Mitsui High-tec, Inc. and Subsidiaries

Consolidated Financial Statements for the Year Ended January 31, 2019, and Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Mitsui High-tec, Inc.:

We have audited the accompanying consolidated balance sheet of Mitsui High-tec, Inc. and its subsidiaries (collectively, the "Group") as of January 31, 2019, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of January 31, 2019, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

DELOITTE TOUCHE TOHMATSU LLC
Fukuoka, Japan

April 22, 2019

Mitsui High-tec, Inc. and Subsidiaries

Consolidated Balance sheet
Year Ended January 31, 2019

ASSETS	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	¥ 19,373	¥ 13,988	$ 177,799
Short-term investments (Notes 3 and 13)	370	350	3,396
Notes and accounts receivable—trade (Note 13)	12,821	14,531	117,667
Allowance for doubtful accounts	(11)	(14)	(101)
Inventories (Note 4)	7,287	6,770	66,878
Deferred tax assets (Note 10)	194	202	1,780
Prepaid expenses and other	2,085	1,713	19,136
Total current assets	42,119	37,540	386,555
PROPERTY, PLANT AND EQUIPMENT:			
Land (Note 6)	7,705	7,374	70,714
Buildings and structures (Note 6)	34,889	31,140	320,200
Machinery and equipment	56,166	49,937	515,474
Furniture and fixtures	21,562	21,717	197,889
Construction in progress	1,864	1,577	17,107
Total	122,186	111,745	1,121,384
Accumulated depreciation	(81,764)	(79,844)	(750,404)
Net property, plant and equipment	40,422	31,901	370,980
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 5 and 13)	837	1,062	7,682
Asset for employees' retirement benefits (Note 8)	230	257	2,111
Deferred tax assets (Note 10)	235	380	2,157
Other assets	1,158	1,159	10,627
Total investments and other assets	2,460	2,858	22,577
TOTAL	¥ 85,001	¥ 72,299	$ 780,112

LIABILITIES AND EQUITY	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars (Note 1) 2019
CURRENT LIABILITIES:			
Current portion of long-term debt (Notes 7 and 13)	¥ 1,680	¥ 1,388	$ 15,419
Accounts payable—trade (Note 13)	5,088	4,670	46,696
Income taxes payable (Note 13)	256	456	2,349
Accrued expenses and other	3,111	4,352	28,552
Total current liabilities	10,135	10,866	93,016
LONG-TERM LIABILITIES:			
Long-term debt (Notes 7 and 13)	26,230	10,606	240,730
Liability for employees' retirement benefits (Note 8)	72	38	661
Retirement benefits to directors and corporate auditors	183	160	1,680
Provision for loss on business liquidation	47	135	431
Total long-term liabilities	26,532	10,939	243,502
EQUITY (Note 9):			
Common stock—authorized, 94,595,700 shares; issued, 39,466,865 shares in 2019 and 42,466,865shares in 2018	16,404	16,404	150,551
Capital surplus	14,661	17,252	134,554
Retained earnings	19,607	19,840	179,947
Treasury stock—at cost, 1,802,530 shares in 2019 and 4,101,874 shares in 2018	(1,557)	(3,076)	(14,290)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	269	418	2,469
Foreign currency translation adjustments	(1,175)	(493)	(10,784)
Defined retirement benefit plans	(77)	(30)	(707)
Total	48,132	50,315	441,740
Noncontrolling interests	202	179	1,854
Total equity	48,334	50,494	443,594
TOTAL	¥ 85,001	¥ 72,299	$ 780,112

See notes to consolidated financial statements.

Mitsui High-tec, Inc. and Subsidiaries

Consolidated Statement of Income
Year Ended January 31, 2019

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
NET SALES	¥ 81,986	¥ 78,728	$ 752,441
COST OF SALES	72,575	67,994	666,070
Gross profit	9,411	10,734	86,371
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 11)	8,911	8,592	81,782
Operating income	500	2,142	4,589
OTHER INCOME (EXPENSES):			
Interest and dividend income	117	84	1,074
Interest expense	(57)	(23)	(523)
Foreign exchange gain (loss)—net	171	(279)	1,569
Subsidy income	213	63	1,955
Reversal of provision for loss on business liquidation	29		266
Loss on sales and disposal of property, plant and equipment	(53)	(160)	(486)
Loss on impairment of long-lived assets (Note 12)	(145)	(18)	(1,331)
Other—net	140	57	1,285
Other income (expenses)—net	415	(276)	3,809
INCOME BEFORE INCOME TAXES	915	1,866	8,398
INCOME TAXES (Note 10):			
Current	341	414	3,130
Deferred	238	(490)	2,184
Total income taxes	579	(76)	5,314
NET INCOME	336	1,942	3,084
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	33	(36)	303
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 303	¥ 1,906	$ 2,781

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.q):			
Basic net income	¥ 7.98	¥ 49.54	$ 0.07
Cash dividends applicable to the year	6.0	16.0	0.06

See notes to consolidated financial statements.

