Note: If there is any inconsistency or conflict between English and Japanese versions of this information, the Japanese version shall prevail.

# INFORMATION DISCLOSURE ON THE INTERNET

# REGARDING THE NOTICE OF

# THE 19TH ANNUAL SHAREHOLDERS' MEETING

Notes to the Consolidated Financial Statements

Notes to the Non-Consolidated Financial Statements

"Notes to the Consolidated Financial Statements" and "Notes to the Non-Consolidated Financial Statements" have been provided to shareholders on the Company's website pursuant to provisions of laws and regulations as well as Article 14 of the Articles of Incorporation.

Baroque Japan Limited

# Notes to the Consolidated Financial Statements

## 1. Notes to the Basis for Preparation of Consolidated Financial Statements

(1) Scope of consolidation

Status of consolidated subsidiaries:

| | |
|---|---|
| 1) Number of consolidated subsidiaries | 6 |
| 2) Names of consolidated subsidiaries | BAROQUE HK LIMITED<br>Baroque (Shanghai) Trading Ltd.<br>BAROQUE CHINA LIMITED<br>Baroque (Shanghai) Enterprise Development Ltd.<br>FRAME LIMITED<br>BAROQUE USA LIMITED |

(2) Application of the equity method

Status of equity-method associates:

| | |
|---|---|
| 1) Number of equity-method associates | 3 |
| 2) Names of equity-method associates | BAROQUE CHINA APPARELS LIMITED<br>Baroque (Shanghai) Clothing Ltd.<br>Baroque (Beijing) Clothing Ltd. |

3) Special notes with respect to application of the equity method

Among the equity-method associates, the account closing date of BAROQUE CHINA APPARELS LIMITED is February 28, and its financial statements based on a provisional settlement of accounts as of December 31 are used in the preparation of the consolidated financial statements. Necessary adjustments are made on a consolidated basis to reflect any significant transactions made between the consolidated closing date and that of BAROQUE CHINA APPARELS LIMITED. In addition, the account closing date of both Baroque (Shanghai) Clothing Ltd. and Baroque (Beijing) Clothing Ltd. is December 31, and their financial statements as of that day are used in the preparation of the consolidated financial statements. Necessary adjustments are made on a consolidated basis to reflect any significant transactions made between the consolidated closing date and that of the two subsidiaries.

(3) Fiscal years of consolidated subsidiaries

Except for FRAME LIMITED, the account closing date of the other five consolidated subsidiaries is December 31. Their financial statements as of that day are used in the preparation of the consolidated financial statements. Necessary adjustments are made on a consolidated basis to reflect any significant transactions made between the consolidated closing date and that of the subsidiaries. The account closing date of FRAME LIMITED is January 31.

(4) Significant matters concerning accounting policies

1) Standards and methods for valuation of significant assets

| | |
|---|---|
| a. Derivatives | Stated at fair value |
| b. Inventories | Valuation stated at cost (method of writing values down in line with decline in profitability) |
| Inventories | Mainly uses the weighted average method |
| Consumables | Specific cost method |

2) Depreciation method for significant depreciable assets

a. Property, plant and equipment: The declining balance method is mainly applied. However, the straight line method is applied for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and leasehold improvements acquired on or after April 1, 2016.
The main useful lives are as follows:

| | |
|---|---|
| Buildings and leasehold improvements | 2-50 years |

b. Intangible assets: The straight line method is applied. The main useful lives are as follows:

| | |
|---|---|
| Software | 5 years |
| Other intangible assets (trademarks right) | 18 years |

3) Method for treatment of deferred assets

Stock delivery expenses: Amortized over three years using the straight line method.

4) Significant standards of accounting for provisions and reserves

a. Provision for doubtful accounts: Provision for doubtful accounts is provided based on the historical write-off rate for ordinary receivables, and the estimated amount of irrecoverable debt based on recoverability of individual cases for specified receivables such as doubtful accounts.

b. Provision for bonus: A reserve for bonuses is provided based on the amount of estimated bonuses to employees that should be borne in the consolidated fiscal year under review.

5) Other significant matters in the preparation of consolidated financial statements

a. Significant hedge accounting methods

Method of hedge accounting:

The basic principle is to use deferred hedge accounting.

