

LETTER TO STAKEHOLDERS

Overview of Business Performance

During the consolidated fiscal year ended March 31, 2020, Japanese economy was on a moderate recovery track, with the employment situation continuing to improve. However, trade friction between the United States and China has become protracted, and China's economic slowdown has become evident. Moreover, due to the spread of the new coronavirus infection, governments around the world declared a state of emergency and took various regulatory measures. Lockdown and plant closures have also taken place in China and other Asian countries, and we expect this to continue to have an impact on our operating results.

Regarding the domestic textile business, companies continued to shift their production sites to outside Japan. The business environment remained severe due to the suspension of production of unprofitable products by our major customers and a decrease in sales volume as a result of their business restructuring. Overseas, Chinese textile industry continued slowing down capital investments. There were signs of a corporate shakeout within each industry and transfer of factories from China to overseas locations such as Vietnam.

As for the domestic non-textile business, in the domestic automobile industry, sales of new vehicles were strong in light vehicles as well as medium- and large-sized vehicles, but in the construction industry, demand remained weak despite continued urban redevelopment. Overseas, sales of new vehicles in China and India slowed sharply and sales in the U.S. remained sluggish.

Under these circumstances, we focused on the development of high-quality, price-competitive products and the rapid development of products that meet market needs. In Japan, we flexibly responded to the overseas relocation of our customers' production bases. Overseas, we focused on expanding sales not only in our mainstay China market but also in other regions.

As a result, net sales decreased to ¥31,393 million (down by 4.3% on a year-on-year basis), operating income decreased to ¥4,751 million (down by 9.6%), ordinary income decreased to ¥5,448 million (down by 14.8%), and net income attributable to owners of the parent decreased to ¥3,888 million (down by 14.2%).

Overview of Performance by Business Segment

Japan Segment

Segment sales decreased to ¥30,694 million (down by 4.3%) and segment income (operating income) decreased to ¥4,723 million (down by 9.7%).

For the anionic surfactant field, amid a shrinking trend among domestic textile manufacturers, sales of newly developed detergents increased. Overseas, sales in the non-textile industry were weak while sales in the textile industry were strong.

Overall, the sales of the anionic surfactant increased to ¥3,173 million (up by 3.6%).

In the non-ionic surfactant field, domestic production in the medical field, including uniforms, began to decline. In the industrial materials sector, sales were sluggish due to production adjustments by customers. In the non-textile industry, sales of automobiles were strong. Overseas sales of industrial textiles were strong.

As a result, the sales of the nonionic surfactant decreased to ¥17,965 million (down by 4.9%).

Regarding the cationic and amphoteric ionic surfactant, our domestic business with the textile industry showed a modest decline. However, due to strong sales of surfactants for shampoos and detergents and synthetic fiber oil for overseas markets, the total sales of the cationic and amphoteric ionic surfactant increased to ¥ 959 million (up by 6.0%).

In the polymer and inorganic products sector, although domestic

production of clothing remained sluggish, sales in the textile industry increased year on year due to new sales expansion activities. Sales in the non-textile industry were lower than in the same period of the previous fiscal year due to a slowdown in overseas demand, particularly in the automotive industry. Sales of capital investment-related materials decreased from the same period of the previous fiscal year due to the slowdown in the semiconductor market.

In total, the sales of the high polymer and inorganic chemicals decreased to ¥8,595 million (down by 6.7%).

Indonesia Segment

Segment sales decreased to ¥698 million (down by 4.5%), and segment income (operating income) increased to ¥23 million (up by 11.1%).

In the field of nonionic surfactants, although sales of weaving oil products increased compared with the same period of the previous fiscal year, sales of refining agents decreased. As a result, the sales decreased to ¥385 million (down by 3.5%).

For the high polymer and inorganic chemicals, the increase in inexpensive products from China has led to a decrease in domestic weaving production, resulting in a decrease in the use of glue. Although the volume of exports increased steadily compared with the same period of the previous year, the decline in domestic sales has not been offset. As a result, the sales fell to ¥301 million (down by 5.7%).

As for the anionic, the cationic and amphoteric surfactants, there was no significant progress in both sales volume and sales amount. Their respective sales increased to ¥8 million (up by 45.2%) and decreased to ¥2 million (down by 55.3%).

A Message from the Management

We focus on R & D, with 30% of our employees in the R & D division, supplying users in a variety of industries, especially the textile industry, with a wide range of products essential for improving quality and productivity. Our goal is to become a stronger, more profitable company that can respond to the global economy.

We have built up our current position not only in the field of surfactants but also in the field of polymers by continuing to develop unique technologies.

While accurately grasping customer needs, we will continue to develop technologies in new fields.

The global economy is expected to slow down due to the spread of a new coronavirus infection worldwide. Under these circumstances, we are making efforts to minimize the impact on our business while maintaining employment. In response to the declining global demand in the textile and automotive industries, we will flexibly adjust our production volume.

In recent years, we have been working to expand our facilities to meet the needs of the new era. We would like to make effective use of these facilities and review the facilities at our head office plant.

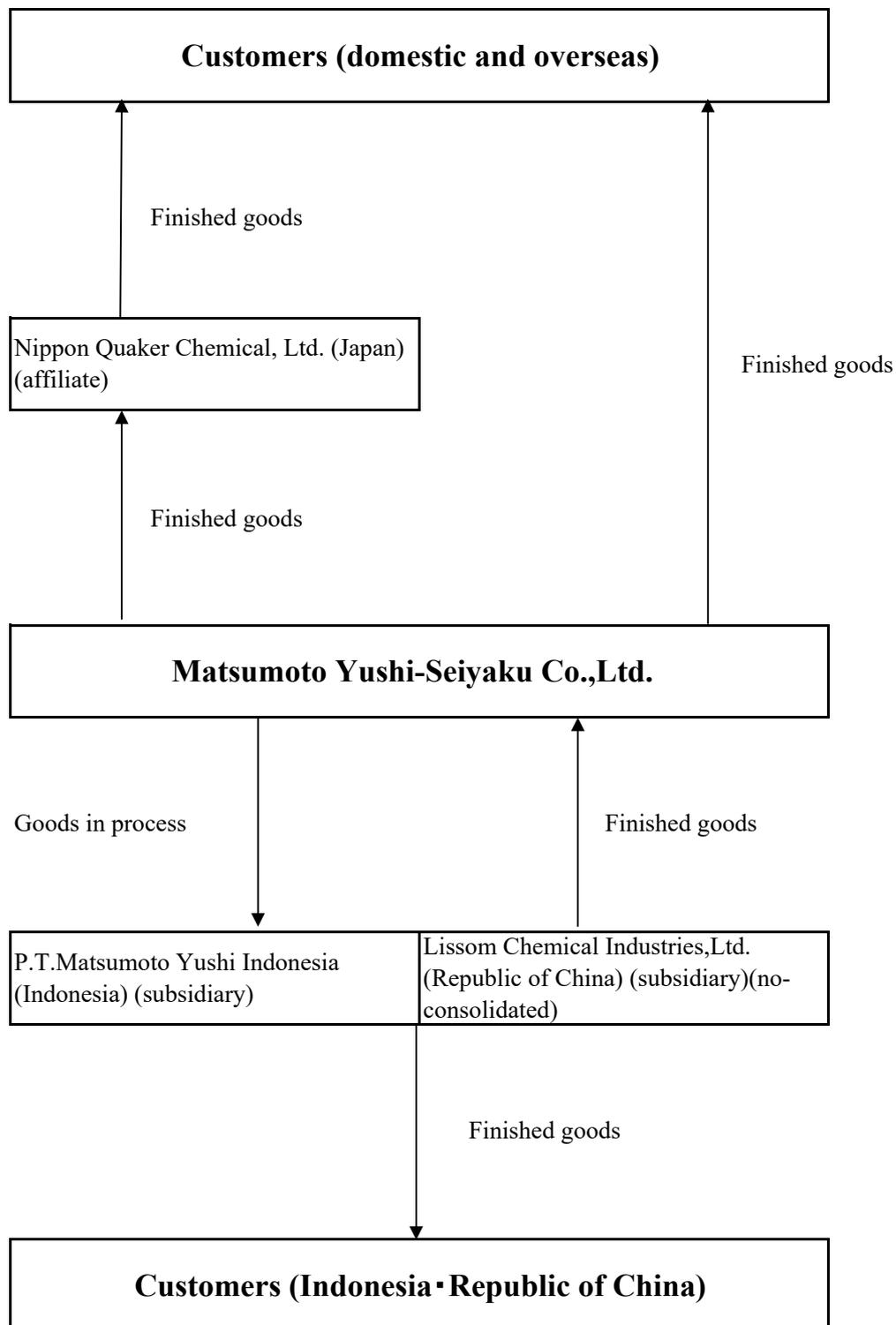
In research and development, we are developing new materials and applications with higher added value, and we will continue to flexibly manage our business by placing the right people in the right jobs to respond to changes in social conditions.