Mitsui High-tec, Inc. and Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended January 31, 2019

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
NET INCOME	¥ 336	¥ 1,942	$ 3,084
OTHER COMPREHENSIVE INCOME (LOSS) (Note 15):			
Unrealized gain (loss) on available-for-sale securities	(150)	113	(1,377)
Foreign currency translation adjustments	(682)	(42)	(6,259)
Defined retirement benefit plans	(47)	(99)	(431)
Total other comprehensive income (loss)	(879)	(28)	(8,067)
COMPREHENSIVE INCOME (LOSS)	¥ (543)	¥ 1,914	$ (4,983)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥ (576)	¥ 1,878	$ (5,286)
Noncontrolling interests	33	36	303

See notes to consolidated financial statements.

Mitsui High-tec, Inc. and Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended January 31, 2019

	Thousands	Millions of Yen									
						Accumulated other comprehensive income					
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, FEBRUARY 1, 2017	38,651	¥ 16,404	¥ 17,252	¥ 18,358	¥ (2,574)	¥ 305	¥ (451)	¥ 69	¥ 49,363	¥ 151	¥ 49,514
Net income attributable to owners of the parent				1,906					1,906		1,906
Cash dividends, ¥11.0 per share				(424)					(424)		(424)
Purchase of treasury stock	(286)				(502)				(502)		(502)
Net changes in the year						113	(42)	(99)	(28)	28	0
BALANCE, JANUARY 31, 2018	38,365	¥ 16,404	¥ 17,252	¥ 19,840	¥ (3,076)	¥ 418	¥ (493)	¥ (30)	¥ 50,315	¥ 179	¥ 50,494
Net income attributable to owners of the parent				303					303		303
Cash dividends, ¥14.0 per share				(536)					(536)		(536)
Purchase of treasury stock	(701)				(1,072)				(1,072)		(1,072)
Decrease in treasury stock			(2,591)		2,591						
Net changes in the year						(149)	(682)	(47)	(878)	23	(855)
BALANCE, JANUARY 31, 2019	37,664	¥ 16,404	¥ 14,661	¥ 19,607	¥ (1,557)	¥ 269	¥ (1,175)	¥ (77)	¥ 48,132	¥ 202	¥ 48,334

	Thousands of U.S. Dollars (Note 1)									
					Accumulated other comprehensive income					
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, JANUARY 31, 2018	$ 150,551	$ 158,333	$ 182,085	$ (28,231)	$ 3,836	$ (4,525)	$ (275)	$ 461,774	$ 1,643	$ 463,417
Net income attributable to owners of the parent			2,781					2,781		2,781
Cash dividends, $0.13 per share			(4,919)					(4,919)		(4,919)
Purchase of treasury stock				(9,838)				(9,838)		(9,838)
Decrease in treasury stock		(23,779)		23,779						
Net changes in the year					(1,367)	(6,259)	(432)	(8,058)	211	(7,847)
BALANCE, JANUARY 31, 2019	$ 150,551	$ 134,554	$ 179,947	$ (14,290)	$ 2,469	$ (10,784)	$ (707)	$ 441,740	$ 1,854	$ 443,594

See notes to consolidated financial statements.

Mitsui High-tec, Inc. and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended January 31, 2019

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
OPERATING ACTIVITIES:			
Income before income taxes	¥ 915	¥ 1,866	$ 8,398
Adjustments for:			
Income taxes－paid	(482)	(377)	(4,424)
Depreciation and amortization	6,157	5,341	56,507
Loss on impairment of long-lived assets	145	18	1,331
Foreign exchange (gain) loss－net	19	(49)	174
Loss on sale and disposal of property, plant and equipment	53	160	486
Changes in assets and liabilities:			
Increase/decrease in notes and accounts receivable－trade	1,506	(2,025)	13,822
Increase in inventories	(639)	(836)	(5,865)
Increase in accounts payable－trade	501	543	4,598
Increase/decrease in asset or liability for employees' retirement benefits	61	19	560
Decrease in provision for loss on business liquidation	(88)	(138)	(808)
Decrease/increase in consumption taxes receivable/payable	(448)	4	(4,112)
Other－net	(462)	373	(4,239)
Total adjustments	6,323	3,033	58,030
Net cash provided by operating activities	7,238	4,899	66,428
INVESTING ACTIVITIES:			
Purchase of property, plant, equipment and intangible assets	(15,930)	(10,284)	(146,200)
Proceeds from sale of property, plant and equipment	10	7	92
Other－net	(96)	(56)	(882)
Net cash used in investing activities	(16,016)	(10,333)	(146,990)
FORWARD	¥ (8,778)	¥ (5,434)	$ (80,562)

(Continued)

Mitsui High-tec, Inc. and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended January 31, 2019

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2019	2018	2019
FORWARD	¥ (8,778)	¥ (5,434)	$ (80,562)
FINANCING ACTIVITIES:			
Proceeds from long-term debt	17,500	8,000	160,609
Repayments of long-term debt	(1,583)	(856)	(14,528)
Purchase of treasury stock	(1,072)	(502)	(9,838)
Dividends paid	(536)	(424)	(4,919)
Other－net	(10)	(9)	(92)
Net cash provided by financing activities	14,299	6,209	131,232
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(136)	(315)	(1,248)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,385	460	49,422
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	13,988	13,528	128,377
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 19,373	¥ 13,988	$ 177,799

See notes to consolidated financial statements.