Hedging instruments and hedged items:

Hedging instruments: Interest rate swaps

Hedged items: Interest on borrowings

Hedging policy:

Based on authority regulations related to derivative transactions and internal regulations that stipulate the limit of transaction amounts, etc., the interest rate fluctuation risks concerning the hedged items are hedged to a certain extent.

Method of evaluating effectiveness of hedging:

In accordance with the risk management policy, interest rate swaps that fulfill the following conditions are concluded.

I. The notional principal amount of the interest rate swap is equivalent to the principal amount of the interest-bearing borrowings.

II. The interest rate swap and the interest-bearing borrowings have the same contract period and maturity.

III. The floating rate index of the interest-bearing borrowings is almost equivalent to

the floating rate index of receipts and payments of the interest rate swap.

IV. The interest-bearing borrowings and the interest rate swap have the same interest rate revision conditions in the receipt and payment conditions.

V. The receipt and payment conditions of the interest rate swap are consistent throughout the period of the swap.

Accordingly, since the important conditions of the hedging instruments and hedged items are identical and any rate fluctuations are expected to be completely offset, the evaluation of their effectiveness as of the account closing date is omitted.

b. Accounting treatment of retirement benefits

Method of attributing the estimated benefit obligation to periods:

Upon calculating the retirement benefit obligation, the estimated benefit obligation is attributed to the period up until the end of the fiscal year under review on a benefit formula basis.

Amortization method of actuarial differences:

Actuarial differences are allotted proportionately using the straight line method over a certain number of years within the average remaining service period of employees (4 years) as of the fiscal year incurred and amortized from the following fiscal year.

c. Accounting treatment of consumption taxes, etc.

The tax exclusion method is applied in the accounting treatment of consumption taxes, etc.

2. Additional Information

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

"Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Implementation Guidance No. 26, March 28, 2016) has been applied from the beginning of the financial year.

(Board Benefit Trust (BBT))

The Company introduced a new performance linked compensation system, Board Benefit Trust or BBT, for directors and senior executives on the 18th annual shareholders' meeting on April 26, 2017 in order to improve the performance of the Company over the longer term and to enhance corporate value.

The accounting method regarding BBT complies with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" of PITF No.30 March 26, 2015.

(1) Overview

The Company shall grant shares to directors and senior executives (excluding external

directors) who meet certain conditions according to our internal rules.

The Company shall grant points to directors and senior executives according to performance achievements, and they shall receive the Company's shares when they retire. The Company shall acquire the shares which shall be managed separately as Trust property.

(2) Company shares in the Trust

The book value (excluding incidental costs) of the Company shares held by the Trust are accounted for as treasury stock in the net assets section on balance sheet. As at January 31, 2018, the book value of treasure stock was 263 million yen, and total number of shares was 216,000 shares.

3. Notes to the Consolidated Balance Sheet

Accumulated depreciation of property, plant and equipment 4,406 million yen

4. Notes to the Consolidated Statement of Changes in Equity

(1) Total number of outstanding shares:

| Class of shares | Number of shares as of the beginning of the fiscal year | Increase | Decrease | Number of shares as of the end of the fiscal year |
|---|---|---|---|---|
| Common stock | 35,503,000 | 737,600 | – | 36,240,600 |

Notes: 1. The increase was due to the exercise of subscription rights to shares.
2. In accordance with the introduction of the Board Benefit Trust (BBT) system, the above number of treasury stock includes 216,000 shares of the Company held by the BBT.

(2) Total number of outstanding shares:

(i) Amount of dividends paid

| Date of resolution | Class of shares | Total amount of dividends (million yen) | Dividend per share (yen) | Record date | Effective date |
|---|---|---|---|---|---|
| April 26, 2017 Board of Directors' Meeting | Common stock | 355 | 10 | January 31, 2017 | April 27, 2017 |

(ii) Dividends whose record date falls under the fiscal year under review, but the effective date falls under the next fiscal year

| Date of resolution | Class of shares | Total amount of dividends (million yen) | Dividend per share (yen) | Record date | Effective date |
|---|---|---|---|---|---|
| March 15, 2018 Board of Directors' Meeting | Common stock | 1,377 | 38 | January 31, 2018 | April 26, 2018 |

Note: The total amount of dividends resolved at the Board of Directors' Meeting held on March 15, 2018 includes dividends of 8 million yen for the Company's shares held by the Board Benefit Trust (BBT).