Sincerely,

NAOKI KIMURA

President and CEO

Holding Company Configuration and Highlights of Business



CORPORATE GOVERNANCE

We are working to achieve a highly transparent and sound system of corporate governance which enables us to realize stable and continuous improvement of enterprise value.

In addition to the regular monthly meetings of the Board of Directors, extraordinary meetings are held when necessary to make a decision promptly. Directors, Statutory Auditors and the Chiefs of Department have a joint meeting once a week. They ensure legal compliance and the legitimate execution of business. As flexible responses to the changing business environment are required, the term of each Director is set to be one year.

The Board of Statutory Auditors consists of one full-time Internal Director and three Outside Directors, all of whom are independent officers. They also attend the director meetings and join other significant discussions to observe the appropriateness of managerial business execution.

As for internal auditing, the Internal Auditing Department is working on the promotion and improvement of internal control and maintaining close coordination with the Board of Statutory Auditors and Accounting Auditor.

MATSUMOTO YUSHI-SEIYAKU CO., LTD. AND A SUBSIDIARY

Selected Financial Data

Years ended March 31

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Results for the year (millions of Yen):					
Net Sales	31,393	32,803	32,113	31,377	32,343
Cost of sales	22,775	23,625	22,874	22,534	22,978
Gross profit	8,618	9,178	9,239	8,842	9,365
Selling, general and administrative expenses	3,867	3,923	3,952	4,034	4,028
Operating income	4,751	5,255	5,287	4,808	5,337
Other income(expenses)	709	1,156	119	884	(640)
Income before income taxes and non-controlling interests	5,460	6,411	5,405	5,692	4,697
Income taxes					
current	1,579	1,799	1,709	1,809	1,521
deferred	(13)	75	(143)	(97)	(52)
Net income	3,893	4,538	3,839	3,981	3,229
Net income attributable to :					
non controlling interests in subsidiary owners of parent	(5)	(3)	(9)	20	37
	3,888	4,535	3,830	3,961	3,192
Acquisition of property, plant and equipment	2,729	1,036	976	693	787
Depreciation and amortization	654	610	584	582	655
Per share of common stock(Yen):					
Net income attributable to owners of parent	1,201.59	1,401.19	1,183.38	1,213.38	920.44
Cash dividends	300.00	350.00	300.00	350.00	300.00
Year-end financial position(millions of Yen):					
Total current assets	49,667	49,690	46,879	44,378	41,194
Total property, plant and equipment	7,410	5,208	4,605	4,135	4,181
Total investments and other assets	7,630	8,172	8,609	8,641	7,572
Total current liabilities	8,518	9,078	8,694	8,526	7,805
Total long-term liabilities	1,178	1,125	1,722	1,593	1,052
Non-controlling interests	154	146	154	162	157
Foreign currency translation adjustments	(154)	(168)	(116)	(128)	(117)
Total net assets	55,010	52,867	49,677	47,036	44,090
Other year-end data:					
Number of shares issued(thousands)	4,513	4,513	4,513	4,513	4,513
Number of shareholders	648	640	638	688	597

MATSUMOTO YUSHI-SEIYAKU CO.,LTD. AND A SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2020 and 2019

ASSETS	Millions of yen		Thousands of U.S.dollars (Note 1)	
	2020	2019	2020	2019
Current assets:				
Cash and cash equivalents(Note 5)	¥ 37,137	¥ 36,814	\$ 340,709	\$ 337,745
Short-term investments (Note 5,6)	510	510	4,679	4,679
Notes and accounts receivable(Note 5):				
Trade	5,826	6,417	53,446	58,869
Associates	1,988	2,078	18,236	19,067
Other	161	40	1,480	370
Electronically recorded monetary claims	171	170	1,573	1,555
Allowance for doubtful accounts	(4)	(3)	(34)	(26)
	8,143	8,702	74,702	79,835
Inventories (Note 7)	3,834	3,596	35,170	32,994
Deferred income taxes (Note 14)	—	—	—	—
Other current assets	43	67	398	618
Total current assets	49,667	49,690	455,658	455,871
Property, plant and equipment(Note 9) :				
Land	530	529	4,861	4,857
Building and structures	7,676	7,204	70,420	66,095
Machinery and equipment	13,998	13,517	128,423	124,011
Construction in progress	2,531	899	23,216	8,244
	24,734	22,150	226,920	203,206
Accumulated depreciation total property, plant and equipment	(17,325)	(16,941)	(158,942)	(155,424)
	7,410	5,208	67,978	47,782
Investments and other assets:				
Investments in affiliates(Note 8)	1,384	1,236	12,698	11,338
Investments in securities (Note 5,6)	4,934	5,877	45,263	53,920
Long-term loans(Note 5)	185	193	1,699	1,770
Deferred income taxes(Note 14)	287	8	2,636	73
Other	847	866	7,767	7,942
Allowance for doubtful accounts	(7)	(8)	(60)	(73)
Total investments and other assets	7,630	8,172	70,003	74,972
Total assets	¥ 64,707	¥ 63,070	\$ 593,639	\$ 578,625

