

**Internet Disclosure Information Related to the Notice of the 35th Annual General  
Meeting of Shareholders**

**Notes to Consolidated Financial Statements**

**Notes to Non-Consolidated Financial Statements**

(from April 1, 2019 to March 31, 2020)

**transcosmos inc.**

Pursuant to applicable laws and regulations and Article 14 of the Articles of Incorporation, the Company makes the items listed above available to shareholders by posting them on the Company's website.

## Notes to Consolidated Financial Statements

### **Basis of preparation of consolidated financial statements**

#### 1. Scope of Consolidation

##### (1) Number of consolidated subsidiaries: 73

The names of principal consolidated subsidiaries

J-Stream Inc., APPLIED TECHNOLOGY CO., LTD., transcosmos Korea Inc.,  
transcosmos CC China

Changes in our consolidated subsidiaries during the fiscal year under review are as follows:

(Newly included)

- FJ transcosmos Human Resource Professionals Limited (former Fujitsu Human Resource Professionals Limited) (Changed from an affiliate accounted for by the equity method due to additional acquisition)
- BIGM2Y, Inc. (Changed from an affiliate accounted for by the equity method due to additional acquisition)
- Toshiba Products Marketing Incorporated (Newly acquired)
- TT Human Asset Service Corporation (Newly acquired)
- PT. transcosmos Commerce (Because of greater materiality)

(Excluded)

- transcosmos CRM Wakayama Inc. (Dissolved due to an absorption-type merger with the Company surviving after the merger)
- Merlin Services Informatiques SARL (Liquidated)
- transcosmos DMI, Inc. (Liquidated)
- Co-Core Inc. (Liquidated)

##### (2) Names of principal non-consolidated subsidiaries

Transcosmos Philippines inc. and others

(Reason for exclusion from the scope of consolidation)

All non-consolidated subsidiaries are small in size, and each item of their total assets, net sales, profit (calculated according to our equity interest) and retained earnings (calculated according to our equity interest) is not substantial, and do not have a material impact on the consolidated financial statements.

#### 2. Application of equity method

##### (1) Number of affiliates accounted for by the equity method: 14

Names of principal non-consolidated subsidiaries and affiliates accounted for by the equity method

UNQ (Shanghai) Supply Chain Management Co., Ltd., PFSweb Inc.

Changes to our non-consolidated subsidiaries and affiliates accounted for by the equity method during the fiscal year under review are as follows:

(Newly included)

- Soft Space Sdn. Bhd. (Because of greater materiality)

(Excluded)

- FJ transcosmos Human Resource Professionals Limited (former Fujitsu Human Resource Professionals Limited) (Changed to a consolidated subsidiary due to additional acquisition)
- BIGM2Y, Inc. (Changed to a consolidated subsidiary due to additional acquisition)

##### (2) Unconsolidated subsidiaries to which the equity method is not applied (Transcosmos Philippines inc. and others) are excluded from the scope of application of the equity method as their impact on profit

or loss (amount proportional to the ownership) and retained earnings (amount proportional to the ownership) is infinitesimal, and has low importance as a whole.

- (3) For those subsidiaries accounted for by the equity method that have different account closing dates from the Company, financial statements are stated according to fiscal year of the respective companies.

### 3. Fiscal year, etc. of the consolidated subsidiaries

Following are the consolidated subsidiaries with different account closing dates from the Company.

(Account closing date: December 31)

