May 27, 2020

To Our Shareholders:

Disclosure on the Internet in conformity with Laws and Regulations and the Articles of Incorporations

Notes to Consolidated Financial Statements
Notes to Non-Consolidated Financial Statements

For the 33rd Fiscal Year
April 1, 2019 to March 31, 2020

Net One Systems Co., Ltd.

The Company provides “Notes to Consolidated Financial Statements” and “Notes to Non-Consolidated Financial Statements” to its shareholders by posting them on its website (https://www.netone.co.jp/) in accordance with the provisions of laws and regulations and the Articles of Incorporation.

Notes to consolidated financial statements

I. Significant matters related to the basis of preparation of consolidated financial statements

1. Matters related to the scope of consolidation

(1) Number of consolidated subsidiaries 7 companies

Names of consolidated subsidiaries:
- Net One Partners Co., Ltd.
- Net One Next Co., Ltd.
- eXtreak, Inc.
- Net One Asia Pte. Ltd.
- Net One Asia Sdn. Bhd.
- PT SCALENOW SOLUSI
- ARK Virtualization Pte. Ltd.

eXtreak, Inc., which was a non-consolidated subsidiary in the previous fiscal year, has been included in the scope of consolidation from the fiscal year under review as its materiality has increased.

Further, the Company additionally acquired the shares of Net One Asia Pte. Ltd. on April 17, 2019, and made it a consolidated subsidiary from the fiscal year under review. As a result, Net One Asia Sdn. Bhd., PT SCALENOW SOLUSI and ARK Virtualization Pte. Ltd., all of which are subsidiaries of Net One Asia Pte. Ltd., have also been included in the scope of consolidation.

(2) Names, etc. of non-consolidated subsidiaries

Names of non-consolidated subsidiaries:
- Net One Connect G.K.
- Net One Business Operations G.K.
- Net One Systems USA, Inc.
- Net One Systems Singapore Pte. Ltd.

(Reason for excluding from the consolidation)

Those non-consolidated subsidiaries are small in size and their total assets, net sales, profit or loss for the Company's equity interest, and retained earnings for the Company's equity interest do not have a significant effect on the consolidated financial statements.

2. Matters related to application of equity method

(1) Number of associates accounted for using equity method None

(2) Non-consolidated subsidiaries (Net One Connect G.K., Net One Business Operations G.K., Net One Systems USA, Inc., Net One Systems Singapore Pte. Ltd.) are excluded from the scope of application of the equity method, as their profit or loss for the Company's equity interest and retained earnings for the Company's equity interest do not have a significant effect on the consolidated financial statements and their impact are immaterial as a whole.

3. Matters related to fiscal years of consolidated subsidiaries

Of the consolidated subsidiaries, the closing dates for Net One Asia Pte. Ltd. and its subsidiaries Net One Asia Sdn. Bhd., PT SCALENOW SOLUSI and ARK Virtualization Pte. Ltd. fall on December 31. The consolidated financial statements are prepared using their financial statements as of the same date, and necessary adjustments are made to reflect significant transactions that occurred between their closing dates above and the consolidated balance sheet date. The closing dates for all the other consolidated subsidiaries are the same as the consolidated balance sheet date.

4. Matters related to accounting policies

(1) Basis and method of valuation for significant assets

I. Securities

Available-for-sale securities

Securities with market value	Stated at market value based upon market value on the closing date (Net unrealized holding gains or losses, net of the applicable income taxes, are directly included in a component of net assets. The cost of securities sold is measured by the moving average method.)
Securities without market value	Stated at cost based upon the moving average method, or at cost amortized or accumulated over the maturity based upon the straight-line method

II. Derivatives	Stated at market value

III. Inventories

Merchandise	Stated at cost based upon the moving average method (The balance sheet amount is adjusted by writing down the book value where the profitability declines.)
Costs on uncompleted construction contracts	Stated at cost based upon the specific identification method (The balance sheet amount is adjusted by writing down the book value where the profitability declines.)

(2) Depreciation method for significant depreciable assets

I. Property, plant and equipment (excluding lease assets)

Declining balance method is applied for the Company and its consolidated subsidiaries in Japan.

The major useful lives of assets are:

Buildings	3 to 23 years
Tools, furniture and fixtures	2 to 20 years

II. Intangible assets (excluding lease assets)

Straight line method is applied for the Company and its consolidated subsidiaries in Japan.

