

The 19th year

## Balance Sheet

As of March 31, 2019

(In thousands of yen)

Account Items	Amount	Account Items	Amount
Assets		Liabilities	
Current assets	27,585,951	Current liabilities	23,955,429
Cash and deposits	76,124	Accounts payable	15,538,978
Accounts receivable	21,437,731	Accounts payable to affiliates	5,916,019
Accounts receivable from affiliates	368,752	Lease obligations of affiliates (short-term)	263,973
Undelivered coupons	36,993	Accrued payments	340,591
Business prepayments	69,426	Accrued expenses	104,614
Prepayments	123,436	Accrued bonuses	670,622
Prepaid expenses	30,299	Accrued corporate tax, etc.	314,488
Short-term loans to affiliates	5,345,174	Accrued consumption tax, etc.	164,664
Advances	83,893	Advances received	454,948
Other	14,121	Deposits	167,094
		Income in advance	19,433
Fixed assets	5,075,689	Fixed liabilities	1,617,858
Property, plant and equipment	270,414	Lease obligations of affiliates (long-term)	502,469
Equipment attached to buildings	120,583	Long-term accounts payable to affiliates	40,177
Equipment and fixtures	149,129	Deposits on contracts	449,672
Lease assets	701	Allowance for retirement benefits	587,026
Intangible fixed assets	1,056,442	Allowance for retirement benefits for offic	36,450
Software	290,065	Long-term accrued expenses	2,061
Lease assets	765,741		
Telephone rights	634	<b>Total liabilities</b>	<b>25,573,287</b>
Investments and other assets	3,748,833	Net assets	
Long-term loan to affiliates	3,000,000	Shareholders' equity	7,088,353
Guarantee deposits	236,089	Capital stock	490,000
Long-term prepaid expenses	37,764	Capital surplus	413,028
Deferred tax assets	474,940	Other capital surplus	413,028
Long-term receivables	9,509	Earned surplus	6,185,324
Other	40	Earned reserve	122,500
Allowance for bad debts	△ 9,509	Other earned surplus	6,062,824
		Contingent reserve	1,900,000
		Earned surplus carried forward	4,162,824
		(Incl. net income)	(1,462,203)
		<b>Total net assets</b>	<b>7,088,353</b>
<b>Total assets</b>	<b>32,661,641</b>	<b>Total liabilities and net assets</b>	<b>32,661,641</b>

## Notes to Financial Statements

[Notes for the matters associated with the important accounting policy]

### 1. Asset evaluation standards and method

Inventory asset evaluation standards and method

Cost method by the first-in first-out system is used. (Values in the balance sheet are calculated by a write-down of book values due to lowering profitability.)

### 2. Method of depreciation of fixed assets

(1) Property, plant and equipment: Declining-balance method is used.

(Other than lease assets) For the equipment attached to buildings acquired no earlier than April 1, 2016, however, the straight-line method is used.

(2) Intangible fixed assets: The straight-line method is used.

(Other than lease assets) For the software, however, the straight-line method is used subject to the availability period internally expected (five years).

(3) Lease assets: Lease assets associated with the finance lease transactions under ownership transfer

The same depreciation method is used as for the depreciation for self-owned fixed assets.

Lease assets associated with the finance lease transactions under other than ownership transfer

The straight-line method is used by assuming the lease period as durable life and the remaining value as zero.

### 3. Standards for recording allowances

(1) Allowance for bad debts: In preparation for a loss from the non-collection of accounts receivable and other credits, the amount expected to be unrecoverable is recorded by individually considering the recoverability for doubtful accounts receivable and other credits.

(2) Allowance for retirement benefits: In preparation for the retirement benefits for employees, the amount considered to have accrued as of the end of such fiscal year is recorded in accordance with the obligations for retirement benefits and the estimated amount of pension assets as of the end of this fiscal year.

For the actuarial difference, the amount prorated under the straight-line method for certain years within the average remaining service period of employee at that time (i.e., 10 years) is recorded as expenses in the fiscal year next to the year when the difference occurs.

- (3) Allowance for retirement benefits for officers: In preparation for the payment of retirement benefits for officers, the amount payable at the end of year is recorded in accordance with internal rules.

#### 4. Other important matters underlying the preparation of financial statements

- (1) Accounting of consumption tax, etc.: Net-of-tax method is used.
- (2) Others: In the Balance Sheet values less than one thousand yen are discarded.