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2020	2019	2020	2019
Current liabilities:				
Accounts payable(Note 5):				
Trade	¥ 5,203	¥ 5,525	\$ 47,736	\$ 50,691
Associates	699	699	6,417	6,417
Other	1,536	1,472	14,089	13,503
Accrued income taxes	707	1,002	6,489	9,192
Accrued bonuses to employees	311	296	2,855	2,720
Other current liabilities	61	83	561	763
Total current liabilities	8,518	9,078	78,147	83,287
Long-term liabilities				
Net defined benefit liabilities(Note 10)	1,003	933	9,199	8,560
Asset retirement obligations(Note 19)	109	108	1,002	991
Reserve for loss on dissolution of employees' pension fund	—	—	—	—
Deferred income taxes (Note 14)	—	16	—	146
Other liabilities	66	68	610	623
Total long-term liabilities	1,178	1,125	10,811	10,320
Total liabilities	9,696	10,203	88,958	93,606
Net assets:				
Shareholders' equity				
Common stock				
Authorized 16,000,000 shares				
Issued 2020- 4,512,651 shares (Note 11)	6,090	6,090	55,872	55,872
Capital surplus	6,518	6,518	59,800	59,800
Retained earnings	49,067	46,311	450,153	424,870
Less, treasury stock, at cost: (Note 11)	(7,322)	(7,320)	(67,172)	(67,159)
Total Shareholders' equity	54,353	51,599	498,653	473,384
Accumulated other comprehensive income				
Unrealized gain (loss) on available-for-sale securities	651	1,297	5,968	11,897
Foreign currency translation adjustments	(154)	(168)	(1,415)	(1,540)
Remeasurements of defined benefit plans	6	(7)	57	(62)
Total accumulated other comprehensive income	503	1,122	4,610	10,295
Non-controlling interests	154	146	1,417	1,340
Total net assets	55,010	52,867	504,681	485,019
Total liabilities and net assets	¥ 64,707	¥ 63,070	\$ 593,639	\$ 578,625

The accompanying notes are an integral part of these statements.

MATSUMOTO YUSHI-SEIYAKU CO.,LTD AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED MARCH 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2020	2019	2020	2019
Net sales(Note 16,17)	¥ 31,393	¥ 32,803	\$ 288,010	\$ 300,947
Cost of sales(Note 16,17)	22,775	23,625	208,945	216,746
Gross profit	8,618	9,178	79,065	84,201
Selling, general and administrative expenses (Note 12)	3,867	3,923	35,477	35,989
Operating income	4,751	5,255	43,588	48,213
Other income (expenses):				
Interest and dividend income	179	187	1,638	1,711
Interest expenses	(0)	(0)	(1)	(1)
Investment profit (Loss) on equity method	168	109	1,538	1,002
Foreign exchange profit (Loss)	224	741	2,057	6,800
Gain (Loss) on disposal of property and equipment	—	—	—	—
Gain (Loss) on sale of investment securities	13	2	124	21
Gain (Loss) on sale of securities	—	13	—	121
Other, net	125	104	1,145	953
Income before income taxes and non-controlling interests	5,460	6,411	50,090	58,821
Income taxes (Note 14):				
Current	1,579	1,799	14,490	16,501
Deferred	(13)	75	(118)	689
	1,566	1,874	14,371	17,190
Net income	3,893	4,538	35,719	41,631
Net income attributable to :				
Non-controlling interests in subsidiary	(5)	(3)	(45)	(29)
Owners of parent	¥ 3,888	¥ 4,535	\$ 35,674	\$ 41,601

	Yen		U.S. dollars (Note 1)	
	2020	2019	2020	2019
Net income per share:				
Basic(Note 18)	¥ 1,201.59	¥ 1,401.19	\$ 11.024	\$ 12.855
Cash dividends per share(Note 11)	300.00	350.00	2.752	3.211

The accompanying notes are an integral part of these statements.

MATSUMOTO YUSHI-SEIYAKU CO.,LTD AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED MARCH 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2020	2019	2020	2019
Income before income taxes and non-controlling interests	¥ 3,893	¥ 4,538	\$ 35,719	\$ 41,631
Other comprehensive income(Note 15):				
Unrealized gains (losses) on available-for-sale securities	(646)	(342)	(5,928)	(3,142)
Foreign currency translation adjustments	11	(37)	99	(336)
Remeasurement of defined benefit plans	8	1	70	6
Share of other comprehensive income of associates accounted for using equity method	12	0	114	2
Total other comprehensive income (loss)	(615)	(378)	(5,645)	(3,470)
Comprehensive income	¥ 3,278	¥ 4,159	\$ 30,073	\$ 38,160
Comprehensive income attributable to:				
Owners of the parent company	3,269	4,169	29,994	38,249
Minority interests	9	(10)	80	(88)

**MATSUMOTO YUSHI-SEIYAKU CO.,LTD
AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED MARCH 31, 2020 and 2019**

	Millions of yen											
	Number of shares issued (thousands)	Shareholders' equity				Total Shareholders' equity	Accumulated other comprehensive income				Non-controlling interests	Total net assets
		Common stock	Capital surplus	Retained earnings	Treasury stock		Unrealized gain (loss) on other securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
Balance at March 31, 2018	4,513	6,090	6,519	42,747	(7,318)	48,038	1,639	(116)	(38)	1,485	154	49,677
Cash dividends				(971)		(971)						(971)
Net income attributable to owners of parent				4,535		4,535						4,535
Purchase of treasury stock					(2)	(2)						(2)
Other			(1)			(1)						(1)
Net change of items other than shareholders' equity							(342)	(52)	31	(363)	(8)	(371)
Balance at March 31, 2019	4,513	¥ 6,090	¥ 6,518	¥ 46,311	¥ (7,320)	¥ 51,599	¥ 1,297	¥ (168)	¥ (7)	¥ 1,122	¥ 146	¥ 52,867
Cash dividends				(1,133)		(1,133)						(1,133)
Net income attributable to owners of parent				3,888		3,888						3,888
Purchase of treasury stock					(1)	(1)						(1)
Sales of treasury stock												
Net change of items other than shareholders' equity							(646)	14	13	(620)	8	(611)
Balance at March 31, 2020	4,513	¥ 6,090	¥ 6,518	¥ 49,067	¥ (7,322)	¥ 54,353	¥ 651	¥ (154)	¥ 6	¥ 503	¥ 154	¥ 55,010

	Thousands of U.S. dollars (Note 1)											
	Number of shares issued (thousands)	Shareholders' equity				Total Shareholders' equity	Accumulated other comprehensive income				Non-controlling interests	Total net assets
		Common stock	Capital surplus	Retained earnings	Treasury stock		Unrealized gain (loss) on other securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
Balance at March 31, 2018	4,513	\$ 55,872	\$ 59,808	\$ 392,176	\$ (67,137)	\$ 440,719	\$ 15,039	\$ 1,061	(350)	\$ 13,628	\$ 1,410	\$ 455,757
Cash dividends				(8,907)		(8,907)						(8,907)
Net income attributable to owners of parent				41,601		41,601						41,601
Purchase of treasury stock					(21)	(21)						(21)
Other			(8)			(8)						(8)
Net change of items other than shareholders' equity							(3,141)	(480)	288	(3,333)	(70)	(3,402)
Balance at March 31, 2019	4,513	\$ 55,872	\$ 59,800	\$ 424,870	\$ (67,159)	\$ 473,384	\$ 11,897	\$ (1,540)	\$ (62)	\$ 10,295	\$ 1,340	\$ 485,019
Cash dividends				(10,391)		(10,391)						(10,391)
Net income attributable to owners of parent				35,674		35,674						35,674
Purchase of treasury stock					(13)	(13)						(13)
Net change of items other than shareholders' equity							(5,929)	126	118	(5,685)	77	(5,608)
Balance at March 31, 2020	4,513	\$ 55,872	\$ 59,800	\$ 450,153	\$ (67,172)	\$ 498,653	\$ 5,968	\$ (1,415)	\$ 57	\$ 4,610	\$ 1,417	\$ 504,681

The accompanying notes are an integral part of these statements.