The major useful lives of assets are:

Software for own use	3 to 5 years
Software for sale	3 years

III. Lease assets

Lease assets in finance leases that transfer ownership to the lessee

Lease assets are depreciated using the same manner to the accounting for the non-current assets owned by the Company.

Lease assets in finance leases that do not transfer ownership to the lessee

Lease assets are depreciated using the straight line method over the corresponding lease terms as useful lives with their residual values to be zero.

(3) Basis for significant reserves

I. Allowance for doubtful accounts

The Company and its consolidated subsidiaries recorded allowance for doubtful accounts to provide provision for possible losses on receivables, loans receivable, etc., by the historical uncollectible rate for ordinary receivables and with consideration of individual collectability of specific doubtful receivables from debtors in financial difficulties.

II. Provision for bonuses

The Company and its consolidated subsidiaries recorded provision for bonuses to accrue the amount for bonuses to employees of the Company for the fiscal year.

III. Provision for directors' bonuses

The Company and its consolidated subsidiaries recorded provision for directors' bonuses to accrue the amount for bonuses to Executive Directors and Audit & Supervisory Board Members of the Company for the fiscal year.

(4) Other significant matters related to the basis of preparation of consolidated financial statements

I. Bases for translation of significant foreign currency denominated assets and liabilities into Japanese yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate on the closing date of the accounting period, with translation difference charged to profit or loss.

II. Significant hedge accounting method

a. Hedge accounting method

Deferral hedge accounting is applied. However, monetary claims and liabilities denominated in foreign currencies subject to forward exchange contracts are translated at the foreign exchange rates stipulated in the contract if the forward exchange contract satisfies the requirements for this treatment. (*"Furiate-shori"* method)

b. Hedging instruments and hedged items

Hedging instruments: Forward exchange contract

Hedged items: Planned transactions denominated in foreign currencies

c. Hedging policy

The Company employs hedging instruments to manage risk exposure to fluctuations in foreign currency exchange rates for foreign currency denominated payables in connection with the purchase of operating assets in the future pursuant to the internal management regulations which define the transaction limit amount and the transaction authority.

d. Assessment of hedge effectiveness

Assessment of hedge effectiveness is omitted for foreign currency forward exchange contracts since their hedge relationship is deemed highly effective.

III. Method and term of amortization of goodwill

Depending on the source of occurrence, the amortization of goodwill is carried out within a five year period using the straight line method.

IV. Accounting for consumption taxes

Transactions subject to national consumption tax and local consumption tax are recorded at amounts exclusive of consumption taxes, and national and local consumption taxes unqualified for deduction are recorded as expenses for FY2019.

(Note) Figures are rounded down to the nearest million yen.

II. Notes to correction of errors

In the fiscal year under review, the Company reflected the cumulative effects by correcting errors in retained earnings at the beginning of the fiscal year as transactions with unsubstantial deliveries were revealed for the past fiscal years (refer to III. Additional information (Matters related to fraudulent transactions)). As a result, the balance of retained earnings in the consolidated statement of changes in net assets at the beginning of the fiscal year under review decreased by 7,244 million yen.

III. Additional information

(Matters related to fraudulent transactions)

The Company was notified by Tokyo Regional Taxation Bureau that, in the process of tax inquiry, the bureau was unable to confirm that the Company actually had made deliveries in connection with some of its transactions. In response to such notification, the Company established a special investigative committee on December 13, 2019 to investigate the facts and circumstances of the incident, and received the final report on the results of investigation dated March 12, 2020 from the committee. Based on the final report, the Company has recognized that transactions without actual deliveries had been repeated since December 2014. Payables of 3,757 million yen arising from the cancellation of transactions related to the fraud are included in and presented as “Other” of “Current liabilities” with an extraordinary loss recognized for the corresponding receivables. Please note that, given the situation where settlements with other parties involved in the fraudulent transactions, and requests for reassessment of corporation tax, etc., among others have yet to be completed, the future development of the situation may affect the assets and profit and loss of the Group.