(Concluded)

1. BASIS OF PRESENTATION OF 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 Act and its related accounting regulations and in accordance 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 ("IFRS").

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 consolidated financial statements to conform to the classifications used in 2019.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Mitsui High-tec, Inc. (the "Company") is incorporated and operates. The translations 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 ¥108.96 to U.S. $1, the approximate rate of exchange at January 31, 2019. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation ─ The consolidated financial statements as of January 31, 2019 include the accounts of the Company and its 14 (13 in 2018) subsidiaries (collectively, the "Group"). Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

During the year ended January 31, 2019, Mitsui Electric Co., Ltd., a wholly-owned subsidiary of the Company, was excluded from the scope of consolidation due to an absorption-type merger by the Company on February 1, 2018.

Goodwill is amortized using the straight-line method over a period of 20 years. However, goodwill has not been incurred.

All significant intercompany balances, transactions, and unrealized profits included in inventories and fixed assets resulting from transactions within the Group have been eliminated.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements ─ Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification—"FASB ASC") tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

c. ***Cash Equivalents*** — Cash equivalents are short-term investments that are readily convertible into cash and exposed to an insignificant risk of changes in value.

Cash equivalents include time deposits and certificates of deposit, all of which mature or become due within three months of the date of acquisition.

d. ***Inventories*** — Inventories are principally stated at the lower of cost, substantially determined by the specific-cost method, or net realizable value, except for certain products, raw materials and supplies which are stated at the lower of cost , determined by the moving-average method, or net realizable value.

e. ***Investment Securities*** — Investment securities are classified and accounted for, depending on management's intent. Available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

f. ***Depreciation and Amortization*** — Depreciation of property, plant and equipment is primarily computed by the declining-balance method over the estimated useful lives of the assets, except for the buildings acquired by the Company and its domestic subsidiaries after April 1, 1998, and building improvements and structures acquired by the Company and its domestic subsidiaries on or after April 1, 2016, which are computed by the straight-line method. The range of useful lives is principally from 31 to 47 years for buildings, and from 5 to 10 years for machinery and equipment.

Amortization of intangible assets included in other assets is computed by the straight-line method. Regarding software for internal use, amortization is computed by the straight-line method over the estimated useful lives (5 years).

g. ***Long-lived Assets*** — The Group reviews its long-lived assets for 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 to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

h. ***Allowance for Doubtful Accounts*** — The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

i. ***Retirement and Pension Plan*** — The Company and its some subsidiaries account for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over five years no longer than the expected average remaining service period of the employees. ("standard method")

Retirement benefits to directors and corporate auditors are provided at the amount which would be required if all directors and corporate auditors retired at the balance sheet date. The provisions for the retirement benefits are not funded. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

j. ***Bonuses to Directors and Corporate Auditors*** — Bonuses to directors and corporate auditors are accrued at the end of year to which such bonuses are attributable.

k. ***Provision for Loss on Business Liquidation*** — In order to reserve for loss on business liquidation, an estimated amount of loss on liquidation as of fiscal year end is recorded.

l. ***Research and Development Costs*** ー Research and development costs are charged to income as incurred.

m. ***Income Taxes*** ー The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. 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 and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

n. ***Foreign Currency Transactions*** ー All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

o. ***Foreign Currency Financial Statements*** ー The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity , which is translated at the historical rate. Differences arising from such translation are shown as “Foreign currency translation adjustments” under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the annual average exchange rate.

p. ***Derivatives and Hedging Activities*** ー The Company uses foreign exchange forward contracts to manage its exposures to fluctuations in foreign exchange risks. The Company does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income and b) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until each maturity of the hedged transactions. The effectiveness of hedging instruments is determined based on the correlation of price fluctuations and cash flows between hedging instruments and hedged items for the period from the beginning of the hedge to the time of evaluation.

Foreign currency forward contracts are utilized to hedge foreign exchange exposures for export sales. Receivables denominated in foreign currencies, for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations, are translated at the contracted rate if the forward contracts qualify for hedge accounting.

q. ***Per Share Information*** ー Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding during the fiscal year.