- APPLIED TECHNOLOGY CO., LTD.
- transcosmos Information Creative Japan Inc.
- caramo, Inc.
- transcosmos America, Inc.
- TRANCOSMOS OMNICONNECT, LLC
- transcosmos Korea Inc.
- transcosmos Information Creative (China) Co., Ltd.
- transcosmos MCM Shanghai Co., Ltd.
- transcosmos Design Development (Dalian) Co., Ltd.
- transcosmos Information System (Benxi) Co., Ltd.
- Daqing transcosmos design development Co., Ltd.
- transcosmos business service outsourcing Suzhou Co., Ltd.
- Suzhou transcosmos Information Creative Co., Ltd
- Beijing transcosmos Interactive Services Co., Ltd
- Transcosmos Investment Consulting (Beijing) Co., Ltd.
- Shanghai transcosmos Interactive Services Co., Ltd.
- transcosmos CC China
- Hottech digital technology (Tianjin) Co., Ltd.
- Jinan transcosmos Information Creative Co., Ltd.
- transcosmos Taiwan Inc.
- SOCIAL GEAR TAIWAN INC.
- Transcosmos Digital Marketing Cayman Co., Ltd.
- Shine Harbour Ltd.
- Transcosmos Information Creative Holdings
- PT. transcosmos Commerce
- transcosmos Asia Pacific Pte. Ltd.
- SOCIAL GEAR PTE LTD
- Ookbee Mall Asia Holdings Pte. Ltd.
- Ookbee Mall (Thailand) Co., Ltd.
- transcosmos (Thailand) Co., Ltd.
- TCT Holdings Co., Ltd.
- TCT Services Co., Ltd.
- transcosmos artus company limited
- Astropolis Inc.
- transcosmos Asia Philippines inc.
- transcosmos Vietnam Co., Ltd.
- transcosmos Technologic Arts Co., Ltd.
- TRANCOSMOS (UK) LIMITED
- Transcosmos Information Systems Group Limited
- Transcosmos Information Systems Limited
- Transcosmos Information Systems Inc (Philippines)
- Transcosmos Information Systems Inc (U.S.)
- TRANCOSMOS INFORMATION SYSTEMS SRL
- transcosmos Information Systems Kft
- transcosmos Poland sp. z.o.o.
- Helpmagic Ltd
- TRANCOSMOS (MALAYSIA) SDN. BHD.

The consolidated financial statements are prepared based on the financial statements of each of the consolidated subsidiaries as of its account closing date. In the case of significant transactions that took

place between the account closing dates of the consolidated subsidiaries and the consolidated account closing date, necessary adjustments are made for consolidation purposes.

(Account closing date: September 30)

• CAREER INCUBATION, INC.

The consolidated financial statements are prepared based on the financial statements of each of the consolidated subsidiaries prepared on the basis of the provisional closing of account as of the consolidated account closing date.

4. Significant accounting policies

(1) Standards and methods of valuation of securities

Shares of subsidiaries and affiliates

Shares of non-consolidated subsidiaries and affiliates without application of the equity method:  
Stated at cost using the moving-average method

Other available-for-sale securities

Securities with market value

Market value method based on the market price as of the consolidated account closing date.  
(Differences in valuation are included directly in net assets and costs of securities sold are calculated using the moving-average method.)

Securities without market value

Stated at cost using the moving-average method

Investments to limited liability partnership for investment, etc.

The evaluation is based on the Company's holding ratio of the net asset of the limited liability partnership for investment, etc., in which the Company invests, in the most recent fiscal year.

(2) Standards and method of valuation of inventories

The cost method (method to reduce book value from lower profitability) is adopted as the standard for valuation.

Merchandise and finished goods ..... Gross average method

Work in process ..... Specific cost method

Supplies ..... Cost using the last-purchase-price method

(3) Depreciation methods for fixed assets

Tangible fixed assets

(excluding lease assets) ..... Buildings

a. Buildings acquired on or before March 31, 1998

Depreciated using the old declining-balance method.

b. Buildings acquired between April 1, 1998 and March 31, 2007

Depreciated using the old straight-line method.

c. Buildings acquired on or after April 1, 2007

Depreciated using the straight-line method.

Facilities attached to buildings and structure

a. Facilities attached to buildings and structure acquired on or before March 31, 2007

Depreciated using the old declining-balance method.

- b. Facilities attached to buildings and structure acquired between April 1, 2007 and March 31, 2016  
Depreciated using the declining-balance method.
  - c. Facilities attached to buildings and structure acquired on or after April 1, 2016  
Depreciated using the straight-line method.
- Tangible fixed assets other than those in the above
- a. Tangible fixed assets other than those in the above acquired on or before March 31, 2007  
Depreciated using the old declining-balance method.
  - b. Tangible fixed assets other than those in the above acquired on or after April 1, 2007  
Depreciated using the declining-balance method.
- Overseas consolidated subsidiaries mainly use the straight-line method.  
In addition, items acquired on or before March 31, 2007, are depreciated using the straight-line method over five years starting the fiscal year following the fiscal year when the final depreciable limit is reached.

