

SoftBank Technology Corp.
Consolidated Financial Report for the Second Quarter of Fiscal Year Ending March 31, 2018
(Six Months Ended September 30, 2017)

[Japanese GAAP]

Company name: SoftBank Technology Corp. (Tokyo Stock Exchange/Code No. 4726)

(URL <http://www.softbanktech.co.jp/>)

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Scheduled date of filing of quarterly report: November 13, 2017

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2017

(April 1, 2017 – September 30, 2017)

(1) Consolidated Results of Operations (cumulative)

(Percentages shown represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2017	24,203	5.9	720	5.3	693	0.6	412	0.3
Six months ended Sep. 30, 2016	22,863	16.4	684	5.2	689	6.7	410	19.0

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2017: 437 (up 6.6%)
Six months ended Sep. 30, 2016: 410 (up 53.7%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended Sep. 30, 2017	20.94		20.32	
Six months ended Sep. 30, 2016	21.23		20.80	

Note: The Company conducted a two-for-one share split of the Company's common stock on June 1, 2017. Net income per share and diluted net income per share are calculated supposing that the share split was conducted at the beginning of the fiscal year ended March 2017.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2017	23,986	12,879	51.7	632.77
As of Mar. 31, 2017	26,807	13,015	46.9	638.79

Reference: Shareholders' equity (million yen) As of Sep. 30, 2017: 12,390 As of Mar. 31, 2017: 12,566

Note: The Company conducted a two-for-one share split of the Company's common stock on June 1, 2017. Net assets per share are calculated supposing that the share split was conducted at the beginning of the fiscal year ended March 2017.

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2017	-	0.00	-	30.00	30.00
Fiscal year ending Mar. 31, 2018	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2018 (forecast)	-	-	-	15.00	15.00

Note: Revisions to the most recently announced dividend forecast: None

Note: The Company conducted a two-for-one share split of the Company's common stock on June 1, 2017. The dividend for the fiscal year ended March 31, 2017, shows the actual dividend paid before the share split. If the share split is not considered, the per-share dividend forecast for the fiscal year ending March 31, 2018, will be 30.00 yen, which is the same as the fiscal year ended March 31, 2017.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2018

(April 1, 2017 – March 31, 2018)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	52,000	3.5	2,500	11.6	2,500	9.4	1,600	0.1	81.27

Note: Revisions to the most recently announced consolidated forecast: None

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

- i. Changes in accounting policies due to revisions in accounting standards, others: None
- ii. Changes in accounting policies other than i. above: None
- iii. Changes in accounting estimates: None
- iv. Restatements: None

(4) Number of outstanding shares (common stock)

- i. Number of shares outstanding at the end of the period (including treasury shares)

As of Sep. 30, 2017:	21,882,800 shares	As of Mar. 31, 2017:	21,773,800 shares
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- ii. Number of treasury shares at the end of the period

As of Sep. 30, 2017:	2,301,242 shares	As of Mar. 31, 2017:	2,101,242 shares
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- iii. Average number of shares outstanding during the period (quarterly cumulative)

Six months ended Sep. 30, 2017:	19,687,484 shares	Six months ended Sep. 30, 2016:	19,352,306 shares
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Note: The Company conducted a two-for-one share split of the Company's common stock on June 1, 2017. Number of shares outstanding at the end of the period, Number of treasury shares at the end of the period, and Average number of shares outstanding during the period are calculated supposing that the share split was conducted at the beginning of the fiscal year ended March 2017.

* These quarterly financial results are outside the scope of the quarterly review procedures.

* Explanation for appropriate use of operating forecasts, and other special items

Cautionary statement with respect to forward-looking statements

Forecasts regarding future performance in this report are based on assumptions considered appropriate and other reasonable information available to the Company at the time this report was created. This report is not promises by the Company regarding future performance. The actual performance may differ significantly from these forecasts for a variety of reasons.

How to view supplementary materials for the quarterly financial results

The Company will hold a financial results meeting for institutional investors and analysts on Friday, October 27, 2017. Supplementary materials for the quarterly financial results will be disclosed, using the Timely Disclosure network (TDnet), and will be available on the Company's website (<http://www.softbanktech.co.jp/corp/ir/>).

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I. Qualitative Information on Financial Results of the Period Under Review

(1) Explanation of Business Results

	(Millions of yen)				(Yen)
	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Six months ended September 30, 2017	24,203	720	693	412	20.94
Six months ended September 30, 2016	22,863	684	689	410	21.23
Change (Ratio)	5.9%	5.3%	0.6%	0.3%	(1.4)%
(Reference) Fiscal year ended March 31, 2017	50,225	2,241	2,286	1,598	82.16

In the second quarter of the fiscal year ending March 31, 2018, net sales increased 5.9% year on year to 24,203 million yen, operating income increased 5.3% to 720 million yen, ordinary income increased 0.6% to 693 million yen, and profit attributable to owners of the parent increased 0.3% to 412 million yen.