Diluted net income per share is not disclosed in the accompanying consolidated statements of income as the Group does not have any dilutive securities.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the fiscal year.

r. ***New Accounting Pronouncements*** ーRecognition of Revenue - On March 30, 2018, the ASBJ issued ASBJ Statement No. 29, “Accounting Standard for Revenue Recognition,” and ASBJ Guidance No. 30, “Implementation Guidance on Accounting Standard for Revenue Recognition.” The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

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

The accounting standard and guidance are effective for annual periods beginning on or after February 1, 2022. Earlier adoption is permitted for annual periods beginning on or after February 1, 2019.

The Company expects to apply the accounting standard and guidance for the annual period beginning on February 1, 2022, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

3. SHORT-TERM INVESTMENTS

Short-term investments as of January 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Time deposits which mature over three months from the date of acquisition	¥ 370	¥ 350	$ 3,396

4. INVENTORIES

Inventories at January 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Merchandise	¥ 570	¥ 575	$ 5,231
Finished products	2,608	2,242	23,935
Work in process	2,112	2,139	19,384
Raw materials and supplies	1,868	1,678	17,144
Goods in transit	129	136	1,184
Total	¥ 7,287	¥ 6,770	$ 66,878

5. INVESTMENT SECURITIES

Investment securities as of January 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Non-current:			
Marketable equity securities	¥ 799	¥ 1,023	$ 7,333
Nonmarketable equity securities	38	39	349
Total	¥ 837	¥ 1,062	$ 7,682

The costs and aggregate fair values of marketable equity securities at January 31, 2019 and 2018, were as follows:

	Millions of Yen			
January 31, 2019	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 413	¥ 386		¥ 799
January 31, 2018				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 422	¥ 601		¥ 1,023

January 31, 2019	Thousands of U.S. Dollars Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 3,790	$ 3,543		$ 7,333

6. INVESTMENT PROPERTY

The Group holds some idle assets in Fukuoka and other areas. The net of rental income and operating expenses for those rental properties was ¥33 million ($303 thousand) and ¥3 million for the fiscal years ended January 31, 2019 and January 31, 2018,respectively.

In addition, the carrying amounts, changes in such balances and market prices of such properties were as follows:

Millions of Yen			
Carrying amount			Fair value
February 1, 2018	Increase/Decrease	January 31, 2019	January 31, 2019
¥ 327	¥ 816	¥ 1,143	¥ 1,580

Millions of Yen			
Carrying amount			Fair value
February 1, 2017	Increase/Decrease	January 31, 2018	January 31, 2018
¥ 327		¥ 327	¥ 337

Thousands of U.S. Dollars			
Carrying amount			Fair value
February 1, 2018	Increase/Decrease	January 31, 2019	January 31, 2019
$ 3,001	$ 7,489	$ 10,490	$ 14,501

Notes:

1) Carrying amount recognized in the consolidated balance sheet is net of accumulated depreciation and accumulated impairment losses, if any.
2) Increase idle assets due to liquidation of assembly of IC package during the fiscal year ended January 31, 2019.
3) Fair value of properties is based on a real estate appraisal by an external real estate appraiser.

7. LONG-TERM DEBT

Long-term debt as of years ended January 31, 2019 and 2018 consisted of the followings:

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars 2019
Unsecured loans from banks, with interest rates ranging from 0.1% to 0.5%, due 2026	¥ 27,910	¥ 11,994	$ 256,150
Total	¥ 27,910	¥ 11,994	$ 256,150
Less current portion	¥ (1,680)	¥ (1,388)	$ (15,419)
Long-term debt, less current portion	¥ 26,230	¥ 10,606	$ 240,731

Annual maturities of long-term debt as of January 31, 2019, were as follows:

Year ending January 31	Millions of Yen	Thousands of U.S. Dollars
2020	1,680	15,419
2021	1,980	18,172
2022	2,312	21,219
2023	6,307	57,884
2024	9,699	89,014
2025 and thereafter	5,932	54,442
Total	¥ 27,910	$ 256,150

8. RETIREMENT AND PENSION PLANS

The Company and its some subsidiaries have funded pension plans and unfunded retirement benefit plans as defined benefit plans and the Company also has a defined contribution plan for employees.

Under most circumstances in the defined benefit plan, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

Defined benefit plans

(1) The changes in defined benefit obligation for the years ended January 31, 2019 and 2018, excluding plans applying the simplified method, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Balance at beginning of year	¥ 5,535	¥ 5,201	$ 50,799
Current service cost	368	348	3,377
Interest cost	29	27	266
Actuarial losses	24	114	220
Benefits paid	(310)	(184)	(2,845)
The effect of changing of accounting treatment from the simplified method to the standard method by the merger		50	
Others	(3)	(21)	(37)
Balance at end of year	¥ 5,643	¥ 5,535	$ 51,780