- Intangible fixed assets (excluding lease assets) ..... Depreciated mainly using the straight-line method.  
As for software for in-house use, the straight-line method is used with a useful life of five years. Software for commercial sale is depreciated based on the quantity expected to be sold within three years after being put on the market. If the amount of depreciation is less than the amount of even installment based on the remaining life, it is depreciated with the amount not less than the even installment.
- Lease assets ..... Finance leases other than those for which the ownership of the leased property is deemed to transfer to the lessee.  
These lease transactions are accounted for by straight-line method based on lease period of useful lives with residual values of zero.

(4) Standards of accounting for significant allowances, accruals and reserves

- Allowance for doubtful accounts ..... Allowance for estimated uncollectible is calculated using historical data for general receivables and individually considering the probability of collection for doubtful receivables.
- Accrued bonuses for employees ..... Accrued bonuses for employees of the Company and consolidated subsidiaries is calculated based on the estimates of bonus obligations for the current fiscal term.

(5) Other important issues which are bases for preparing consolidated financial statements

1) Translation of significant foreign-currency-denominated assets and liabilities into yen

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the spot exchange rate as of the end of the fiscal term, and the resulting exchange differences are credited or charged to income. Assets and liabilities of overseas subsidiaries are translated into yen at the spot exchange rate as of the account closing date of each company. The resulting exchange differences

have been recorded as a component of “foreign currency translation adjustment” and “minority interests” in the section of Net Assets.

2) Accounting for consumption taxes

Consumption tax and local consumption tax are accounted for by the tax exclusion method.

3) Basis for recording significant revenues and expenses

Basis for recording revenues and expenses on software produced on orders

The percentage of completion method (the cost-to-cost method, etc. for the percentage of completion estimate) is applied for the portion completed by the end of the fiscal year under review, which is deemed to be certain to complete, and the completed contract method is applied otherwise.

4) Method and period of amortization of goodwill and negative goodwill

Goodwill is amortized by straight-line method over five and ten years. If any circumstance arises which prevents the effect of amortization of goodwill, amount of amortization will be decreased accordingly.

## Notes to the Consolidated Balance Sheet

Accumulated depreciation of tangible fixed assets

20,895 million yen

## Notes to the Consolidated Statement of Changes in Equity

### 1. Total number of shares issued

Class of shares	Number of shares at the beginning of the current fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at the end of the current fiscal year
Common stock (shares)	48,794,046	-	-	48,794,046

### 2. Treasury stock

Class of shares	Number of shares at the beginning of the current fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at the end of the current fiscal year
Common stock (shares)	7,318,800	264	-	7,319,064

(Outline of causes for changes)

Details of number of shares increased are as follows.

Increase due to purchase of shares less than one unit:

264 shares

### 3. Dividends

#### (1) Dividends paid

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2019	Common stock	1,368	33	March 31, 2019	June 26, 2019

#### (2) Dividends with an effective date falling in the following fiscal year, among distributions with record dates belonging to the current fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2020	Common stock	Retained earnings	1,907	46	March 31, 2020	June 26, 2020

## Notes on financial instruments

### 1. Matters related to the status of financial instruments

#### (1) Policy on financial instruments

The Company Group makes investments in stocks based upon the request of business promotions including business or capital tie-up, or invests excess funds in financial instruments such as deposits whose principles are secured, as a basic policy. In order to obtain funding, the Company selects the most adequate financial instruments, including bank borrowings, bond issuance or stock issuance,

depending on the situations. And derivatives are used in interest rate swap, currency swap and currency forward transactions to hedge against market risks and the Company has a policy not to use derivatives for speculation.