The main factors were as follows:

(a) Net sales

Net sales increased 1,340 million yen (+5.9%) year on year to 24,203 million yen. The sales increase was mainly driven by steady growth in cloud development and operation and maintenance service projects.

(b) Marginal profit (see note)

Marginal profit increased 697 million yen (+12.1%) year on year to 6,480 million yen. Also, marginal profit ratio increased, mainly boosted by, in addition to growth in cloud development and operation and service projects, reviews of product offerings for hardware sales.

Note: Marginal profit = Net sales – Variable costs (cost of merchandise, subcontractor costs, distribution expenses and other items that increase and decrease with sales).

(c) Fixed costs

Fixed costs increased 660 million yen (+13.0%) year on year to 5,759 million yen. The increase was mainly due to increases in personnel expenses and office related expenses caused by the strengthening of recruiting activities from the previous fiscal year.

(d) Operating income

As a result of the above items, operating income increased 36 million yen (+5.3%) year on year to 720 million yen.

(e) EBITDA (see note)

EBITDA increased 125 million yen (+10.9%) year on year to 1,272 million yen.

Note: EBITDA = Operating income/loss + Depreciation + Amortization of goodwill

(f) Non-operating income and expenses

Net non-operating expenses increased 32 million yen year on year to 27 million yen (compared to non-operating income of 4 million yen for the same period the previous fiscal year). This was mainly due to an increase in share of loss of entities accounted for using the equity method.

(g) Ordinary income

As a result of items (d) to (f), ordinary income increased 4 million yen (0.6%) year on year to 693 million yen.

(h) Extraordinary income and losses

Extraordinary income increased 12 million yen year on year (compared to no extraordinary income or losses incurred in the same period of the previous fiscal year).

(i) Profit before income taxes

As a result of items (g) to (h), profit before income taxes increased 16 million yen (+2.5%) year on year to 705 million yen.

(j) Total income taxes

Total income taxes increased 20 million yen (+8.2%) year on year to 265 million yen.

(k) Profit attributable to owners of parent

As a result of items (i) to (j), profit attributable to owners of parent increased 1 million yen (+0.3%) year on year to 412 million yen.

The Company has only a single business segment, which is the ICT services business. The following table shows the earnings from the primary components of this business segment.

Revisions were made to the categorization of some services. As a result, the revised methods were used to calculate net sales and marginal profit for each service category in the six-month period ended September 30, 2016.

Segment		Service category	Main services	Core companies
Reportable segment	ICT Services	Digital marketing	<ul style="list-style-type: none">- Operation of e-commerce sites of the clients, development and sales of font sets, and provision of web font services- Construction of websites and provision of website access log analysis tools, data analyses and consulting services	<ul style="list-style-type: none">- SoftBank Technology Corp.- Fontworks Inc.- Kan Corporation
		Platform solutions	<ul style="list-style-type: none">- Construction of IT platforms and provision of operation and maintenance services and Linux solutions- Provision of vulnerability diagnosis tests, protection services against advanced persistent threat, authentication and encryption services using e-certification	<ul style="list-style-type: none">- SoftBank Technology Corp.- Cybertrust Japan Co., Ltd. (*)- Miracle Linux Corporation (*)
		Cloud systems	<ul style="list-style-type: none">- Development of IT systems, provision of operation and maintenance services, and development of applications for tablets, smartphones and robots- Support for moving IT infrastructure to the cloud and provision of original cloud services with outstanding compatibility	<ul style="list-style-type: none">- SoftBank Technology Corp.- M-SOLUTIONS, Inc.- ASORA Tech Corp.- REDEN Corp.

(*) On October 1, 2017, Cybertrust Japan Co., Ltd., was merged into Miracle Linux Corporation. In addition, Miracle Linux Corporation was renamed as Cybertrust Japan Co., Ltd., on the same day.

a. Digital marketing

(Millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017	Change (Amount)	Change (Ratio)
Net sales	10,829	10,620	(208)	(1.9)%
Marginal profit	1,566	1,548	(18)	(1.2)%

Major services in the digital marketing business

- E-commerce services
Operation of Symantec Stores, development and sale of font sets, and the provision of web fonts and web font platform services
- Data analytics
Construction of website content management systems and the provision of access log analysis, BI tools for collecting, processing and analyzing data, and associated consulting services. Also providing services for analysis of internal logs and for measurement of advertising effectiveness, and other services

Results of operations of the digital marketing business

Net sales in the digital marketing business decreased 208 million yen (-1.9%) year on year to 10,620 million yen. This was due to decreases in net sales of the Symantec Store.