(2) The changes in plan assets for the years ended January 31, 2019 and 2018, excluding plans applying the simplified method, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Balance at beginning of year	¥ 5,754	¥ 5,381	$ 52,808
Expected return on plan assets	116	110	1,065
Actuarial losses	(79)	(15)	(725)
Contributions from the employer	319	353	2,928
Benefits paid	(308)	(184)	(2,827)
The effect of changing of accounting treatment from the simplified method to the standard method by the merger		108	
Others	(2)	1	(18)
Balance at end of year	¥ 5,800	¥ 5,754	$ 53,231

(3) The changes in net defined benefit asset applying the simplified method for the years ended January 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Balance at beginning of year	¥	¥ 58	$
Net periodic retirement benefit costs			
Contributions from the employer			
The effect of changing of accounting treatment from the simplified method to the standard method by the merger		(58)	
Balance at end of year		¥	

(4) Reconciliation between the liability (asset) recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets for the years ended January 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Funded defined benefit obligation	¥ 5,625	¥ 5,521	$ 51,624
Plan assets	(5,800)	(5,754)	(53,230)
Total	(175)	(233)	(1,606)
Unfunded defined benefit obligation	17	14	156
Net asset arising from defined benefit obligation	¥ (158)	¥ (219)	$ (1,450)

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Liability for employees' retirement benefits	¥ 72	¥ 38	$ 661
Asset for employees' retirement benefits	(230)	(257)	(2,111)
Net asset arising from defined benefit obligation	¥ (158)	¥ (219)	$ (1,450)

(5) The components of net periodic benefit costs for the years ended January 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Service cost	¥ 368	¥ 348	$ 3,377
Interest cost	29	27	266
Expected return on plan assets	(116)	(110)	(1,065)
Recognized actuarial (gains) losses	34	(1)	312
Others	(6)	(6)	(55)
Net periodic benefit costs	¥ 309	¥ 258	$ 2,835

(6) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended January 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Actuarial gains (losses)	¥ (67)	¥ (130)	$ (615)
Total	¥ (67)	¥ (130)	$ (615)

(7) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of January 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Unrecognized actuarial gains (losses)	¥ (105)	¥ (38)	$ (964)
Total	¥ (105)	¥ (38)	$ (964)

(8) Plan assets

a. Components of plan assets

Plan assets as of January 31, 2019 and 2018, consisted of the following:

	2019	2018
Debt investments	13.4%	8.2%
Equity investments	4.0	8.5
General account	73.4	72.8
Others	9.2	10.5
Total	100.0%	100.0%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the current and target asset allocations and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(9) Assumptions used in accounting for the plan assets for the years ended January 31, 2019 and 2018, are set forth as follows:

	2019	2018
Discount rate	Mainly 0.5%	Mainly 0.5%
Expected rate of return on plan assets	Mainly 2.0%	Mainly 2.0%

Defined contribution plans

The required contributions to defined contribution plans by the Company for the years ended January 31, 2019 and 2018 were ¥127 million ($1,166 thousand) and ¥124 million, respectively.

9. EQUITY

Japanese companies are subject to the Companies Act of Japan (the “Companies Act”). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. *Dividends*

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. *Increases/decreases and transfer of common stock, reserve and surplus*

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the amount of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. *Treasury stock and treasury stock acquisition rights*

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.7% and 30.7% for the years ended January 31, 2019 and 2018, respectively.

The tax effects of significant temporary differences and tax loss carryforwards that resulted in deferred tax assets and liabilities at January 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Deferred tax assets:			
Tax loss carry forwards	¥ 2,926	¥ 2,212	$ 26,854
Loss on impairment of long-lived assets	1,129	1,163	10,362
Unrealized profits included in inventories and fixed assets	177	148	1,624
Provision for loss on business liquidation	14	41	128
Liability for employee's retirement benefits	4	3	37
Other	290	370	2,662
Less valuation allowance	(3,888)	(3,058)	(35,683)
Total	652	879	5,984
Deferred tax liabilities:			
Net unrealized gain on available-for-sale securities	(117)	(183)	(1,074)
Other	(106)	(114)	(973)
Total	(223)	(297)	(2,047)
Net deferred tax assets	¥ 429	¥ 582	$ 3,937

The amounts of the net deferred tax assets (liabilities) are shown in the following accounts in the consolidated balance sheets as of January 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Deferred tax assets－current assets	¥ 194	¥ 202	$ 1,780
Deferred tax assets－investments and other assets	235	308	2,157

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended January 31, 2019 and 2018, was as follows:

	2019	2018
Normal effective statutory tax rate	30.7%	30.7%
Permanent nondeductible expenses, such as entertainment expenses	0.5	1.2
Permanent nontaxable income, such as dividend income	(0.9)	(0.4)
Change in valuation allowance	27.3	(34.8)
Lower income tax rates applicable in certain foreign countries	6.0	1.4
Foreign corporation tax	4.0	0.3
Effect of tax deduction	(1.4)	(6.2)
Effect of changes in statutory tax rate		(0.1)
Other－net	(2.9)	3.8
Actual effective tax rate	63.3%	(4.1)%

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income for the years ended January 31, 2019 and 2018, were ¥354 million ($3,249 thousand) and ¥444 million, respectively.