IV. Note to consolidated balance sheet

Total accumulated depreciation of property, plant and equipment 18,477 million yen

V. Notes to consolidated statement of changes in net assets

1. Class and number of issued shares as of March 31, 2020

Class of shares	Number of shares as of March 31, 2020
Common stock	86,000,000 shares

2. Items regarding dividends from surplus during FY2019

Date of resolution	Class of shares	Total cash dividends (million yen)	Cash dividend per share (yen)	Record Date	Effective date
June 13, 2019 Annual Shareholders Meeting	Common stock	1,693	20.00	March 31, 2019	June 14, 2019
October 24, 2019 Board of Directors Meeting	Common stock	1,779	21.00	September 30, 2019	November 15, 2019

3. Among the dividends whose record date is within FY2019, those having effective date in FY2020

To be placed on the agenda of the Annual Shareholders Meeting scheduled for June 11, 2020.

Date of declaration	Class of shares	Total cash dividends (million yen)	Dividend resource	Cash dividend per share (yen)	Record Date	Effective date
June 11, 2020 Annual Shareholders Meeting	Common stock	2,033	Retained earnings	24.00	March 31, 2020	June 12, 2020

4. Class and number of shares to be issued upon the exercise of share acquisition rights (excluding those whose exercise period has not yet commenced) as of March 31, 2020

Class of shares	Number of shares as of March 31, 2020
Common stock	190,500 shares

VI. Financial instruments

1. Status of financial instruments

(1) Policy on treating financial instruments

With regard to the fund management, the Net One Systems Group (the Group) utilizes highly secure financial assets for temporary surplus funds. Also, it is the Group's policy to utilize derivatives to avoid foreign exchange fluctuation risks pertaining to operating debt denominated in foreign currencies and not to use derivatives for speculation.

(2) Details of financial instruments, and risks and risk management system thereof

Notes and accounts receivable-trade, which are operating receivables, and investments in leases are exposed to customer credit risks. To manage these risks, the status of collection of these receivables from counterparties is periodically monitored and the due dates and balances are managed for each counterparty pursuant to the internal management regulations; and efforts trying to identify at an early stage and reduce losses from doubtful accounts caused by their worsened financial positions are made.

Investment securities, mainly consisted of stocks issued by companies with business relations, are exposed to fluctuation risks of the stock issuers' financial positions. The Group periodically examines the issuers' financial positions and continuously reviews the stock holdings in consideration of relationships with the issuers. In addition to the aforementioned risks, foreign stocks are also exposed to foreign exchange fluctuation risks.

Default risk of accounts payable-trade, which are operating debt and whose due dates are within one year, on due dates, are managed by a timely fund management. Some of accounts payable-trade are denominated in foreign currencies and exposed to foreign exchange fluctuation risks, but these risks are hedged by forward exchange contracts.

Derivatives adopted are forward exchange contracts used for the purpose of hedging foreign exchange fluctuation risks arising from operating debt denominated in foreign currencies. The basic policy on derivatives is determined by the Board of Directors, and the Finance Department executes and manages derivative transactions pursuant to the internal management regulations which define the transaction limit amount and the transaction authority. Regarding hedging instruments and hedged items, hedging policy and method of assessing hedge effectiveness in hedge accounting, please refer to the aforementioned (4) II. "Significant hedge accounting method" in "I. Significant matters related to the basis of preparation of consolidated financial statements, 4. Matters related to accounting policies."

(3) Supplementary explanation to matters regarding fair values of financial instruments

The contracted amounts related to derivatives, mentioned in "2. Matters regarding fair values of financial instruments," in themselves, should not be considered indicative of the market risks associated with the derivatives.

2. Matters regarding fair values of financial instruments

Consolidated balance sheet amounts and fair values as of March 31, 2020, and their variances, of financial instruments, are as follows. However, financial instruments whose fair values are deemed to be extremely difficult to measure are not included (Note 2).

(unit: million yen)

	Consolidated balance sheet amount (*)	Fair value (*)	Variance
(1) Cash and deposits	31,473	31,473	–
(2) Notes and accounts receivable-trade	52,845	52,845	–
(3) Investments in leases	11,693	11,421	(272)
(4) Accounts payable-trade	(20,002)	(20,002)	–
(5) Lease obligations	(16,073)	(15,720)	353
(6) Derivatives	266	266	–

(*) The figures in parentheses indicate those posted in liabilities.

(Note) 1. Method of fair value measurement of financial instruments and matters regarding securities and derivatives

(1) Cash and deposits, (2) Notes and accounts receivable-trade

Since these accounts are settled in a short period of time, their fair values are nearly equal to their book values. Therefore, their book values are deemed as their fair values.

(3) Investments in leases

The fair value is the discounted present value of total principal and interest using an assumed interest rate on equivalent new lease transactions.

