except for the balance at fiscal year end, which includes the consumption tax amount.
2. Business conditions and policy of business conditions
  - (i)The amount of orders received was determined properly on an arm's – length basis as in the case of other general transactions
  - (ii)The purchase amount of raw materials was determined properly considering normal market prices as in the case of other general transactions
  - (iii)Rent expense of machineries was determined properly considering normal market prices as in the case of other general transactions
3. Notes about parent company and significant affiliated company  
Information on its parent company  
Mitsui Mining & Smelting Co.,Ltd. (listed in Tokyo Stock Exchange)



## 15. Earnings per Share of Common Stock

Earnings per share of common stock at March 31, 2019 and 2020 were as follows:

	Net income (Millions of yen)	Weighted- average shares (Thousands)	Net income per share (Yen)	Net income per share (U.S. dollars (Note 1))
<b>Year ended March 31, 2019</b>				
Net income available to common shareholders	<b>¥1,590</b>	<b>12,772</b>	<b>¥124.52</b>	<b>\$1.12</b>

	Net income (Millions of yen)	Weighted- average shares (Thousands)	Net income per share (Yen)	Net income per share (U.S. dollars (Note 1))
<b>Year ended March 31, 2020</b>				
Net income available to common shareholders	<b>¥171</b>	<b>12,772</b>	<b>¥13.36</b>	<b>\$0.12</b>

## 16. Consolidated Statement of Comprehensive Income

### Year ended March 31, 2019 and 2020

Amounts reclassified to net income in the current period that were recognized in other comprehensive income in the current or previous periods and tax effects for each component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2020	2020
Unrealized gains (losses) on hedging derivatives:			
Increase(decrease) during the year	(¥1)	(¥42)	(\$385)
Reclassification adjustments	(13)	1	6
Sub-total, before tax	(14)	(41)	(379)
Tax (expense) or benefit	4	13	116
Sub-total, net of tax	(10)	(29)	(263)
Foreign currency translation adjustments:			
Increase(decrease) during the year	(96)	(1)	(14)
Sub-total, net of tax	(96)	(1)	(14)
Share of other comprehensive income of associates accounted for using equity			
Increase(decrease) during the year	(1)	4	33
Sub-total, net of tax	(1)	4	33
Retirement Benefits adjustments			
Increase(decrease) during the year	30	(59)	(545)
Reclassification adjustments	48	(35)	(320)
Sub-total, before tax	77	(94)	(865)
Tax (expense) or benefit	(24)	29	264
Sub-total, net of tax	54	(65)	(601)
Total other comprehensive income	(52)	(92)	(845)

## Directors and Auditors

(As of June 24, 2020)

President and Representative Director

**Kazuhiko Aoki**

Managing Directors

**Yoshihiko Koura**

**Shigeo Hirayama**

Directors

**Shoji Kawano**

**Toshihiro Kameda**

**Natsu Kondo**

Auditors

**Shunji Kuwano**

**Jun-ichi Yamamoto**

**Yasuhiro Osawa**

## Corporate Data

(As of March 31, 2020)

**Established:** February 17, 1964

**Authorized Capital:** 32,000,000 shares

**Shares issued:** 12,780,000 shares

**Paid-in capital:** ¥ 1,085,350,000

**Stock listing:** Common stock is listed on the Tokyo stock exchange.

**Number of shareholders:** 2,692

### **The Holding Company:**

	Percentage of outstanding shares (%)
Mitsui Mining & Smelting Co.,Ltd.	63.4

### **Consolidated subsidiaries:**

	Paid-in Capital (Millions)	Share (%)
MESCO(U.S.A.),INC.	¥13	100
MESCOENG(MALAYSIA) SDN.BHD.	¥22	100
TAIWAN MESCO Co.,Ltd.	¥18	100

### **Non-consolidated subsidiaries:**

	Paid-in Capital (Millions)	Share (%)
SIAM MESCO Co.,Ltd.	¥6	49

## Directory

### Head Office

3-2-1 Kinshi, Sumida-ku, Tokyo  
130-8531 Japan  
Phone:(03)5610-7839 Fax:(03)5610-7863

### Oita Pipe Plant

843-18 Kasugaura, Seike, Oita-Shi, Oita,  
870-0011 Japan  
Phone:(097)538-2100 Fax:(097)538-1501

### Branch Offices

#### Tohoku

76 Hamanayachi, Kawaragi, Hachinohe-shi,  
Aomori, 039-1161 Japan  
Phone:(0178)28-2041 Fax:(0178)28-5251

#### Kamioka

1-1, Shikama, Kamioka-cho  
Hida-shi, Gifu, 506-1114 Japan  
Phone:(0578)82-3539 Fax:(0578)83-2862

#### Kyushu

2100 Tosen, Omuta-shi, Fukuoka  
836-0003 Japan  
Phone:(0944)57-3190 Fax:(0944)54-5539

#### Philippine Branch

Barangay Taganito, Claver, Surigao del Norte,  
the Republic of the Philippines

#### Indonesia Representative Office

Kaw.Industri Suryacipta, Jl. Surya Lestari Kav.C-3,  
Kutamekar Ciampel Karawang Jawa Barat 41361

### Subsidiaries

#### MESCOENG(MALAYSIA) SDN.BHD.

Suite E406, 4th Floor, East Tower, Wisma consplant,  
No.2, Jalan SS 16/4, Subang Jaya, 47500 Petaling  
Jaya, Selangor Darul Ehsan, Malaysia  
Phone : 60-3-5880-8880 Fax : 60-3-5880-5802

#### TAIWAN MESCO Co.,Ltd.

13F.-5, No.360, Sec.2, Taiwan Blvd., North Dist.,  
Taichung City 404, Taiwan(R.O.C)  
Phone : 886-4-2322-3366 Fax : 886-49-225-7702

#### SIAM MESCO Co.,Ltd.

689 Bhiraj Tower at Emquartier 18th Floor(Unit 1803)  
Sukhumvit(Soi 35)Rd. Klongton Nuea, Vadhana, Bangkok 10110,  
Thailand  
Phone : 66-2-260-8441 Fax : 66-2-260-8442

### Marketing Offices

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