12. LOSS ON IMPAIRMENT OF LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of January 31, 2019. As a result, the Group recognized impairment losses totaling ¥145 million ($1,331 thousand) for the IC leadframes (Stamped Leadframe division) in Mitsui High-tec (Tianjin) Co., Ltd., due to continuous operating losses at these units, the carrying amounts of property, plant and equipment were written down to the recoverable amounts.

Comparatively, the Group has recorded impairment losses totaling ¥18 million for the IC leadframes (Stamped Leadframe division) in Mitsui High-tec (Guang Dong) Co., Ltd. for the year ended January 31, 2018.

The recoverable amounts of business assets were measured at their values in use and the discount rate used for computation of the present values of future cash flows were4.6% and 4.8% for the years ended January 31, 2019 and 2018, respectively.

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group policy for financial instruments

The Group finances its operations mainly by bank loans, based on its capital investment plan. Cash surpluses, if any, are invested in low-risk financial assets. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and extent of risks arising from financial instruments and risk management for financial instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of customers to identify the default risk of customers.

Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position is hedged by using forward foreign currency contracts.

Investment securities, mainly equity securities of customers and suppliers of the Group, are exposed to the risk of market price fluctuations. Investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

Payment terms of payables, such as trade accounts, are approximately less than one month. Although a bank loan is exposed to market risks from changes in variable interest rates, this risk is managed by monitoring market risks on a regular basis.

Derivatives include forward foreign currency contracts, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables. Please see Note 15 for more details about derivatives.

(3) Fair values of financial instruments.

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead.

(a) Fair value of financial instruments

	Millions of yen		
January 31, 2019	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 19,373	¥ 19,373	
Short-term investments	370	370	
Notes and accounts receivable－trade	12,821	12,821	
Investment securities	799	799	
Total	¥ 33,363	¥ 33,363	
Accounts payable－trade	¥ 5,088	¥ 5,088	
Income taxes payable	256	256	
Long－term debt (including current portion)	27,910	28,008	¥ 98
Total	¥ 33,254	¥ 33,352	¥ 98

January 31, 2018	Millions of yen Carrying amount	 Fair value	 Unrealized gain/loss
Cash and cash equivalents	¥ 13,988	¥ 13,988	
Short-term investments	350	350	
Notes and accounts receivable—trade	14,531	14,531	
Investment securities	1,023	1,023	
Total	¥ 29,892	¥ 29,892	
Accounts payable—trade	¥ 4,670	¥ 4,670	
Income taxes payable	456	456	
Long-term debt (including current portion)	11,994	11,999	¥ 5
Total	¥ 17,120	¥ 17,125	¥ 5

January 31, 2019	Thousands of U.S. Dollars Carrying amount	 Fair value	 Unrealized gain/loss
Cash and cash equivalents	$ 177,799	$ 177,799	
Short-term investments	3,396	3,396	
Notes and accounts receivable—trade	117,667	117,667	
Investment securities	7,333	7,333	
Total	$ 306,195	$ 306,195	
Accounts payable—trade	$ 46,696	$ 46,696	
Income taxes payable	2,349	2,349	
Long-term debt (including current portion)	256,149	257,048	$ 899
Total	$ 305,194	$ 306,093	$ 899

Cash, cash equivalents and short-term investments

The carrying values of cash, cash equivalents and short-term investments approximate fair value because of their short maturities.

Investment securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for equity instruments. Fair value information for investment securities by classification is included in Note 5.

Notes and accounts receivable —trade, accounts payables —trade and income taxes payable

The carrying values of notes and accounts receivable—trade, accounts payable—trade and income taxes payable approximate fair value because of their short maturities.

Among accounts receivable—trade, the receivables with foreign exchange forward contracts that meet certain criteria are combined with foreign exchange forward contracts to determine the fair value. For other receivables, the carrying value is deemed as the fair value since it is scheduled to be settled in a short period of time.

Long-term debt

Long-term debt—the fair values of long-term debt at fixed interest rates are determined by discounting the cash flows related to the debt at the Company's assumed borrowing rate.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Investments in equity securities that do not have a quoted market price in an active market	¥ 39	¥ 39	$ 358

(4) Maturity analysis for financial assets with contractual maturities

January 31, 2019	Millions of Yen Due in one year or less	Due after one year
Cash and cash equivalents	¥ 19,373	
Short-term investments	370	
Notes and accounts receivable−trade	12,821	
Total	¥ 32,564	

January 31, 2018	Millions of Yen Due in one year or less	Due after one year
Cash and cash equivalents	¥ 13,988	
Short-term investments	350	
Notes and accounts receivable−trade	14,531	
Total	¥ 28,869	

January 31, 2019	Thousands of U.S. Dollars Due in one year or less	Due after one year
Cash and cash equivalents	$ 177,799	
Short-term investments	3,396	
Notes and accounts receivable−trade	117,667	
Total	$ 298,862	

Please see Note 7 for annual maturities of long-term debt.