MATSUMOTO YUSHI-SEIYAKU CO.,LTD AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars	
			(Note 1)	
	2020	2019	2020	2019
Cash flows from operating activities:				
Net income	¥ 5,460	¥ 6,411	\$ 50,090	\$ 58,821
Adjustments for:				
Depreciation and amortization	654	610	6,003	5,598
Loss (gain) on sales and disposal of property,	2	20	20	185
Loss (gain) on sale of investment securities	(13)	(2)	(124)	(21)
Allowance for doubtful accounts	(1)	1	(6)	7
Investment (profit) loss on equity method	(171)	(111)	(1,572)	(1,019)
Accrued severance indemnities	79	19	722	173
Reserve for loss on dissolution of employees pension fund	—	(288)	—	(2,644)
Accrued bonuses to employees	15	1	135	14
Interest and dividend income	(179)	(187)	(1,638)	(1,711)
Interest expenses	0	0	1	1
Foreign exchange (profit) loss	(224)	(719)	(2,055)	(6,596)
Decrease (Increase) in notes and accounts receivable	746	182	6,848	1,668
Decrease (Increase) in inventories	(232)	3	(2,132)	26
Decrease (Increase) in refund of income taxes	—	0	—	4
Increase (Decrease) in accounts payable	(325)	(255)	(2,986)	(2,336)
Increase (Decrease) in accrued consumption tax	(46)	69	(423)	632
Other, net	(192)	235	(1,760)	2,160
Sub total	5,572	5,991	51,122	54,961
Interest and dividend income received	215	224	1,969	2,052
Interest expenses paid	(0)	(0)	(1)	(1)
Income taxes paid	(1,863)	(1,605)	(17,094)	(14,728)
Net cash provided by operating activities	3,924	4,609	35,997	42,284
Cash flows from investing activities:				
Repayment of maturity of time deposits	(1,020)	(1,020)	(9,358)	(9,358)
Proceeds from maturity of time deposits	1,020	1,020	9,358	9,358
Receipt from redemption of investment securities	—	—	—	—
Payments for purchase of property, plant and equipment	(2,729)	(1,036)	(25,037)	(9,506)
Receipt from sale of investments in securities	330	18	3,024	167
Payments for purchase of investments in securities	(197)	(215)	(1,811)	(1,974)
Decrease (Increase) of loans receivable	—	—	—	—
Other, net	(2)	(29)	(23)	(263)
Net cash provided by (used in) investing activities	(2,599)	(1,262)	(23,846)	(11,576)
Cash flows from financing activities:				
Cash dividends paid	(1,132)	(971)	(10,390)	(8,908)
Cash dividends paid to non-controlling shareholders	—	—	—	—
Purchase of treasury stock	(1)	(2)	(13)	(21)
Net cash used in financing activities	(1,134)	(973)	(10,402)	(8,930)
Effect of exchange rate changes on cash and cash equivalents	132	940	1,215	8,620
Net increase (decrease) in cash and cash equivalents	323	3,313	2,964	30,398
Cash and cash equivalents at beginning of year	36,814	33,501	337,744	307,346
Cash and cash equivalents at end of year (Note.5)	¥ 37,137	¥ 36,814	\$ 340,708	\$ 337,744

The accompanying notes are an integral part of these statements.

MATSUMOTO YUSHI-SEIYAKU CO.,LTD. AND A SUBSIDIARY

Notes to Financial Statements Years Ended March 31, 2020 and 2019

1. Basis of Presenting Consolidated Financial Statements

Matsumoto Yushi-Seiyaku Co.,Ltd.(the "Company") maintains its accounts and records in accordance with the provisions set forth in the Company Code of Japan (the "Code") and the Financial Instruments and Exchange Act and in conformity with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Accounting Standards.

The Company's overseas subsidiary maintains its accounts and records in conformity with generally accepted accounting principles and practices prevailing in its country of domicile.

The accompanying consolidated financial statements are prepared based on the consolidated financial statements of the Company and its subsidiary (the "Group") which were filed with the Director of Kanto Local Finance Bureau as required by the Financial Instruments and Exchange Act.

In preparing the accompanying 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.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader, using the approximate exchange rate at March 31, 2020, which was ¥109 to U.S.\$1.00. These translations for convenience 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.

2. Summary of Significant Accounting Policies

(a) Consolidation Principles

The consolidated financial statements include the accounts of the Company's subsidiary. All significant inter-company transactions and accounts are eliminated.

Investments in affiliates are accounted for by the equity method whereby the group includes in net income its share of income or losses of these companies, and records its investments at cost adjusted for its share of income, losses or dividends received.

Generally, companies that are owned more than 50% fall under the category of subsidiaries and companies that are owned 20% or more but not more than 50% fall under the category of affiliates, respectively.

However, companies that are owned 40% to 50% may also fall under the category of subsidiaries and companies that are owned 15% or more but not more than 20% may also fall under the category of affiliates, respectively, if the Company substantially controls the investees' management or has significant influence and relationship with the investees.

(b) Translation of Foreign Currencies

Foreign currency receivables and payables are translated into Japanese yen at the exchange rates in effect on the balance sheet date, and translation gains or losses are charged to income in the year incurred.

Assets, liabilities, revenue and expenses of overseas subsidiary are translated into Japanese yen at the exchange rates in effect on balance sheet date and shareholders' equity is translated into Japanese yen at historical rates. Differences arising from translation are presented as "Foreign currency translation adjustments" in the accompanying consolidated balance sheets.

(c) Consolidated Statement of Cash Flows

For the purposes of cash flow statements, cash and cash equivalents comprise cash on hand, deposits held at call with banks, net of overdrafts and all highly liquid investments with maturities of three months or less.

(d) Short-term Investments and Investments in Securities

In accordance with the Financial Instruments and Exchange Act, securities should be classified into four categories: trading securities, held-to-maturities securities, equity investments in an affiliate and other securities. Equity and debt securities are classified as other securities.

Marketable equity and debt securities are stated at fair value with unrealized gains and losses, net of applicable income taxes, reported as a separate component of shareholders' equity. Gains and losses are credited or charged to income when realized, with cost determined by the weighted average method.