(4) Accounts payable-trade

Since the account is settled in a short period of time, the fair value is nearly equal to the book value. Therefore, the book value is deemed as the fair value.

(5) Lease obligations

The total amount of lease obligations (current liabilities) and lease obligations (non-current liabilities) is presented.

The fair value is the discounted present value of total principal and interest using an assumed interest rate on equivalent new lease transactions.

(6) Derivatives

I. Derivatives to which hedge accounting is not applied: None.

II. Derivatives to which hedge accounting is applied: Contracted amounts or notional amounts defined in contracts as of consolidated balance sheet date for each hedge accounting method are as follows:

(unit: million yen)

Hedge accounting method	Type of derivatives	Major hedged items	As of March 31, 2020			
			Contracted amounts	Of the contracted amounts, those over 1 year	Fair value	Fair value measurement method
Deferral hedge accounting method	Purchased forward exchange contracts–U.S. dollar	Accounts payable-trade	20,163	–	266	Based on prices provided by counterparty financial institutions
"*Furiate-shori*" method	Purchased forward exchange contracts–U.S. dollar	Accounts payable-trade	7,097	–	(*)	
Total			27,261	–	266	

(*) Forward exchange contracts under designated hedge accounting ("*Furiate-shori*") method are accounted for together with accounts payable-trade designated as a hedged item, their fair values are included in the corresponding amount of accounts payable-trade.

(Note) 2. Financial instruments whose fair values are deemed to be extremely difficult to measure

(unit: million yen)

Classification	Consolidated balance sheet amount
Unlisted equity securities (*)	171

(*) The fair value of unlisted equity securities is not disclosed because their market price is not available and the Company deems it extremely difficult to measure their fair value.

(Note) 3. Scheduled redemption amounts of monetary claims after the consolidated balance sheet date

(unit: million yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years
Cash and deposits	31,473	–	–
Notes and accounts receivable-trade	52,845	–	–
Investments in leases	4,132	7,308	252
Total	88,451	7,308	252

VII. Note regarding per share information

Net assets per share 783.66 yen

Profit per share 119.52 yen

VIII. Note regarding significant subsequent events

Not applicable

IX. Other note

Note regarding business combination, etc.

(Business combination through acquisition)

(1) Outline of business combination

I. Name of the acquired company and its business content

Name of acquired company: Net One Asia Pte. Ltd.

Business content: Construction and operation of ICT infrastructure in the ASEAN region

II. Main reasons for business combination

Net One Asia Pte. Ltd., established in 2008, is an ICT-based integrator with a business targeting the ASEAN region. With locations in Singapore, Malaysia, and Indonesia, said company has strengths in cloud technology/consulting capabilities in a multi-vendor environment.

In order to launch the ASEAN business, the Group entered into a capital alliance with said company in September 2016 to expand collaboration. By making said company a subsidiary, the Group will position it as a strategic subsidiary of the Group in the ASEAN region and aim to further expand business.

III. Date of business combination

April 17, 2019

IV. Legal form of business combination

Acquisition of shares

V. Name of company after combination

No change

VI. Percentage of voting rights acquired

Percentage of voting rights immediately before the business combination: 42.0%

Additional percentage of voting rights acquired on the date of business combination: 9.0%

Percentage of voting rights after acquisition: 51.0%

VII. Major basis for determining acquiring company

Due to the Company’s acquisition of shares in exchange for cash

(2) Period of acquired company’s financial results included in the consolidated financial statements

The closing date for the acquired company falls on December 31. However, as the difference between the closing date and the consolidated balance sheet date does not exceed three months, the consolidated financial statements are prepared using its financial documents as of its closing date on December 31. Since the deemed acquisition date is April 1, 2019, the period of the acquired company’s financial results included in the consolidated statement of income is from April 1, 2019 through December 31, 2019.

(3) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for the acquisition of common stock before the business combination	Cash	3,500,000	Singapore dollars
Consideration for the additional acquisition	Cash	311,000	Singapore dollars
Acquisition cost		3,811,000	Singapore dollars

(4) Content and amount of main acquisition-related expenses

Advisory fees and commissions: 1 million yen

(5) Amount of goodwill occurred, cause of occurrence, amortization method, and amortization period

I. Amount of goodwill

6 million yen

II. Reasons for occurrence

The goodwill mainly represents excess earning power expected to be derived from future business development.

III. Method of amortization and amortization period

The goodwill has been amortized in a lump sum upon its occurrence as the amount is immaterial.