(3) Number of shares underlying subscription rights to shares as of the end of the fiscal year under review (excluding those of which the commencement date of exercise period has not yet arrived)

Subscription rights to shares determined by the resolution of the Board of Directors meeting held on November 26, 2008

Class of shares to be issued: Common stock

Number of shares underlying subscription rights to shares: 484,600 shares

5. Notes on Financial Instruments

(1) Status of financial instruments

1) Policy on initiatives regarding financial instruments

The Group mainly raises necessary capital through borrowings from banks and installment contracts with lease companies in accordance with its capital investment plan. Temporary idle funds are invested in financial assets that are highly secure, and short-term working capital is raised through borrowings from banks. Basically, derivatives are used to avoid the risks described below, and are not used in speculative transactions.

2) Details of financial instruments and related risks

Trade and other receivables are subject to customer credit risk. In addition, trade receivables denominated in foreign currencies arising from the development of business overseas are also subject to the risk of exchange rate fluctuations.

Rental deposits are mainly guarantee deposits paid for new store openings, and are subject to credit risk of the deposit destination.

Trade notes payable, trade and other payables, other payables, and current tax payable are trade payables that have due dates within a year. Among them, there are items denominated in foreign currencies for the import of products, etc., which are subject to the risk of exchange rate fluctuations.

Other payables and interest-bearing borrowings are mainly funds raised for capital investment, for which repayment dates fall after the account closing date and within five years.

Deposits received refer to deposits for transactions received from business partners based on franchisee agreements and deposits corresponding to the refund guarantee of rental deposits concerning lease agreements.

Derivative transactions refer to forward exchange contracts intended for hedging against the risk of exchange rate fluctuations concerning trade payables denominated in foreign currencies, and interest rate swaps intended for hedging against the risk of fluctuations of interest payments concerning borrowings.

3) Management system of risks related to financial instruments

a. Management of credit risks (risks related to contract breaches by business partners,

etc.)

The Group sets credit limits based on the credit control provisions, cooperates with each business department and the Accounting Department to manage the due dates and balances of each of its major business partners, as well as strives for the early detection and reduction of doubtful debts due to a deteriorated financial situation, etc.

The credit situation of the destination of rental deposits are confirmed at the point of concluding the lease contract as well as regular monitoring of its credit situation after moving in, in order to achieve the early detection and reduction of doubtful debts.

Derivative transactions are deemed to have essentially no credit risk as transaction partners are limited to financial institutions with high credit ratings.

b. Management of market risks (risks related to fluctuations in exchange rates, interest rates, etc.)

Trade payables denominated in foreign currencies of the Group are hedged using forward exchange contracts to cover the risk of exchange rate fluctuations in the future. In addition, interest rate swaps are used to avoid the risk of fluctuations of interest payments concerning borrowings.

Derivative transactions are managed by setting out transaction authorities and transaction amount limits in accordance with the derivative management provisions. After the transaction is implemented, the status of the balance, etc. of the derivative transaction is monitored and managed by the Accounting Department.

c. Management of liquidity risks related to capital raising (risks related to inability to make payments on due dates)

The Group manages liquidity risks by having the Accounting Department formulate and update the financing plan in a timely manner based on reports from each department, and continuously maintaining liquidity on hand.

4) Supplementary explanation regarding fair value, etc. of financial instruments

Besides amounts based on market values, the fair value of financial instruments includes reasonable calculations in cases where the market value is not available. As the calculations of such amounts take into account some variation factors, if different assumptions are used in the calculations, the said amounts may fluctuate.