However, if the fair value falls below 50% of cost and if there is no prospect of recovery, the unrealized losses have to be charged to income.

(e) Inventories

Finished products, work in process, purchased merchandise and raw materials are stated at cost determined (net realized value method) by the weighted average method. Raw materials are stated at cost determined (net realized value method) by the weighted average method. Supplies and containers are stated at the most recent purchase prices.

(f) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment are as follows:

Buildings	i Buildings acquired before March 31, 1998 Declining-balance method.
	ii Buildings acquired after April 1, 1998 Straight-line method.
Structures	i Structures acquired before March 31, 2016 Declining-balance method.
	ii Structures acquired after April 1, 2016 Straight-line method.
Machinery and Equipment	Straight-line method.

(g) Intangible Assets

Amortization of intangible assets is computed by the straight-line method.

(h) Accrued Severance Indemnities

Accrued severance indemnities are provided based on the amount of projected benefit obligation reduced by pension plan assets at fair value at the end of the period.

Employees' retirement benefits, covering employees of the Company, are provided through unfunded lump-sum benefit plans and funded noncontributory pension plans. Under the plans, eligible employees are entitled, under most circumstances, to severance payments based on compensation at the time of severance and year of service.

Actuarial losses will be amortized over five years beginning with the next year and past service cost will be expensed in the fiscal year collectively.

(i) Research and Development and Computer Software

Research and development expenditure is charged to income when incurred.

Expenditure relating to computer software developed for internal use is charged to income when incurred. When it contributes to the generation of income or to future cost savings, such expenditure is capitalized as an asset and is amortized using the straight-line method over its estimated useful life, namely, 5 years.

(j) Allowance for Doubtful Accounts

In accordance with the Accounting Standards for Financial Instruments, allowance for doubtful accounts is provided by actual bad debt expense ratio to normal receivables and by specific examination of collectability to bad debt.

(k) Consumption Tax

The consumption tax is imposed at the flat rate of 10% on the Company's sales to customers and purchases of goods and services. The consumption tax thus withheld on sales and paid on purchases by the Company is not included in the amounts of revenue and expense items.

Under the consumption tax law, the tax paid on purchases can generally be deducted from the tax withheld.

(l) Accrued Bonuses to Employees

As a general practice in Japan, bonuses are normally payable to employees in early summer and early winter covering the first and second half of the year, respectively. The Company records such accrued bonus liabilities at March 31.

(m) Income Taxes

Deferred tax assets and liabilities are determined based on the differences between financial statements and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to be settled.

(n) Per Share Information

The computation of basic net income per share is based on net income available to common shareholders and the weighted average number of shares of common stock outstanding during each period. The average number of shares used in the computation was 3,236 thousand and 3,236 thousand for the periods ended March 31, 2020 and 2019, respectively.

Cash dividends per share shown in the statements of income are the amounts applicable to the respective years.

(o) Amortization Method of Goodwill and Period Thereof

Goodwill is mainly amortized on a straight-line basis over a period when the effect lasts to. Immaterial goodwill is amortized in full in the same fiscal year in which it is incurred.

3. Unapplied Accounting Standards

Accounting standards for revenue recognition

- Accounting standard for Revenue Recognition (ASBJ Statement No.29, issued by the Accounting Standards Board of Japan on March 31, 2020)
- Implementation Guidance on Accounting Standards for Revenue Recognition (ASBJ Guidance No.30 issued by the Accounting Standards Board of Japan on March 31, 2020)

(1) Summary

These standards are comprehensive accounting standards for Revenue Recognition.

step1:Distinguish the contract with the customer.

step2:Distinguish the performance obligation in the contract.

step3:Calculating trade prices.

step4:Allocating trade prices to the performance obligation in the contract.

step5:Recognize revenue when the performance obligation is filled or as the performance obligation is filled.

(2) Planned Application

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

(3) Effect of Accounting Standard Application

The Company is currently assessing the effects on the consolidated financial statements resulting from the application of this accounting standard for revenue.

Accounting standards for fair value measurement

- Accounting standard for Fair Value Measurement (ASBJ Statement No.30, issued by the Accounting Standards Board of Japan on July 4, 2019)
- Implementation Guidance on Accounting standard for Fair Value Measurement (ASBJ Guidance No.31, issued by the Accounting Standards Board of Japan on July 4, 2019)
- Accounting standard for Measurement of inventories (ASBJ Statement No.9, issued by the Accounting Standards Board of Japan on July 4, 2019)
- Accounting standard for Financial Instruments (ASBJ Statement No.10, issued by the Accounting Standards Board of Japan on July 4, 2019)

(1) Summary

To improve the comparability with international accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value" (together, Accounting standards for fair value measurement) were developed and provide the guidance of fair value measurement.

The accounting standards for fair value measurement are applied to the fair value of followings.

- Financial instruments under "Accounting Standard for Financial Instruments".
- Inventories held for trading purposes under "Accounting Standard for Measurement of Inventories".

(2)Planned Application

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

(3)Effect of Accounting Standard Application

The Company is currently assessing the effects on the consolidated financial statements resulting from the application of this accounting standard for revenue.

4.Changes In Presentation

The Company separates Electronically recorded monetary claims from Notes and accounts receivable from this fiscal year, because the importance of Electronically recorded monetary claims increases. To reflect this change, The Company rearranges the balance sheet of last fiscal year.

5. Financial Instruments

(1) Circumstances on financial instruments

(a) Policy for financial instruments

The Company and its consolidated subsidiaries manage the temporary surplus funds by deposit and securities with banks that have a high level of safety. The Company and its consolidated subsidiaries raise funds for business operation with short-term bank loans.

(b) Details and risk of financial instruments and its risk management

Receivables such as notes and accounts receivable are exposed to customer's credit risk.

Receivables denominated in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates.

In order to reduce to the customer's credit risk, the Company monitors the dues and balances by customer.

Short-term investments and investments in securities are exposed to market fluctuation risk, but mainly consist of equity of the companies which conduct business with the Company. The Company periodically monitors the fair value of the security and the financial condition of the issuer.

Payables such as accounts payable are due within 6 months.

Payables denominated in foreign currency are exposed to the risk of fluctuation in foreign currency exchange rates.

(c) Supplemental information on fair values of financial instruments

Fair values of financial instruments include values based on market price and reasonably estimated values when market price is not available. Because variable factors are counted in the estimation, the estimated values may vary by adopting different assumptions.