Marginal profit in this business decreased 18 million yen (-1.2%) year on year to 1,548 million yen. This was due to decreases in net sales of the Symantec Store and Kan Corporation, our subsidiary.

b. Platform solutions

(Millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017	Change (Amount)	Change (Ratio)
Net sales	6,652	6,138	(514)	(7.7)%
Marginal profit	2,214	2,288	73	3.3%

Major services in the platform solutions business

- IT infrastructure solutions
Sales of servers and network equipment, construction of IT infrastructure, and provision of operation and maintenance services, Linux OS and digital signage systems, integrated monitoring tools, and support services
- Security solutions
Provision of security system monitoring services, protection against advanced persistent threat, diagnostic services, comprehensive solutions which combine security products, encryption and authentication services using e-certification, and other services

Results of operations of the platform solutions business

Net sales in the platform solutions business decreased 514 million yen (-7.7%) year on year to 6,138 million yen. The increase was due to reviewing the product line for hardware sales to SoftBank Group companies.

Marginal profit increased 73 million yen (+3.3%) year-on-year to 2,288 million yen. In addition to the higher profit margin realized by reviewing product offering for hardware sales to SoftBank Group companies; Cybertrust Japan Co., Ltd., and Miracle Linux Corporation, subsidiaries that provide in-house developed contents and services, also contributed to the profit increase.

c. Cloud systems

(Millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017	Change (Amount)	Change (Ratio)
Net sales	5,381	7,444	2,063	38.3%
Marginal profit	2,002	2,643	641	32.1%

Major services in the cloud systems business

- System integration

Development of IT systems and the provision of associated operation and maintenance services. Also the development and sales of applications for smartphones, tablets and robots and of development support tools

- Cloud solutions

Provision of support for moving clients' communication systems to the cloud and subsequent system operation and monitoring services, original services for achieving both user convenience and corporate security

Results of operations of the cloud systems business

Net sales in the cloud systems business increased 2,063 million yen (+38.3%) year on year to 7,444 million yen. This was mainly driven by growth in system development, as well as cloud development and operation and maintenance service projects for SoftBank Group companies.

Marginal profit in this business increased 641 million yen (+32.1%) year on year to 2,643 million yen. The increase was driven by sales growth of system development, as well as cloud development and maintenance and operation service projects for SoftBank Group companies.

(2) Explanation of Financial Position

i. Assets, Liabilities, and Net Assets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017	(Reference) As of September 30, 2016
Total assets	26,807	23,986	23,562
Net assets	13,015	12,879	11,627
Shareholders' equity ratio	46.9%	51.7%	47.6%

Assets

Total assets decreased 2,820 million yen from the end of the previous fiscal year to 23,986 million yen at the end of the second quarter of the current fiscal year. Current assets decreased 2,754 million yen from the end of the previous fiscal year mainly due to a decrease in notes and accounts receivable-trade. Non-current assets decreased 66 million yen mainly due to a decrease in goodwill.

Liabilities

Total liabilities decreased 2,683 million yen from the end of the previous fiscal year to 11,107 million yen at the end of the second quarter of the current fiscal year. Current liabilities decreased 2,425 million yen mainly thanks to a decrease in accounts payable-trade. Non-current liabilities decreased 258 million yen mainly thanks to a decrease in long-term loans payable.

Net assets

Net assets decreased 136 million yen from the end of the previous fiscal year to 12,879 million yen at the end of the second quarter of the current fiscal year mainly because of an increase in treasury shares.

ii. Cash Flows

(Millions of yen)

	As of September 30, 2016	As of September 30, 2017	(Reference) As of March 31, 2017
Cash flows from operating activities	1,786	2,031	2,168
Cash flows from investing activities	(496)	(605)	(959)
Cash flows from financing activities	(713)	(865)	(751)
Net increase (decrease) in cash and cash equivalents	573	560	459
Cash and cash equivalents at end of period	6,189	6,636	6,075

Cash and cash equivalents (“cash”) at the end of the first half of the current fiscal year increased 560 million yen from the previous fiscal year-end to 6,636 million yen. The details of cash flows from each activity and the major components of changes are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities totaled 2,031 million yen. Major sources of cash include profit before income taxes of 705 million yen, depreciation of 473 million yen, and a decrease in notes and accounts receivable-trade of 3,765 million yen. Meanwhile, major uses of cash include a decrease in notes and accounts payable-trade of 2,261 million yen and income taxes paid of 386 million yen.