(2) Fair value, etc. of financial instruments

The amounts posted on the consolidated balance sheet, the fair values, and the differences thereof as of January 31, 2018 are as follows. Amounts in cases where it is deemed extremely difficult to determine the fair values are not stated in the following table.

| | Consolidated balance sheet amount (million yen) | Fair value (million yen) | Difference (million yen) |
|---|---|---|---|
| (1) Cash and cash equivalents | 18,743 | 18,743 | — |
| (2) Trade and other receivables | 7,804 | | |
| Provision for doubtful accounts | (0) | | |
| Trade and other receivables (net) | 7,803 | 7,803 | — |
| (3) Rental deposits | 3,514 | 3,234 | (280) |
| Total assets | 30,062 | 29,781 | (280) |
| (1) Trade notes payable | 273 | 273 | — |
| (2) Trade and other payables | 4,705 | 4,705 | — |
| (3) Other payables | 1,156 | 1,156 | — |
| (4) Current tax payable | 633 | 633 | — |
| (5) Short-term interest-bearing borrowings | 1,500 | 1,500 | — |
| (6) Interest-bearing borrowings*1 | 11,184 | 11,184 | — |
| (7) Other payables | 84 | 83 | (1) |
| (8) Deposits received*2 | 41 | 41 | (0) |
| Total liabilities | 19,580 | 19,578 | (1) |
| Derivative transactions*3 | [5] | [5] | — |

Notes: 1. Interest-bearing borrowings include interest-bearing borrowings, current liabilities.
2. Deposits received include deposits received classified under current liabilities.
3. Payables and receivables arising from derivative transactions are presented in net values, and summed net payables are presented in brackets "[ ]."

(Note 1) Calculation method of fair value of financial instruments and derivative transactions

Assets

(1) Cash and cash equivalents (2) Trade and other receivables

As these are settled in the short term and the fair values will be similar to the book values, the book value amounts are used.

(3) Rental deposits

The fair value of this item is calculated based on the current value of future cash flows discounted using an appropriate rate such as the yield of an AA-rated bond.

Liabilities

(1) Trade notes payable (2) Trade and other payables (3) Other payables (4) Current tax payable

(5) Short-term interest-bearing borrowings

As these are settled in the short term and the fair values will be similar to the book values, the book value amounts are used.

(6) Interest-bearing borrowings (7) Other payables

Excluding interest-bearing borrowings with floating rates, fair values of these items are calculated based on the current values by discounting the sum of principal and interest by a rate estimated for a similar new transaction. The fair values of interest-bearing borrowings with floating rates however, are recorded at their book value since their conditions stipulate that their interest rates are to be revised each time after a certain period and their fair values will be similar to the book values.

(8) Deposits received

The fair values are calculated based on the current values of future cash flows discounted using a rate based on an appropriate indicator such as bond yields, in accordance with the contract period.

Derivative transactions

Derivative transactions

The fair values as of the end of the fiscal year are calculated based on the prices, etc. provided by counterparty financial institutions, etc.

(Note 2) Financial instruments for which fair values are deemed extremely difficult to determine

| | Consolidated balance sheet amount (million yen) |
|---|---|
| Investments in and advances to associates | 1,848 |
| Deposits received | 505 |

Investments in and advances to associates are not included in the table in (2) Fair value, etc. of financial instruments, as market values are not available, and the Company is unable to estimate future cash flows, with fair values deemed extremely difficult to determine.

Among deposits received, items where the Company is unable to reasonably estimate the date of repayment and a reasonable estimation of cash flows is deemed extremely difficult are not included in (8) Deposits received.

## 6. Notes to Per Share Information

(1) Net assets per share 488.43 yen

(2) Earnings per share 34.51 yen

(Note) The Company introduced a new performance linked compensation system, Board Benefit Trust or BBT, during the year. The treasury stock for that purpose was deducted from the total number of common stock when the net profit per share, diluted net profit per share, and net assets per share were calculated. Treasury stock of 216,000 shares were excluded when net assets per share was calculated. Treasury stock of 78,526 shares were excluded when net profit per share and diluted net profit per share were calculated.

## 7. Notes on Significant Subsequent Events

Not applicable.

# Notes to the Non-Consolidated Financial Statements

1. Notes to Significant Accounting Policies

(1) Standards and methods for valuation of assets

| | | |
|---|---|---|
| 1) | Investments in subsidiaries and associates | Stated at cost using the moving average method |
| 2) | Derivatives | Stated at fair value |
| 3) | Standards and methods for valuation of inventories<br>Valuation stated at cost (method of writing values down in line with decline in profitability) | |
| | Inventories | Weighted average method |
| | Consumables | Specific cost method |