(2) Fair value of financial instruments

Financial instruments at March 31, 2020 and 2019 consisted of the following:

	millions of yen		
	2020		
	Book Value	Fair Value	Differences
Cash and cash equivalents	¥ 37,137	¥ 37,137	¥ -
Notes and accounts receivable	8,143	8,143	-
Short-term investments and investments in securities	5,444	5,444	-
Long-term loans	185	185	-
Total assets	¥ 50,909	¥ 50,909	¥ -
Accounts payable	7,438	7,438	-
Total liabilities	¥ 7,438	¥ 7,438	¥ -
	millions of yen		
	2019		
	Book Value	Fair Value	Differences
Cash and cash equivalents	¥ 36,814	¥ 36,814	¥ -
Notes and accounts receivable	8,702	8,702	-
Short-term investments and investments in securities	6,387	6,387	-
Long-term loans	193	193	-
Total assets	¥ 52,097	¥ 52,097	¥ -
Accounts payable	7,697	7,697	-
Total liabilities	¥ 7,697	¥ 7,697	¥ -

	thousands of U.S.dollars(Note 1)		
	2020		
	Book Value	Fair Value	Differences
Cash and cash equivalents	\$ 340,709	\$ 340,709	\$ -
Notes and accounts receivable	74,702	74,702	-
Short-term investments and investments in securities	49,942	49,942	-
Long-term loans	1,699	1,699	-
Total assets	<u>\$ 467,052</u>	<u>\$ 467,052</u>	<u>\$ -</u>
Accounts payable	68,242	68,242	-
Total liabilities	<u>\$ 68,242</u>	<u>\$ 68,242</u>	<u>\$ -</u>

Repayment schedule of, cash and cash equivalents, notes and accounts receivable, short-term investments and investments in securities, long-term loans.

	millions of yen			
	2020			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and cash equivalents	¥ 37,137	¥ -	¥ -	¥ -
Notes and accounts receivable	8,143	-	-	-
Short-term investments and investments in securities				
Other	-	84	246	-
Total assets	<u>¥ 45,280</u>	<u>¥ 84</u>	<u>¥ 246</u>	<u>¥ -</u>

	millions of yen			
	2019			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and cash equivalents	¥ 36,814	¥ -	¥ -	¥ -
Notes and accounts receivable	8,702	-	-	-
Short-term investments and investments in securities				
Other	-	88	167	-
Total assets	<u>¥ 45,516</u>	<u>¥ 88</u>	<u>¥ 167</u>	<u>¥ -</u>

	thousands of U.S.dollars(Note 1)			
	2020			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Cash and cash equivalents	\$ 340,709	\$ -	\$ -	\$ -
Notes and accounts receivable	74,702	-	-	-
Short-term investments and investments in securities				
Other	-			
Total assets	<u>\$ 415,411</u>	<u>\$ 773</u>	<u>\$ 2,254</u>	<u>\$ -</u>

6. Short-term Investments and Investments in Securities

Short-term investments at March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Bonds and debentures	¥ -	¥ -	\$ -
Time deposits	510	510	4,679
Other	0	0	1
	<u>¥ 510</u>	<u>¥ 510</u>	<u>\$ 4,680</u>

The following is a summary of investments in securities at March 31, 2020 and 2019 respectively:

	Millions of yen			Book Value (Estimated fair value)
	Cost	Gross unrealized gains	Gross unrealized losses	
March 31, 2020				
Other securities				
Equity securities	¥ 2,458	¥ 1,121	¥ (315)	¥ 3,264
Other	820	258	(5)	1,072
	<u>¥ 3,278</u>	<u>¥ 1,379</u>	<u>¥ (321)</u>	<u>¥ 4,336</u>
Add: Securities without readily determinable fair value				597
				<u>¥ 4,934</u>

	Millions of yen			Book Value (Estimated fair value)
	Cost	Gross unrealized gains	Gross unrealized losses	
March 31, 2019				
Other securities				
Equity securities	¥ 2,351	¥ 1,709	¥ (194)	¥ 3,867
Other	1,137	363	(8)	1,492
	<u>¥ 3,488</u>	<u>¥ 2,073</u>	<u>¥ (202)</u>	<u>¥ 5,359</u>
Add: Securities without readily determinable fair value				519
				<u>¥ 5,877</u>

	Thousands of U.S.dollars(Note 1)			Book Value (Estimated fair value)
	Cost	Gross unrealized gains	Gross unrealized losses	
March 31, 2020				
Other securities				
Equity securities	\$ 22,553	\$ 10,284	\$ (2,894)	\$ 29,943
Other	7,524	2,365	(50)	9,839
	<u>\$ 30,077</u>	<u>\$ 12,649</u>	<u>\$ (2,944)</u>	<u>\$ 39,782</u>
Add: Securities without readily determinable fair value				5,481
				<u>\$ 45,263</u>

7. Inventories

Inventories at March 31, 2020 and 2019 comprise the following:

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Finished goods	¥ 2,270	¥ 2,033	\$ 20,828
Work in process	527	497	4,838
Raw materials and supplies	1,036	1,067	9,505
	<u>¥ 3,834</u>	<u>¥ 3,596</u>	<u>\$ 35,170</u>

Revaluation loss on inventories of ¥14 million (U.S.\$125 thousand) and ¥15 million based on the lower of cost or market method was deducted from the carrying amounts of inventories at March 31,2020 and 2019 , respectively.

8. Investments in Affiliates

Investments in affiliates as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Investments in securities (Stocks)	¥ 1,384	¥ 1,236	\$ 12,698

9. Property, Plant and Equipment

Accumulated reduction entry of property , plant and equipment purchased using funds from a government subsidy amounted to ¥36 million (U.S.\$334 thousand) and ¥36 million at March 31,2020 and 2019 , respectively.

10. Retirement and Pension Plans

The following tables set forth the changes in benefit obligation, and plan assets of the Company at March 31, 2020 and 2019 respectively:

(1) Changes in Benefit Obligations

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Beginning balance of benefit obligations	¥ 1,973	¥ 1,930	\$ 18,102
Service costs	135	134	1,235
Interest costs	22	21	201
Actuarial differences arising during the year	(21)	7	(196)
Retirement benefits paid	(27)	(120)	(251)
Past service costs	-	1	-
Ending balance of benefit obligations	<u>¥ 2,081</u>	<u>¥ 1,973</u>	<u>\$ 19,091</u>

(2) Changes in Pension Assets

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Beginning balance of pension assets	¥ 1,040	¥ 1,008	\$ 9,542
Expected return on pension assets	25	24	229
Actuarial differences arising during the year	(32)	10	(295)
Contributions made by the Company and consolidated subsidiary	59	57	543
Retirement benefits paid	(14)	(59)	(127)
Ending balance of pension assets	<u>¥ 1,078</u>	<u>¥ 1,040</u>	<u>\$ 9,892</u>

(3) Reconciliation of benefit obligations and pension assets with net defined benefit liability and asset on the Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Funded benefit obligations	¥ 2,081	¥ 1,973	\$ 19,091
Pension assets	(1,078)	(1,040)	(9,892)
Net amount of liability and asset on Consolidated Balance Sheets	<u>¥ 1,003</u>	<u>¥ 933</u>	<u>\$ 9,199</u>

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Net defined benefit asset	¥ -	¥ -	\$ -
Net defined benefit liability	1,003	933	9,199
Net amount of liability and asset on Consolidated Balance Sheets	<u>¥ 1,003</u>	<u>¥ 933</u>	<u>\$ 9,199</u>

(4) Retirement Benefit Expenses

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Service costs	¥ 135	¥ 134	\$ 1,235
Interest costs	22	21	201
Expected return on pension assets	(25)	(24)	(229)
Amortization of actuarial differences	20	5	182
Amortization of past service cost	-	1	-
Retirement benefit expenses for defined benefit pension plans	<u>¥ 151</u>	<u>¥ 136</u>	<u>\$ 1,389</u>