There was a 244 million yen increase in net cash provided by operating activities year on year. This was mainly due to a 489 million yen increase in cash inflow from decrease (increase) in notes and accounts receivable-trade and a 279 million yen decrease in cash outflow from increase (decrease) in accrued consumption taxes, while there was a 655 million yen increase in cash outflow from increase (decrease) in notes and accounts payable-trade.

(Cash flows from investing activities)

Net cash used in investing activities totaled 605 million yen. Major uses of cash include purchase of property, plant, and equipment of 159 million yen and purchase of intangible assets of 415 million yen. There was a 108 million yen increase in net cash used in investing activities year on year. This was mainly due to a 76 million yen increase in purchase of property, plant, and equipment and a 45 million yen increase in purchase of intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities totaled 865 million yen. Major uses of cash include purchase of treasury shares of 358 million yen and cash dividends paid of 294 million yen. There was a 152 million yen increase in net cash used by financing activities year on year. This was mainly due to a 358 million yen increase in purchase of treasury shares and redemption of bonds of 100 million yen.

(3) Explanation on Consolidated Forecast and Other Forward-looking Statements

Forecasts are based on information currently available to the Company. Actual performance may differ from these forecasts for a number of reasons. The Company maintains its consolidated forecasts for the fiscal year ending March 31, 2018, which was announced on April 26, 2017.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of Mar. 31, 2017	As of Sep. 30, 2017
Assets		
Current assets		
Cash and deposits	6,190,081	6,756,502
Notes and accounts receivable-trade	11,416,102	7,700,176
Merchandise	57,607	52,758
Work in process	251,738	380,186
Deferred tax assets	383,980	388,425
Other	1,046,406	1,313,368
Allowance for doubtful accounts	(2,155)	(1,923)
Total current assets	19,343,761	16,589,494
Non-current assets		
Property, plant and equipment		
Buildings, net	483,705	491,393
Tools, furniture and fixtures, net	743,942	741,210
Construction in progress	5,770	52,538
Total property, plant and equipment	1,233,418	1,285,142
Intangible assets		
Goodwill	1,021,599	943,782
Software	1,177,270	1,266,272
Software in progress	165,859	160,420
Customer relationships	526,881	494,949
Other	255,261	241,219
Total intangible assets	3,146,872	3,106,645
Investments and other assets		
Investment securities	894,656	871,690
Deferred tax assets	349,554	341,088
Other	1,888,930	1,793,270
Allowance for doubtful accounts	(50,123)	(668)
Total investments and other assets	3,083,018	3,005,381
Total non-current assets	7,463,309	7,397,169
Total assets	26,807,071	23,986,663

(Thousands of yen)

	As of Mar. 31, 2017	As of Sep. 30, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	7,136,775	4,875,005
Current portion of long-term loans payable	293,700	320,400
Lease obligations	75,294	75,860
Accounts payable - other	829,723	695,986
Income taxes payable	457,669	327,665
Advances received	1,493,516	1,660,616
Provision for bonuses	742,025	800,493
Provision for directors' bonuses	-	31,700
Provision for loss on order received	13,312	12,926
Provision for defect repairs	-	3,599
Other	616,952	429,377
Total current liabilities	11,658,967	9,233,630
Non-current liabilities		
Long-term loans payable	345,100	184,900
Lease obligations	370,744	332,455
Deferred tax liabilities	160,471	148,620
Long-term advances received	906,401	844,580
Net defined benefit liability	53,836	56,119
Asset retirement obligations	275,649	295,683
Other	20,016	11,624
Total non-current liabilities	2,132,220	1,873,984
Total liabilities	13,791,188	11,107,614
Net assets		
Shareholders' equity		
Capital stock	785,238	819,454
Capital surplus	695,566	729,782
Retained earnings	11,938,762	12,055,973
Treasury shares	(872,336)	(1,230,979)
Total shareholders' equity	12,547,231	12,374,230
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,644	12,884
Foreign currency translation adjustment	3,719	3,548
Total accumulated other comprehensive income	19,363	16,433
Subscription rights to shares	108,797	120,186
Non-controlling interests	340,488	368,197
Total net assets	13,015,882	12,879,048
Total liabilities and net assets	26,807,071	23,986,663

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(For the Six-month Period)

(Thousands of yen)