Notes to non-consolidated financial statements

I. Significant accounting policies

1. Basis and method of valuation for assets

(1) Securities

I. Subsidiaries and affiliates	Stated at cost based upon the moving average method
II. Available-for-sale securities	
Securities with market value	Stated at market value based upon market value on the closing date (Net unrealized holding gains or losses, net of the applicable income taxes, are directly included in a component of net assets. The cost of securities sold is measured by the moving average method.)
Securities without market value	Stated at cost based upon the moving average method, or at cost amortized or accumulated over the maturity based upon the straight-line method

(2) Derivatives — Stated at market value

(3) Inventories

I. Merchandise	Stated at cost based upon the moving average method (The balance sheet amount is adjusted by writing down the book value where the profitability declines.)
II. Costs for uncompleted construction contracts	Stated at cost based upon the specific identification method (The balance sheet amount is adjusted by writing down the book value where the profitability declines.)

2. Depreciation method for non-current assets

(1) Property, plant and equipment (excluding lease assets)

Declining balance method is applied.

The major useful lives of assets are:

Buildings	3 to 23 years
Tools, furniture and fixtures	2 to 20 years

(2) Intangible assets (excluding lease assets)

Straight line method is applied.

The major useful-lives of assets are:

Software for own use	5 years
Software for sale	3 years

(3) Lease assets

I. Lease assets in finance leases that transfer ownership to the lessee

Lease assets are depreciated using the same manner to the accounting for the non-current assets owned by the Company.

II. Lease assets in finance leases that do not transfer ownership to the lessee

Lease assets are depreciated using the straight line method over the corresponding lease terms as useful lives with their residual values to be zero.

3. Basis for reserves

(1) Allowance for doubtful accounts

Allowance for doubtful accounts is recorded to provide provisions for possible losses on receivables based on the historical uncollectible rate for ordinary receivables and on an estimate of individual collectability of specific doubtful receivables from debtors in financial difficulties.

(2) Provision for bonuses

Provision for bonuses is recorded to accrue the amount for bonuses to employees of the Company for the fiscal year.

(3) Provision for directors' bonuses

Provision for directors' bonuses is recorded to accrue the amount for bonuses to Executive Directors and Audit & Supervisory Board Members of the Company for the fiscal year.

4. Other significant matters related to the basis of preparation of non-consolidated financial statements

(1) Bases for translation of foreign currency denominated assets and liabilities into Japanese yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate on the closing date of the accounting period, with translation difference charged to profit or loss.

(2) Significant hedge accounting method

I. Hedge accounting method

Deferral hedge accounting is applied. However, monetary claims and liabilities denominated in foreign currencies subject to forward exchange contracts are translated at the foreign exchange rates stipulated in the contract if the forward exchange contract satisfies the requirements for this treatment. *("Furiate-shori")*

II. Hedging instruments and hedged items

Hedging instruments:	Forward exchange contract
Hedged items:	Planned transactions denominated in foreign currencies

III. Hedging policy

The Company employs hedging instruments to manage risk exposure to fluctuations in foreign currency exchange rates for foreign currency denominated payables in connection with the purchase of operating assets in the future pursuant to the internal management regulations which define the transaction limit amount and the transaction authority.

IV. Assessment of hedge effectiveness

Assessment of hedge effectiveness is omitted for foreign currency forward exchange contracts since their hedge relationship is deemed highly effective.

(3) Accounting for consumption taxes

Transactions subject to national consumption tax and local consumption tax are recorded at amounts exclusive of consumption taxes, and national and local consumption taxes unqualified for deduction are recorded as expenses for FY2019.

(Note) Figures are rounded down to the nearest million yen.

II. Notes to correction of errors

In the fiscal year under review, the Company reflected the cumulative effects by correcting errors in retained earnings at the beginning of the fiscal year as transactions with unsubstantial deliveries were revealed for the past fiscal years (refer to III. Additional information (Matters related to fraudulent transactions)). As a result, the balance of retained earnings in the non-consolidated statement of changes in net assets at the beginning of the fiscal year under review decreased by 7,244 million yen.