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

Notes and accounts receivable-trade, which are operating receivables, are exposed to customers' credit risks. With regard to these risks, we manage maturities and balances for each business partner and strive to find out early and mitigate concerns for collection due to deteriorating financial circumstances. Investment in securities mainly consists of stocks related to operations and capital alliances. Although these are exposed to market fluctuation risk and issuers' credit risks, we grasp the market prices and obtain issuers' financial statements on a regular basis and we grasp the market prices and obtain issuers' financial statements on a regular basis. At the same time, we properly review the values of investment and make efforts to collect the investment values.

Most of accounts payable-trade and accrued expenses, which are operating payables, have payment due dates that are less than one year away. Short-term loans out of loans payable are mainly financing for operational transactions; long-term loans (less than five years as a general rule) are financing for long-term investments such as capital investments.

As to operational debts and loans, the Company Group manages them by having each company prepare monthly cash flow plans in order not to detract the creditability of the Company Group. The Company Group also has commitment-line contracts in place in order to ensure to fulfill all obligations.

## 2. Matters related to fair values of financial instruments

The recorded amounts on the consolidated financial statements, fair values, and the difference of these as of March 31, 2020 are as follows. Financial instruments whose fair values are extremely difficult to determine are not listed in the following table.

(Millions of yen)			
	Recorded amount on consolidated balance sheet*	Fair value*	Difference
(1) Cash and deposits	35,012	35,012	-
(2) Notes and accounts receivable- trade	49,793	49,793	-
(3) Securities and investment securities			
Other available-for-sale securities	4,881	4,881	-
(4) Investment in stocks of unconsolidated subsidiaries and affiliates	1,359	2,668	1,308
(5) Accounts payable-trade	(12,808)	(12,808)	-
(6) Short-term loans	(3,057)	(3,057)	(0)
(7) Accrued expenses	(14,512)	(14,512)	-
(8) Bonds payable	(142)	(142)	(0)
(9) Convertible bond-type bonds with subscription rights to shares	(10,007)	(9,925)	82
(10) Long-term loans	(225)	(226)	(0)

\*Items recorded in Liabilities are marked with ( ).

Note 1: Measurement of fair value of financial instruments and matters related to securities

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

As these are settled in the short term, their fair values are almost equivalent to book values, and therefore their book values are used.

(3) Securities and investment in securities, and (4) Investment in stocks of unconsolidated subsidiaries and affiliates

With regard to the fair values of securities and investment in securities, market prices at stock exchanges are used for stocks and prices provided by banks are used for bonds.

(5) Accounts payable-trade, and (7) Accrued expenses

As these are settled in the short term, their fair values are almost equivalent to book values, and therefore their book values are used.

(6) Short-term loans

The fair values of short-term loans are measured based upon the present values obtained by discounting future cash flows at a rate with the length of the repayment period and credit risk taken into account, for liabilities that fall in a certain period.

(8) Bonds payable

The fair values of bonds payable are measured based upon the present values obtained by discounting the total amount of principals and interests at a rate with term to maturity and credit risk taken into account.

(9) Convertible bond-type bonds with subscription rights to shares

With regard to the fair values of bonds issued by the Company, prices provided by banks are used.

(10) Long-term loans

The fair values of long-term loans are measured based upon the present values obtained by discounting the total amount of principals and interests at a rate with term to maturity and credit risk taken into account.

Note 2: Unlisted equity securities (Consolidated balance sheet amount: 12,554 million yen) are not included in the above “(3) Securities and investment securities, Other available-for-sale securities” and “(4) Investment in stocks of unconsolidated subsidiaries and affiliates” since their market price is not available, it is not possible to estimate future cash flows, and the assessment of their fair values is deemed extremely difficult.

### Notes concerning per share data

1. Net assets per share	1,788.95 yen
2. Profit per share	151.40 yen

### Notes concerning significant subsequent events

Conclusion of Equity Interest Transfer Agreement and Termination of Existing Stock Transfer Agreement

On April 16, 2020, Transcosmos Digital Marketing Cayman Co., Ltd., a consolidated subsidiary of the Company, entered into an agreement with 北京華一銀河科技有限公司 (“華一銀河”) to transfer all of its equity interests in Transcosmos Investment Consulting (Beijing) Co., Ltd. (“DM Beijing”), a Company’s consolidated subsidiary, to 華一銀河 (“Equity Interest Transfer Agreement”).