(2) Depreciation method for non-current assets

| | | |
|---|---|---|
| 1) | Property, plant and equipment | The declining balance method is mainly applied. However, the straight line method is applied for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and leasehold improvements acquired on or after April 1, 2016.<br>The main useful lives are as follows:<br>Buildings 2-50 years<br>Tools, furniture and fixtures 2-20 years |
| 2) | Intangible assets | The straight line method is applied.<br>Software for internal use is amortized based on the internal useful life (5 years). |
| 3) | Prepaid expenses | Amortized using the straight line method. |

(3) Method for treatment of deferred assets

| | |
|---|---|
| Stock delivery expenses | Amortized over three years using the straight line method. |

(4) Standards of accounting for provisions and reserves

| | | |
|---|---|---|
| 1) | Provision for doubtful accounts | Provision for doubtful accounts is provided based on the historical write-off rate for ordinary receivables, and the estimated amount of irrecoverable debt based on recoverability of individual cases for specified receivables such as doubtful accounts. |
| 2) | Provision for bonus | A reserve for bonuses is provided based on the amount of estimated bonuses to employees that should be borne in the fiscal year under review. |
| 3) | Provision for retirement benefits | A reserve for retirement benefits of employees is provided based on the amount of the retirement benefit obligation as of the last day of the fiscal year under review. Actuarial differences are allotted using the straight line method over a certain number of years within the average remaining service period of employees (4 years) in the fiscal year incurred and amortized from the following fiscal year. |

(5) Other important matters that form the basis of preparation of non-consolidated financial statements

1) Significant hedge accounting methods

Method of hedge accounting:

The basic principle is to use deferred hedge accounting.

Hedging instruments and hedged items:

Hedging instruments: Interest rate swaps

Hedged items: Interest on borrowings

Hedging policy:

Based on authority regulations related to derivative transactions and internal regulations that stipulate the limit of transaction amounts, etc., the interest rate fluctuation risks concerning the hedged items are hedged to a certain extent.

Method of evaluating effectiveness of hedging:

In accordance with the risk management policy, interest rate swaps that fulfill the following conditions are concluded.

I. The notional principal amount of the interest rate swap is equivalent to the principal amount of the interest-bearing borrowings.
II. The interest rate swap and the interest-bearing borrowings have the same contract period and maturity.
III. The floating rate index of the interest-bearing borrowings is almost equivalent to the floating rate index of receipts and payments of the interest rate swap.
IV. The interest-bearing borrowings and the interest rate swap have the same interest rate revision conditions in the receipt and payment conditions.
V. The receipt and payment conditions of the interest rate swap are consistent throughout the period of the swap.

Accordingly, since the important conditions of the hedging instruments and hedged items are identical and any rate fluctuations are expected to be completely offset, the evaluation of their effectiveness as of the account closing date is omitted.

2) Accounting treatment of consumption taxes, etc.

The tax exclusion method is applied in the accounting treatment of consumption taxes, etc.

2. Additional Information

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

"Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Implementation Guidance No. 26, March 28, 2016) has been applied from the beginning of the financial year.

(Board Benefit Trust (BBT))

The note shall be omitted here, as the same information has been specified in the "Additional Information" section of the Notes to the Consolidated Financial Statements.

3. Notes to the Non-Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 4,229 million yen

(2) Contingent liabilities

Debt guarantees

The Company provides debt guarantees for trade and other payables of the following subsidiary in the amounts below.

| | | |
|---|---|---|
| BAROQUE HK LIMITED | Trade and other payables | 280 thousand USD (30 million yen) |

(3) The monetary claims and debts with respect to subsidiaries and associates are as follows.

| | | |
|---|---|---|
| 1) | Short-term monetary claims | 1,501 million yen |
| 2) | Long-term monetary claims | 300 million yen |
| 3) | Short-term monetary debts | 389 million yen |

4. Notes to the Non-Consolidated Income Statement

Balances of transactions with subsidiaries and associates:

| | | |
|---|---|---|
| 1) | Turnover | 1,179 million yen |
| 2) | Purchase of goods | 5,922 million yen |
| 3) | Other trade transactions | 317 million yen |
| 4) | Balance of transactions other than trade transactions | 16 million yen |

5. Notes to the Non-Consolidated Statement of Changes in Equity

Class and number of treasury stock as of the end of the fiscal year under review

Common stock 36,240,600 shares

In accordance with the introduction of the Board Benefit Trust (BBT) system, the above number of treasury stock includes 216,000 shares of the Company held by the BBT.