**(5) Remeasurements of Defined Benefit Plans (Other Comprehensive Income)
Breakdown (before deduction of tax effects)**

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Actuarial differences, etc.	¥ 11	¥ 0	\$ 100
Total	<u>¥ 11</u>	<u>¥ 0</u>	<u>\$ 100</u>

**(6) Remeasurements of Defined Benefit Plans (Accumulated Other Comprehensive Income)
Breakdown (before deduction of tax effects)**

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Unrecognized actuarial differences, etc.	¥ 3	¥ (8)	\$ 26
Total	<u>¥ 3</u>	<u>¥ (8)</u>	<u>\$ 26</u>

**(7) Pension Assets
Breakdown**

	2020	2019
Bonds	18.9%	15.9%
Stocks	22.5%	28.5%
General account	48.1%	46.9%
Other	10.5%	8.7%
Total	<u>100.0%</u>	<u>100.0%</u>

Rate of expected return on pension assets

The expected return on pension assets is determined based on the current and estimated future rates of return on various pension assets.

(8) Basic Assumptions for Calculating Benefit Obligations

	2020	2019
Discount rate	1.0%	1.0%
Expected rate of return on pension assets	2.4%	2.4%
Expected rate of salary increase	2.6%	2.6%

11. Supplemental Information for Consolidated Statements of Changes in Net Assets

(a) Type and number of outstanding shares

Types of shares	Thousand of shares			
	Year ended March 31, 2020			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at year end
Issued stock:				
Common stock	4,513	-	-	4,513
Treasury stock:				
Common stock	1,277	0	-	1,277

Types of shares	Thousand of shares			
	Year ended March 31, 2019			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at year end
Issued stock:				
Common stock	4,513	-	-	4,513
Treasury stock:				
Common stock	1,276	0	-	1,277

(b)Dividends

(1)Dividends paid to shareholders

Year ended March 31,2020								
Date of approval	Resolution approved by	Type of shares	Amount		Amount per share		Cut-off date	Effective date
			(Million of yen)	(Thousand of U.S.dollars)	(Yen)	(U.S.dollars)		
June 27, 2019	Annual general meeting of shareholders	Common stock	¥1,133	\$10,391	¥350	\$3.21	March 31, 2019	June 28, 2019

Year ended March 31,2019								
Date of approval	Resolution approved by	Type of shares	Amount		Amount per share		Cut-off date	Effective date
			(Millions of yen)	(U.S.dollars)	(Yen)	(U.S.dollars)		
June 28, 2018	Annual general meeting of shareholders	Common stock	¥971		¥300		March 31, 2018	June 29, 2018

(2)Dividends with a cut-off date during the fiscal year but an effective date subsequent to the fiscal year

Year ended March 31,2020									
Date of approval	Resolution approved	Type of shares	Source of dividends	Amount		Amount per share		Cut-off date	Effective date
				(Million of yen)	(Thousand of U.S.dollars)	(Yen)	(U.S.dollars)		
June 26, 2020	Annual general meeting of shareholder	Common stock	Retained earnings	¥971	\$8,906	¥300	2.75	March 31, 2020	June 29, 2020

Year ended March 31,2019									
Date of approval	Resolution approved	Type of shares	Source of dividends	Amount		Amount per share		Cut-off date	Effective date
				(Millions of yen)	(U.S.dollars)	(Yen)	(U.S.dollars)		
June 27, 2019	Annual general meeting of shareholder	Common stock	Retained earnings	¥1,133		¥350		March 31, 2019	June 28, 2019

12. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2020 and 2019 are summarized as follows:

	Millions of yen		Thousands of U.S.
	2020	2019	dollars(Note 1)
Packing and haulage expenses	¥ 877	¥ 909	\$ 8,047
Employees' salaries and Bonuses	542	535	4,970
Provision for bonuses	128	132	1,172
Provision of allowance for doubtful accounts	(1)	0	(10)
Retirement benefit expenses	42	39	386
Research and development expenses	781	770	7,165

13. Research and Development Expenses

Research and development expenditure charged to income was ¥781 million(U.S.\$7,165 thousand) and ¥770 million for the year ended March 31, 2020 and 2019, respectively.

14. Income Taxes

The Company is subject to several taxes based on income, which in the aggregate resulted in statutory tax rates of approximately 30.62% and 30.62% for the years ended March 31, 2020 and 2019.

Overseas subsidiary is subject to income taxes of the country in which it operates.

The effective rate for the two years ended March 31, 2020 and 2019 differs from the Company's statutory tax rate for the following reasons:

	2020	2019
Statutory tax rate	30.62	30.62
Permanently nondeductible expenses	0.16	0.13
Permanently nontaxable dividends received	(0.30)	(0.25)
Per capital levy of residents tax	0.24	0.20
Reserve for special depreciation	(1.12)	(0.95)
Difference of tax rates of overseas subsidiary	0.06	0.00
Elimination of intercompany dividend income	(0.03)	(0.03)
Other	(0.94)	(0.50)
Effective tax rate	<u>28.69</u>	<u>29.22</u>

The significant components of deferred tax assets and deferred tax liabilities at March 31, 2020 and 2019 are presented below:

	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Deferred tax assets:			
Net defined benefit liability	¥ 306	¥ 285	\$ 2,805
Net unrealized holding losses on securities	135	62	1,239
Accrued employee bonuses	95	91	874
Accrued enterprise tax payable	44	59	403
Loss on valuation of golf club membership	40	40	371
Depreciation	25	26	233
Loss on valuation of investment securities	21	21	192
Unrealized losses on inventories	6	6	56
Other	37	37	336
Gross deferred tax assets	<u>710</u>	<u>627</u>	<u>6,510</u>
Valuation allowance	-	-	-
Total deferred tax assets	<u>710</u>	<u>627</u>	<u>6,510</u>
Deferred tax liabilities:			
Net unrealized holding profits on securities	<u>(422)</u>	<u>(635)</u>	<u>(3,873)</u>
Total deferred tax liabilities	<u>(422)</u>	<u>(635)</u>	<u>(3,873)</u>
Net deferred tax assets	<u>287</u>	<u>(8)</u>	<u>2,636</u>

15. Comprehensive Income

Reclassification adjustments and income tax effects attributable to other comprehensive income for the years ended March 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of
	2020	2019	U.S dollars
Valuation difference on available-for-sale securities:			2019
Gains (losses) arising during the year	¥ (918)	¥ (478)	\$ (8,421)
Reclassification adjustments	(13)	(16)	(124)
Before income tax effects	(931)	(494)	(8,545)
Income tax effects	(285)	(151)	(2,616)
Total	(646)	(342)	(5,928)
Foreign currency translation adjustments:			
Adjustments arising during the year	11	(37)	99
Reclassification adjustments	-	-	-
Before income tax effects	11	(37)	99
Income tax effects	-	-	-
Total	11	(37)	99
Remeasurements of defined benefit plans:			
Adjustments arising during the year	(9)	(4)	(81)
Reclassification adjustments	20	5	182
Before income tax effects	11	1	100
Income tax effects	(3)	0	(31)
Total	8	1	70
Share of other comprehensive income of entities accounted for using equity method:			
Adjustments arising during the year	15	(40)	135
Reclassification adjustments	0	53	3
Before income tax effects	15	13	138
Income tax effects	(3)	(13)	(24)
Total	12	0	114
Total other comprehensive income	¥ (615)	¥ (378)	\$ (5,645)

16. Segment and Related Information

Matsumoto Yushi-Seiyaku Co., Ltd. For Japan segment, and P.T. Matsumoto Yushi Indonesia for Indonesian segment, respectively, function as an independent business entity developing comprehensive strategies and promoting business operations.