III. Additional information

(Matters related to fraudulent transactions)

The Company was notified by Tokyo Regional Taxation Bureau that, in the process of tax inquiry, the bureau was unable to confirm that the Company actually had made deliveries in connection with some of its transactions. In response to such notification, the Company established a special investigative committee on December 13, 2019 to investigate the facts and circumstances of the incident, and received the final report on the results of investigation dated March 12, 2020 from the committee. Based on the final report, the Company has recognized that transactions without actual deliveries had been repeated since December 2014. Payables of 3,757 million yen arising from the cancellation of transactions related to the fraud are included in and presented as “Other” of “Current liabilities” with an extraordinary loss recognized for the corresponding receivables. Please note that, given the situation where settlements with other parties involved in the fraudulent transactions, and requests for reassessment of corporation tax, etc., among others have yet to be completed, the future development of the situation may affect the assets and profit and loss of the Company.

IV. Notes to non-consolidated balance sheet

1. Total accumulated depreciation of property, plant and equipment	18,125 million yen
2. Monetary claims and liabilities to subsidiaries and associates	
Short-term monetary claims	6,287 million yen
Short-term monetary liabilities	2,368 million yen

3. Guarantee of obligations of subsidiaries and associates

A guarantee is offered for the following subsidiary’s obligation to its specified supplier.

Net One Partners Co., Ltd.	3,127 million yen

V. Note to non-consolidated statement of income

Transactions with subsidiaries and associates

Transactions relating to the Company's operation	
Net sales	804 million yen
Purchase	7,422 million yen
Selling, general and administrative expenses	1,854 million yen
Transactions not relating to the Company's operation	1,455 million yen

VI. Note to non-consolidated statement of changes in net assets

Class and number of treasury shares as of March 31, 2020

Class of shares	Number of shares as of March 31, 2020
Common stock	1,281,836

VII. Notes regarding tax effect accounting

1. Breakdown of major reason for deferred tax assets and deferred tax liabilities (as of March 31, 2020)

(unit: million yen)

Deferred tax assets	
Provision for bonuses	922
Depreciation for tools, furniture and fixtures	840
Accounts receivable-other	194
Accrued enterprise tax	330
Asset retirement obligations	191
Software	70
Loss on valuation of investment securities	76
Loss on valuation of inventories	2
Loss on fraudulent transactions	1,744
Other	1,263
Sub-total deferred tax assets	5,639
Valuation allowance	(2,970)
Total deferred tax assets	2,668
Deferred tax liabilities	
Asset retirement cost	(95)
Total deferred tax liabilities	(95)
Net deferred tax assets	2,572

Extraordinary losses of 1,744 million yen and other in current liabilities of 818 million yen that occurred due to the cancellation of transactions related to wrongful act are included in the valuation allowance of negative 2,970 million yen.

2. **Breakdown of significant items that lead to a significant difference between statutory tax rate and effective tax rate after adoption of tax effect accounting**

Statutory tax rate (subject to adjustment)	30.62%
Items permanently non-deductible for tax purposes such as entertainment expenses	0.85
Inhabitant tax (per capita basis)	0.25
Changes in valuation allowance	2.40
Other	0.12
Effective tax rate after adoption of tax effect accounting	34.24

VIII. Notes regarding transactions with related parties

Subsidiaries

(unit: million yen)

Classification	Company name	Percentage of voting rights holding (held)	Relationship	Transaction	Amount of transaction	Account	As of March 31, 2020
Subsidiary	Net One Partners Co., Ltd.	Holding directly 100.0%	• Purchase of products • Loan transactions • Guarantee of obligations • 1 dispatched officer	Purchase of products (Note 1)	6,534	Accounts payable-trade	1,956
				Loan transactions (Note 2)	3,550	Short-term loans receivable	5,200
				Interest income (Note 2)	15	–	–
				Guarantee of obligations (Note 3)	3,127	–	–

Terms and conditions of transactions and the policy of determining the terms and conditions of the transactions:

(Notes) 1. Prices are determined by reference to market prices

2. Interest rates applied to the loan transactions are determined by taking into account the market interest rates. Since loan and collection transactions are repeatedly conducted, the average balance during the fiscal year is given in the amount of transaction section.
3. Guarantee of obligations is provided for the obligations of specific suppliers. The guarantee fees are not collected.
4. The above indicated amount of transaction is exclusive of consumption taxes.

IX. Note regarding per share information

Net assets per share	692.19 yen
Profit per share	98.90 yen

X. Note regarding significant subsequent events

Not applicable

XI. Other note

Note regarding business combination

This note has been omitted as it is described under “Notes to consolidated financial statements, IX. Other note, Note regarding business combination, etc.” above.