14. DERIVATIVES

The Company uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates. Foreign exchange forward contracts are utilized by the Company to reduce foreign currency exchange risks. Subsidiaries do not enter into derivative transactions.

The Company utilizes these instruments only to hedge foreign currency exposures incorporated within its business and does not enter into derivatives for trading or speculative purposes.

Because the counterparties to those derivatives are limited to major international or domestic financial institutions, the Company does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Company have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Derivative transactions to which hedge accounting is applied

	Millions of Yen			
At January 31, 2019	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables	¥ 3,003		

	Millions of Yen			
At January 31, 2018	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables	¥ 3,966		

	Thousands of U.S. Dollars			
At January 31, 2019	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables	$ 27,561		

The fair values of derivative transactions are included in the fair values of accounts receivable－trade as the hedged item.

15. OTHER COMPREHENSIVE LOSS

The components of other comprehensive loss for the years ended January 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Unrealized gain (loss) on available-for-sale securities:			
Gain (loss) arising during the year	¥ (215)	¥ 162	$ (1,973)
Reclassification adjustments to profit or loss			
Amount before income tax effect	(215)	162	(1,973)
Income tax effect	65	(49)	597
Total	¥ (150)	¥ 113	$ (1,377)
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ (682)	¥ (42)	$ (6,259)
Defined retirement benefit plans:			
Adjustments arising during the year	¥ (101)	¥ (129)	$ (927)
Reclassification adjustments to profit or loss	34	(1)	312
Amount before income tax effect	(67)	(130)	(615)
Income tax effect	20	31	184
Total	¥ (47)	¥ (99)	$ (431)
Total other comprehensive loss	¥ (879)	¥ (28)	$ (8,067)

16. SEGMENT INFORMATION

Under ASBJ Statement No. 17, “Accounting Standard for Segment Information Disclosures” and ASBJ Guidance No. 20, “Guidance on Accounting Standard for Segment Information Disclosures,” an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decisionmaker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of reportable segments

   The Group’s reportable segments are those for which separate financial information is available and regular evaluation by the Company’s management is performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of Tooling, Electronic Parts, Electrical Parts and Machinery.

   “Tooling” consists of stamping for motor cores and IC leadframes, and other precision tooling and parts.
   “Electronic Parts” consists of IC leadframes.
   “Electrical Parts” consists of motor cores.
   “Machinery” consists of surface grinders and jig grinders.

2. Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment.

   The accounting policies of each reportable segment are consistent with those disclosed in Note 2, “Summary of Significant Accounting Policies.”

3. Information about sales, profit (loss), assets and other items is as follows:

	Millions of Yen						
	2019						
	Reportable segment						
	Tooling	Electronic Parts	Electrical Parts	Machinery	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥ 4,012	¥ 41,504	¥ 34,725	¥ 1,745	¥ 81,986		¥ 81,986
Intersegment sales or transfers	3,922	1		259	4,182	¥ (4,182)	
Total	¥ 7,934	¥ 41,505	¥ 34,725	¥ 2,004	¥ 86,168	¥ (4,182)	¥ 81,986
Segment profit (loss)	¥ 1,117	¥ (857)	¥ 2,812	¥ 235	¥ 3,307	¥ (2,807)	¥ 500
Segment assets	6,432	30,081	30,089	778	67,380	17,621	85,001
Other:							
Depreciation	495	3,453	1,995	54	5,997	160	6,157
Increase in property, plant and equipment and intangible assets	744	3,777	10,326	77	14,924	193	15,117
Impairment losses of assets		145			145		145

	Millions of Yen						
	2018						
	Reportable segment						
	Tooling	Electronic Parts	Electrical Parts	Machinery	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥ 4,402	¥ 42,611	¥ 30,431	¥ 1,284	¥ 78,728		¥ 78,728
Intersegment sales or transfers	3,230	0		188	3,418	¥ (3,418)	
Total	¥ 7,632	¥ 42,611	¥ 30,431	¥ 1,472	¥ 82,146	¥ (3,418)	¥ 78,728
Segment profit (loss)	¥ 732	¥ 1,383	¥ 2,162	¥ (53)	¥ 4,224	¥ (2,082)	¥ 2,142
Segment assets	6,727	32,653	20,727	808	60,915	11,384	72,299
Other:							
Depreciation	430	2,636	2,094	46	5,206	135	5,341
Increase in property, plant and equipment and intangible assets	585	5,453	4,266	19	10,323	389	10,712
Impairment losses of assets		18			18		18