In September 2017, the Company previously announced the fact that 北京香江信諾文化投資中心 (有限合伙) (“北京香江”) failed to fulfill its obligation under the stock transfer agreement (“Existing Stock Transfer Agreement”) that the Company had entered into with 北京香江 in connection with some of the Beijing Tensyn Digital Marketing Technology Joint Stock Company (“TensynPRC”) shares held by DM Beijing. On April 16, 2020, the Company reached an agreement with 北京香江 to terminate the Existing Stock Transfer Agreement on the condition that the obligations under the Equity Interest Transfer Agreement are to be fully executed.

It should be noted that DM Beijing holds the shares in TensynPRC.

### 1. Overview of this Stock Transfer Agreement

- Contracting party: 北京華一銀河科技有限公司
- Transfer price: 219 million yuan (CNY)
- Signing date: April 16, 2020
- Transfer date: January 2021 (estimate only)

### 2. Reason for Transferring the Equity Interests

In September 2018, the Company transferred to 青島浩基資產管理有限公司 some of the shares in TensynPRC that had been held by DM Beijing (15% of the total number of outstanding shares). The Company had a plan to sell the remaining shares (9.54% of total number of outstanding shares), however, the Company has decided to transfer the TensynPRC shares held by DM Beijing to 華一銀河 through the transfer of DM Beijing to 華一銀河.

### 3. Effect of the Conclusion of the Agreement on Financial Results

The Company will be able to record an extraordinary gain in its consolidated financial statements as a result of completing the Equity Interest Transfer. However, the actual amount that the Company may derive from executing this transfer agreement has not been finalized.

It should be noted that DM Beijing will be excluded from the scope of consolidation upon execution of this Equity Interest Transfer.

## Notes to Non-Consolidated Financial Statements

### Significant accounting policies

#### 1. Standards and methods of valuation of securities

Shares of subsidiaries and affiliates

Stated at cost using the moving-average method

Other available-for-sale securities

Securities with market value

Market value method based on the market price as of the account closing date. (Differences in valuation are included directly in net assets and costs of securities sold are calculated using the moving-average method.)

Securities without market value

Stated at cost using the moving-average method

Investments to limited liability partnership for investment, etc.

The evaluation is based on the Company's holding ratio of the net asset of the limited liability partnership for investment, etc., in which the Company invests, in the most recent fiscal year.

#### 2. Standards and methods of valuation of inventories

The cost method (method to reduce book value from lower profitability) is adopted as the standard for valuation.

Merchandise ..... Gross average method

Work in process ..... Specific cost method

Supplies ..... Cost using the last-purchase-price method

#### 3. Depreciation methods for fixed assets

Tangible fixed assets

(excluding lease assets) ..... Buildings

- a. Buildings acquired on or before March 31, 1998  
Depreciated using the old declining-balance method.
  - b. Buildings acquired between April 1, 1998 and March 31, 2007  
Depreciated using the old straight-line method.
  - c. Buildings acquired on or after April 1, 2007  
Depreciated using the straight-line method.
- Facilities attached to buildings and structure
- a. Facilities attached to buildings and structure acquired on or before March 31, 2007  
Depreciated using the old declining-balance method.
  - b. Facilities attached to buildings and structure acquired between April 1, 2007 and March 31, 2016  
Depreciated using the declining-balance method.
  - c. Facilities attached to buildings and structure acquired on or after April 1, 2016  
Depreciated using the straight-line method.
- Tangible fixed assets other than those in the above

- a. Tangible fixed assets other than those in the above acquired on or before March 31, 2007  
Depreciated using the old declining-balance method.
- b. Tangible fixed assets other than those in the above acquired on or after April 1, 2007  
Depreciated using the declining-balance method.  
In addition, items acquired on or before March 31, 2007 are depreciated using the straight line method over five years starting the fiscal year following the fiscal year when the final depreciable limit is reached.