	Six-month Period Ended September 30, 2016	Six-month Period Ended September 30, 2017
Net sales	22,863,234	24,203,743
Cost of sales	19,425,407	20,514,152
Gross profit	3,437,826	3,689,590
Selling, general and administrative expenses	2,753,658	2,969,019
Operating income	684,168	720,571
Non-operating income		
Interest income	596	346
Dividend income	-	450
Gain on investments in partnership	11,805	-
Foreign exchange gains	6	-
Subsidies income	-	12,629
Miscellaneous income	3,227	3,383
Total non-operating income	15,636	16,809
Non-operating expenses		
Interest expenses	10,028	7,325
Share of loss of entities accounted for using equity method	-	17,297
Foreign exchange losses	-	13,966
Miscellaneous loss	761	5,600
Total non-operating expenses	10,789	44,189
Ordinary income	689,016	693,191
Extraordinary income		
Gain on sales of investment securities	-	12,705
Total extraordinary income	-	12,705
Profit before income taxes	689,016	705,897
Income taxes-current	183,844	272,905
Income taxes-deferred	61,801	(7,016)
Total income taxes	245,645	265,888
Profit	443,370	440,008
Profit attributable to:		
Owners of parent	410,914	412,299
Non-controlling interests	32,456	27,709
Other comprehensive income		
Valuation difference on available-for-sale securities	(31,623)	(2,759)
Foreign currency translation adjustment	(1,544)	(170)
Total other comprehensive income	(33,168)	(2,930)
Comprehensive income	410,202	437,078
Comprehensive income attributable to:		
Owners of the parent	377,746	409,369
Non-controlling interests	32,456	27,709

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	Six-month Period Ended September 30, 2016	Six-month Period Ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	689,016	705,897
Depreciation	380,083	473,845
Amortization of goodwill	82,707	77,816
Share-based compensation expenses	6,956	21,443
Increase (decrease) in allowance for doubtful accounts	(3,138)	(49,686)
Increase (decrease) in provision for bonuses	80,700	58,468
Increase (decrease) in provision for directors' bonuses	34,050	31,700
Increase (decrease) in net defined benefit liability	6,878	2,283
Increase (decrease) in provision for loss on order received	10,950	(386)
Increase (decrease) in provision for defect repairs	7,346	3,599
Interest and dividend income	(596)	(796)
Interest expenses	10,028	7,325
Share of (profit) loss of entities accounted for using equity method	(11,805)	17,297
Loss (gain) on investments in partnership	(336)	1,966
Loss (gain) on sales of investment securities	-	(12,705)
Decrease (increase) in notes and accounts receivable-trade	3,275,811	3,765,375
Decrease (increase) in inventories	(47,208)	(123,664)
Decrease (increase) in operating receivables	(268,483)	(210,050)
Increase (decrease) in notes and accounts payable-trade	(1,606,688)	(2,261,769)
Increase (decrease) in accrued consumption taxes	(317,138)	(37,181)
Increase (decrease) in operating debt	2,779	(51,079)
Other, net	3,165	4,339
Subtotal	2,335,079	2,424,036
Interest and dividend income received	638	796
Interest expenses paid	(9,945)	(6,876)
Income taxes paid	(539,191)	(386,859)
Net cash provided by (used in) operating activities	1,786,580	2,031,097
Cash flows from investing activities		
Purchase of property, plant and equipment	(82,926)	(159,591)
Purchase of intangible assets	(370,172)	(415,465)
Purchase of investment securities	(40,000)	-
Proceeds from sales and redemption of investment securities	35,964	12,708
Collection of loans receivable	900	900
Payments for guarantee deposits	(38,339)	(37,752)
Proceeds from collection of guarantee deposits	222	150
Other, net	(2,420)	(6,000)
Net cash provided by (used in) investing activities	(496,772)	(605,050)
Cash flows from financing activities		
Repayments of long-term loans payable	(162,300)	(133,500)
Redemption of bonds	-	(100,000)
Proceeds from issuance of common shares	68,023	58,380
Purchase of treasury shares	(142)	(358,643)
Cash dividends paid	(288,399)	(294,269)
Repayments of lease obligations	(35,522)	(37,460)
Proceeds from share issuance to non-controlling shareholders	10,200	-
Payments from changes in ownership interests in subsidiaries that do not result in changes in the scope of consolidation	(310,483)	-
Proceeds from issuance of subscription rights to shares	5,440	-
Net cash provided by (used in) financing activities	(713,185)	(865,493)
Effect of exchange rate change on cash and cash equivalents	(3,250)	(132)

Net increase (decrease) in cash and cash equivalents	573,371	560,421
Cash and cash equivalents at beginning of period	5,616,470	6,075,890
Cash and cash equivalents at end of period	6,189,841	6,636,311

(4) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

Disclaimer:

This financial report is solely a translation of the "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.