The reported segments are individually accounted for, with separate financial data available, and are subject to periodical scrutiny by the Board of Directors for performance evaluation and resources assignment.

(1) Segment information

Segment information for the years ended March 31, 2020 and 2019 consisted of the following respectively:

	Millions of yen		
	2020		
	Japan	Indonesia	Total segments
Sales			
External customers	¥ 30,694	¥ 699	¥ 31,393
Inter-segment	226	20	246
Total sales	¥ 30,920	¥ 719	¥ 31,639
Segment income	4,724	24	4,748
Total assets	63,215	604	63,819
Total liabilities	9,640	164	9,804
Other			
Depreciation	¥ 652	¥ 2	¥ 654
Capital expenditure	2,851	7	2,858
	Millions of yen		
	2019		
	Japan	Indonesia	Total segments
Sales			
External customers	¥ 32,071	¥ 732	¥ 32,803
Inter-segment	272	23	294
Total sales	¥ 32,343	¥ 755	¥ 33,097
Segment income	5,229	21	5,250
Total assets	61,804	589	62,393
Total liabilities	10,194	173	10,368
Other			
Depreciation	¥ 605	¥ 5	¥ 610
Capital expenditure	1,248	0	1,248

	Thousands of U.S.dollars		
	2020		
	Japan	Indonesia	Total segments
Sales			
External customers	\$ 281,598	\$ 6,412	\$ 288,010
Inter-segment	2,069	185	2,254
Total sales	<u>\$ 283,667</u>	<u>\$ 6,597</u>	<u>\$ 290,264</u>
Segment income	<u>43,339</u>	<u>218</u>	<u>43,557</u>
Total assets	<u>579,950</u>	<u>5,541</u>	<u>585,491</u>
Total liabilities	<u>88,437</u>	<u>1,507</u>	<u>89,944</u>
Other	0	0	0
Depreciation	\$ 5,982	\$ 22	\$ 6,003
Capital expenditure	<u>26,160</u>	<u>63</u>	<u>26,223</u>

(2) Adjustments and eliminations

Reconciliation of sales	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Segment sales	¥ 31,639	¥ 33,097	\$ 290,264
Inter-segment transactions (elimination)	(246)	(294)	(2,254)
Group sales	<u>¥ 31,393</u>	<u>¥ 32,803</u>	<u>\$ 288,010</u>

Reconciliation of income	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Segment income	¥ 4,748	¥ 5,250	\$ 43,557
Adjustment of inventory	3	5	30
Group operating income	<u>¥ 4,751</u>	<u>¥ 5,255</u>	<u>\$ 43,588</u>

Reconciliation of assets	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Segment operating assets	¥ 63,819	¥ 62,393	\$ 585,491
Inter-segment transactions (elimination)	(105)	(155)	(959)
Adjustment of inventory	(7)	(7)	(63)
Other adjustments	1,000	838	9,171
Group assets	<u>¥ 64,707</u>	<u>¥ 63,070</u>	<u>\$ 593,639</u>

Reconciliation of liabilities	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Segment operating liabilities	¥ 9,804	¥ 10,368	\$ 89,944
Inter-segment transactions (elimination)	(105)	(155)	(959)
Other adjustments	(3)	(10)	(26)
Group liabilities	<u>¥ 9,696</u>	<u>¥ 10,203</u>	<u>\$ 88,958</u>

(3) Related information

Products and Services information	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Sales to external customers			
Surfactant	¥ 22,496	¥ 23,275	\$ 206,386
High polymer and inorganic chemicals	8,425	8,848	77,292
Other	472	680	4,331
Total	<u>¥ 31,393</u>	<u>¥ 32,803</u>	<u>\$ 288,010</u>

Geographic information	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Sales to external customers			
Japan	¥ 14,215	¥ 14,768	\$ 130,414
Asia	15,076	15,496	138,308
Other	2,102	2,540	19,288
Total	<u>¥ 31,393</u>	<u>¥ 32,803</u>	<u>\$ 288,010</u>

Main customers information	Millions of yen		Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Sales			
Marubeni Chemix Corporation	¥ 7,319	¥ 7,498	\$ 67,151
Nippon Quaker Chemical, Ltd.	4,601	4,900	42,208

17. Related Party Transactions

Principal transactions between the Company and its affiliate for the years ended March 31, 2020 and 2019 are summarized as follows:

	Millions of yen		Thousands of U.S.dollars
	2020	2019	2020
Sales(Nippon Quaker Chemical, Ltd.)	¥ 4,601	¥ 4,900	\$ 42,208
Purchase(Nippon Quaker Chemical, Ltd.)	1,667	1,600	15,294

18. Per Share Data

	yen		U.S.dollars
	2020	2019	2020
Net income per share	¥ 1,201.59	¥ 1,401.19	\$ 11.024
Net assets per share	¥ 16,951.76	¥ 16,291.48	\$ 155.521

The bases for calculating net income per share are as follows:

	Millions of yen		Thousands of U.S dollars
	2020	2019	2020
Profit attributable to owners of parent available for distribution to common shareholders	¥ 3,888	¥ 4,535	\$ 35,674
	Shares		
	2020	2019	
Weighted average number of shares for net income	3,236,064	3,236,228	

The bases for calculating net assets per share are as follows:

	Millions of yen		Thousands of U.S dollars
	2020	2019	2020
Total net assets	¥ 55,010	¥ 52,867	\$ 504,681
Amounts deducted from total net assets			
Noncontrolling interests	(154)	(146)	(1,417)
Net assets attributable to shares of common stock	54,856	52,721	503,264
	Shares		
	2020	2019	
Number of shares of common stock used in the calculation of net assets per share	3,235,991	3,236,111	

19. Asset Retirement Obligations

Asset retirement obligations for the year ended March 31, 2020 and 2019 consisted of the following respectively:

	Millions of yen	Millions of yen	Thousands of U.S. dollars(Note 1)
	2020	2019	2020
Balance at beginning of year	¥ 108	¥ 107	\$ 991
Payments for purchase of property, plant and equipment	-	0	-
Interest cost	1	1	11
Balance at end of year	¥ 109	¥ 108	\$ 1,002

20. Subsidiaries

The Company's subsidiaries are as follows:

<u>Name</u>	<u>Ownership Interest</u>	<u>Country of Incorporation</u>
P.T.Matsumoto-Yushi Indonesia	65%	Indonesia