Intangible fixed assets (excluding lease assets) ..... Depreciated using the straight-line method. As for software for in-house use, the straight-line method is used with a useful life of five years.

Lease assets ..... Finance leases other than those for which the ownership of the leased property is deemed to transfer to the lessee.  
These lease transactions are accounted for by straight-line method based on lease period of useful lives with residual values of zero.

4. Standards of accounting for allowances, accruals and provisions

Allowance for doubtful accounts ..... Allowance for estimated uncollectible is calculated using historical data for general receivables and individually considering the probability of collection for doubtful receivables.

Accrued bonuses for employees ..... Accrued bonuses for employees are calculated based on the estimates of bonus obligations for the current fiscal term.

Provisions for loss on guarantees ..... To prepare for losses arising from fulfilling guarantee obligations of affiliated companies, the Company appropriates a provision for the estimated cost of losses for guarantee obligation which are highly likely to be required for fulfilling such obligations, taking into consideration the recoverability by exercising right of indemnity.

5. Basis for recording revenues and expenses

Basis for recording revenues and expenses on software produced on orders  
The percentage of completion method (the cost-to-cost method for the percentage of completion estimate) is applied for the portion completed by the end of the fiscal year under review, which is deemed to be certain to complete, and the completed contract method is applied otherwise.

6. Other important issues which are bases for preparing non-consolidated financial statements

(1) Standard for translation of assets and liabilities denominated in foreign currencies into yen  
Monetary assets and liabilities denominated in foreign currencies are translated into yen at the spot exchange rate as of the end of the fiscal term, and the resulting exchange differences are credited or charged to income.

(2) Accounting for consumption taxes ..... Consumption tax and local consumption tax are accounted for by the tax exclusion method.

#### 7. Change in presentation

(Non-consolidated statement of income-related)

“Employment development subsidy” (101 million yen in the previous fiscal year), which was included in “Other” in Non-operating income in the previous fiscal year, is presented separately in the current fiscal year because it has increased in significance in terms of amount.

“Gain on investments in partnership” (17 million yen in the current fiscal year), which was separately in Non-operating income in the previous fiscal year, and “Company establishment subsidies, etc.” (72 million yen in the current fiscal year), which was separately in extraordinary gains in the previous fiscal year, are included in “Other” in Non-operating income and Extraordinary gains, respectively, in the current fiscal year because they have decreased in significance in terms of amount.

## Notes to the Non-Consolidated Balance Sheet

1.	Liabilities for guarantees:	
	Guarantee for debt obligations to financial institutions	
	UNQ (Shanghai) Supply Chain Management Co., Ltd.	¥3,060 million
	Transcosmos Information Systems Group Limited	¥1,167 million
	transcosmos America, Inc.	¥903 million
	Interest Design Inc.	¥28 million
	Guarantee on deposit obligations from subsidiaries and affiliates	
	Tci-Business-Service Co., Ltd.	¥1,950 million
	Guarantee for obligations under lease contract	
	TCT Services Co., Ltd.	¥37 million
		<hr/>
	Total	¥7,147 million
	In addition to the above, the Company has provided a joint guarantee on the store-opening contract of caramo, Inc., its affiliate.	
	(Note) Guarantees of foreign currency-denominated obligations are converted into the Japanese yen using the exchange rate as of the account closing date.	
2.	Accumulated depreciation of tangible fixed assets	¥13,831 million
3.	Monetary receivables from and monetary payables to subsidiaries and affiliates (excluding separate line item)	
	Short-term monetary receivables from subsidiaries and affiliates	¥1,359 million
	Short-term monetary payables to subsidiaries and affiliates	¥1,161 million

## Notes to the Non-Consolidated Statement of Income

Transactions with subsidiaries and affiliates	
Net sales	¥863 million
Net purchase	¥9,538 million
Transactions other than operating transactions	¥381 million

## Notes to the Non-Consolidated Statement of Changes in Equity

### Treasury stock

Class of shares	Number of shares at the beginning of the current fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at the end of the current fiscal year
Common stock (shares)	7,318,800	264	-	7,319,064

(Outline of causes for changes)

Details of number of shares increased are as follows.