	Thousands of U.S. Dollars						
	2019						
	Reportable segment						
	Tooling	Electronic Parts	Electrical Parts	Machinery	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	$ 36,821	$ 380,910	$ 318,695	$ 16,015	$ 752,441		$ 752,441
Intersegment sales or transfers	35,994	10		2,377	38,381	$ (38,381)	
Total	$ 72,815	$ 380,920	$ 318,695	$ 18,392	$ 790,822	$ (38,381)	$ 752,441
Segment profit (loss)	10,251	$ (7,865)	$ 25,808	$ 2,157	$ 30,351	$ (25,762)	$ 4,589
Segment assets	59,031	276,074	276,147	7,140	618,392	161,720	780,112
Other:							
Depreciation	4,543	31,691	18,309	496	55,039	1,468	56,507
Increase in property, plant and equipment and intangible assets	6,828	34,664	94,769	707	136,968	1,771	138,739
Impairment losses of assets		1,331			1,331		1,331

Notes: 1. The amounts of “Reconciliations” for the year ended January 31, 2019, are as follows:

(1) The amount of “Reconciliations” for segment profit is ¥2,807 million ($25,762 thousand). This amount mainly includes general and administrative expenses, which is not allocable to the reportable segments.

(2) The amount of “Reconciliations” for segment assets is ¥17,621 million ($161,720 thousand), this amount is corporate assets which are not allocable to the reportable segments.

(3) The amount of “Reconciliations” for depreciation of ¥160 million ($1,468 thousand) consists of depreciation of corporate assets.

(4) The “Reconciliations” of increase in property, plant and equipment and intangible assets of ¥193 million ($1,771 thousand) is an increase of corporate assets.

Segment profit in reportable segments corresponds to operating income.

2. The amounts of “Reconciliations” for the year ended January 31, 2018, are as follows:

(1) The amount of “Reconciliations” for segment profit is ¥2,082 million. This amount mainly includes general and administrative expenses, which is not allocable to the reportable segments.

(2) The amount of “Reconciliations” for segment assets is ¥11,384 million, this amount is corporate assets which are not allocable to the reportable segments.

(3) The amount of “Reconciliations” for depreciation of ¥135 million consists of depreciation of corporate assets.

(4) The “Reconciliations” of increase in property, plant and equipment and intangible assets of ¥389 million is an increase of corporate assets.

Segment profit in reportable segments corresponds to operating income.

4. Related information

1. Information about geographical areas

(1) Sales

Millions of Yen			
2019			
Japan	China	Other	Total
¥ 38,202	¥ 16,410	¥ 27,374	¥ 81,986

Millions of Yen			
2018			
Japan	China	Other	Total
¥ 35,149	¥ 16,880	¥ 26,699	¥ 78,728

Thousands of U.S. Dollars			
2019			
Japan	China	Other	Total
$ 350,606	$ 150,606	$ 251,229	$ 752,441

Note: Sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

Millions of Yen				
2019				
Japan	China	North America	Other	Total
¥ 30,050	¥ 3,922	¥ 3,222	¥ 3,228	¥ 40,422

Millions of Yen				
2018				
Japan	China	North America	Other	Total
¥ 22,138	¥ 3,178	¥ 3,245	¥ 3,340	¥ 31,901

Thousands of U.S. Dollars				
2019				
Japan	China	North America	Other	Total
$ 275,789	$ 35,995	$ 29,570	$ 29,626	$ 370,980

2. Information about major customers

	Millions of Yen	
	2019	
Name of customer	Sales	Related segment name
TOYOTA MOTOR CORPORATION	¥ 15,975	Electrical Parts

	Millions of Yen	
	2018	
Name of customer	Sales	Related segment name
TOYOTA MOTOR CORPORATION	¥ 15,697	Electrical Parts

	Thousands of U.S. Dollars	
	2019	
Name of customer	Sales	Related segment name
TOYOTA MOTOR CORPORATION	$ 146,613	Electrical Parts

17. SUBSEQUENT EVENTS

(1) Appropriation of Retained Earnings

At the general shareholders meeting held on April 19, 2019, the Company's shareholders approved the following appropriation of retained earnings as of January 31, 2019:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥2.0 ($0.02) per share	¥ 75	$ 668

(2) Acquisition of Treasury Stock

At the board of director held on March 14, 2019, the Company decided to acquire its own shares to execute a flexible capitalization strategy in response to changes in the management environment, pursuant to the Companies Act.

(a) Type of shares: Common stock
(b) Number of shares: Up to 400,000 shares (1.06% of currently outstanding common stock (excluding treasury stock))
(c) Total purchase price: Up to ¥500 million ($4,589 thousand)
(d) Period of acquisition: From March 15, 2019 to April 12, 2019
(e) Method of acquisition: Market purchases on the Tokyo Stock Exchange

As a result, the Company acquired 400,000 of its own shares at an aggregate cost of ¥456 million ($4,185 thousand) in the period from March 15, 2019 to March 19, 2019.

* * * * *