6. Notes to Tax Effect Accounting

Breakdown of main causes of deferred tax assets and deferred tax liabilities:

| | (million yen) |
|---|---|
| Deferred tax assets (current) | |
| Provision for inventories | 479 |
| Enterprise tax payable | 46 |
| Provision for bonus | 41 |
| Unearned revenue repudiation | 17 |
| Provision for reinstatement costs | 15 |
| Others | 39 |
| Subtotal of deferred tax assets (current) | 640 |
| Valuation reserve | — |
| Total deferred tax assets (current) | 640 |
| | |
| Deferred tax assets (non-current) | |
| Overdepreciation | 181 |
| Provision for retirement benefits | 211 |
| Provision for reinstatement costs | 307 |
| Others | 39 |
| Subtotal of deferred tax assets (non-current) | 740 |
| Valuation reserve | — |
| Total deferred tax assets (non-current) | 740 |
| | |
| Deferred tax liabilities (non-current) | |
| Retirement expenses of provision for reinstatement costs | (160) |
| Total deferred tax liabilities (non-current) | (160) |
| Net deferred tax liabilities (non-current) | 579 |

7. Notes to Transactions with Associates

| Type | Name of company, etc. | Relationship | | Transaction details | Transaction amount (million yen) (Note 1) | Description | Fiscal year-end balance (million yen) (Note 1) |
|---|---|---|---|---|---|---|---|
| | | Interlocking directorates, etc. | Business relationship | | | | |
| Subsidiary | BAROQUE HK LIMITED | 2 Officers | Purchase and sale of goods, providing capital loans | Debt guarantees concerning trade and other payables | 30 | – | – |
| | | | | Providing capital loans (Note 2) | – | Loans receivable, current assets | 275 |
| | | | | | | Loans receivable, non-current assets | 300 |
| | | | | Receipt of interest (Note 2) | 16 | Other current assets | 67 |
| | | | | Sale of goods (Note 2) | 62 | Trade and other receivables | 12 |
| | | | | Royalty income (Note 2) | 31 | | |
| | | | | Purchase of goods (Note 2) | 5,777 | Trade and other payables | 361 |
| | | | | Business consignment expenses, etc. (Note 2) | 235 | Other payables | 18 |
| Subsidiary | Baroque (Shanghai) Trading Ltd. | 2 Officers | Business consignment | Business consignment expenses, etc. (Note 2) | 33 | Other payables | 2 |
| Subsidiary | Baroque (Shanghai) Enterprise Development Ltd. | 2 Officers | Sale of goods | Sale of goods (Note 2) | 481 | Trade and other receivables | 241 |
| | | | | Purchase of goods (Note 2) | 139 | Trade and other payables | 0 |
| Subsidiary | BAROQUE USA LIMITED | 1 Officer | Sale of goods, payment of reimbursable expenses, acceptance of capital increases | Sale of goods (Note 2) | 135 | Trade and other receivables | 168 |
| | | | | Acceptance of capital increases (Note 3) | 163 | – | – |
| | | | | Reimbursable cost | 87 | Other receivables | 196 |
| Associate | Baroque (Shanghai) Clothing Ltd. | 3 Officers | Royalty for sale of goods | Royalty income (Note 2) | 468 | Trade and other receivables | 468 |

Notes: 1. The transaction amount does not include consumption taxes, etc., while the fiscal year-end balance includes consumption taxes, etc.

2. Transaction terms and policies, etc. regarding determination of transaction terms
Transaction terms are determined through negotiations upon consideration of market trends.

3. The acceptance of capital increases refers to the contribution in kind of receivables through the debt equity swap method.

8. Notes to Per Share Information

(1) Net assets per share 475.61 yen

(2) Earnings per share 35.19 yen

(Note) The Company introduced a new performance linked compensation system, Board Benefit Trust or BBT, during the year. The treasury stock for that purpose was deducted from the total number of common stock when the net profit per share, diluted net profit per share, and net assets per share were calculated. Treasury stock of 216,000 shares were excluded when net assets per share was calculated. Treasury stock of 78,526 shares were excluded when net profit per share and diluted net

profit per share were calculated.

9. Notes on Significant Subsequent Events

Not applicable.