Increase due to purchase of shares less than one unit: 264 shares

### Notes concerning tax effect accounting

Details by primary causes of deferred tax assets and deferred tax liabilities

#### Deferred tax assets:

Loss on valuation of investment in unconsolidated subsidiaries and affiliates	¥5,238 million
Allowance for doubtful accounts	¥1,302 million
Accrued bonuses for employees	¥1,180 million
Loss on valuation of investment securities	¥980 million
Provisions for loss on guarantees	¥856 million
Accrued enterprise tax	¥295 million
Accrued social insurance expenses	¥176 million
Accounting depreciation in excess of tax depreciation	¥112 million
Impairment loss	¥78 million
Other	¥461 million
<b>Sub-total</b>	<b>¥10,683 million</b>
<b>Provision for devaluation</b>	<b>¥8,441 million</b>
<b>Total of deferred tax assets</b>	<b>¥2,242 million</b>
<b>Deferred tax liabilities:</b>	
Valuation difference on available-for-sale securities	¥236 million
Other	¥50 million
<b>Total of deferred tax liabilities</b>	<b>¥287 million</b>
<b>Net of deferred tax assets</b>	<b>¥1,955 million</b>

## Notes concerning transactions with related parties

### 1. Parent company and major corporate shareholders, etc.

Not applicable.

### 2. Subsidiaries, affiliates, etc.

Attribution	Name of company, etc.	Capital stock or investments in capital	Description of business or occupation	Percentage of owning (owned) voting rights, etc. (%)	Relationship with related parties	Type of transaction	Transaction amount (millions of yen)	Account	Balance as of the end of the fiscal year (millions of yen)
Subsidiary	Tci-Business-Service Co., Ltd.	¥100 million	Domestic subsidiaries and affiliates	Owning Direct 100.0%	Liabilities for guarantees:	Guarantee of obligations (Note 1)	1,950	-	-
Subsidiary	TCT Services Co., Ltd.	1 million Thai baht	Overseas subsidiaries and affiliates	Owning Indirect 100.0%	Loan of funds	-	-	Long-term loans receivable from subsidiaries and affiliates (Note 2)	1,967
Subsidiary	Shine Harbour Ltd.	HKD402 million	Overseas subsidiaries and affiliates	Owning Direct 100.0%	Interlocking directors	Subscription to capital increase (Note 3)	1,381	-	-
Subsidiary	Transcosmos Information Systems Group Limited	GBP220 thousand	Overseas subsidiaries and affiliates	Owning Direct 10.0% Indirect 90.0%	Liabilities for guarantees:	Guarantee of obligations (Note 4, 5)	1,167	-	-
Affiliate	UNQ (Shanghai) Supply Chain Management Co., Ltd.	RMB149 million	Overseas subsidiaries and affiliates	Owning Direct 42.4%	Liabilities for guarantees:	Guarantee of obligations (Note 4)	3,060	-	-

Notes: Terms and conditions of transactions and the policies on determination thereof:

1. This is guarantee obligations from the subsidiaries and affiliates.
2. During the current fiscal year, provision of allowance for doubtful accounts of 205 million yen was provided for long-term loans receivable from subsidiaries and affiliates. At the end of the current fiscal year, the balance of the same provision stood at 1,849 million yen.
3. Subscription to capital increase represents the subscription to capital increases carried out by the subsidiary.
4. This is a guarantee for debt obligations to financial institutions.
5. During the current fiscal year, provision for loss on guarantees of 587 million yen was provided for loss on guarantees. At the end of the current fiscal year, the balance of the same provision stood at 1,167 million yen.
6. Transactional amounts and balances as of the end of the fiscal year are recorded exclusive of consumption taxes.
7. Percentages of owning (owned) voting rights, etc. are rounded off to the nearest first decimal place.

### 3. Brother companies

Not applicable.

### 4. Directors and primary individual shareholders

Not applicable.

## Notes concerning per share data

1. Net assets per share 1,479.32 yen
2. Profit per share 90.12 yen

**Notes concerning significant subsequent events**

Not applicable.