

OFFER DOCUMENT DATED 1 FEBRUARY 2019

THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about this Offer (as defined herein), you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.

PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”) is acting for and on behalf of Nojima Asia Pacific Pte. Ltd. (the “**Offeror**”), a wholly-owned subsidiary of Nojima Corporation (“**Nojima**”) and does not purport to advise the shareholders of Courts Asia Limited (“**CAL**” or the “**Company**”).

If you have sold or transferred all your ordinary shares in the capital of CAL (“**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Offer Document and the accompanying Form of Acceptance and Authorisation for Offer Shares (as defined herein) (“**FAA**”) to the purchaser or the transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or transferee. If you have sold or transferred all your Shares not held through CDP, you should immediately hand this Offer Document and the accompanying Form of Acceptance and Transfer for Offer Shares (“**FAT**”) to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale for onward transmission to the purchaser or the transferee.

The views of the directors of CAL who are considered independent for the purposes of the Offer (the “**CAL Independent Directors**”) and the independent financial adviser to the CAL Independent Directors on the Offer will be made available to you in due course. You may wish to consider their views before taking action in relation to the Offer.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Offer Document.

VOLUNTARY CONDITIONAL CASH OFFER

by



PrimePartners Corporate Finance Pte. Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200207389D)

for and on behalf of

Nojima Asia Pacific Pte. Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201842375E)

a wholly-owned subsidiary of



Nojima Corporation

(Incorporated in Japan)
(Company Registration No. 0210-01-013588)

for

Courts Asia Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 201001347K)

ACCEPTANCES SHOULD BE RECEIVED BY 5.30 P.M. ON 1 MARCH 2019 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

The procedures for acceptance of the Offer are set out in **Appendix 2** to this Offer Document and in the accompanying FAA and/or FAT.

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Offer Document and the Relevant Acceptance Forms (as defined herein):

“Acceptance Condition”	:	Shall have the meaning ascribed to it in Section 2.6 of the Letter to Shareholders in this Offer Document
“Accepting Shareholder”	:	Shall have the meaning ascribed to it in Section 2.5 of the Letter to Shareholders in this Offer Document
“Awards”	:	Shall have the meaning ascribed to it in Section 2.2(ii) of the Letter to Shareholders in this Offer Document
“Books Closure Date”	:	Shall have the meaning ascribed to it in Section 2.5(i) of the Letter to Shareholders in this Offer Document
“Business Day”	:	A day (other than Saturday, Sunday or public holiday) on which banks are open for general business in Singapore
“CAL” or the “Company”	:	Courts Asia Limited (Company Registration No. 201001347K)
“CAL Independent Directors”	:	The directors of CAL who are considered independent for the purposes of the Offer
“CDP”	:	The Central Depository (Pte) Limited
“Closing Date”	:	5.30 p.m. on 1 March 2019 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore
“Courts PSP”	:	Courts Performance Share Plan
“Courts SARP”	:	Courts Share Appreciation Rights Plan
“CPF”	:	The Central Provident Fund
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	CPF Investment Scheme
“CPFIS Investors”	:	Investors who purchase Shares using their CPF savings pursuant to the CPFIS
“Date of Receipt”	:	The date of receipt of the FAA by CDP
“Despatch Date”	:	1 February 2019, being the date of despatch of this Offer Document

“Dissenting Shareholders”	:	Shall have the meaning ascribed to it in Section 13.2 of the Letter to Shareholders in this Offer Document
“Distributions”	:	Shall have the meaning ascribed to it in Section 2.4 of the Letter to Shareholders in this Offer Document
“Electronic Acceptance”	:	The SGX-SFG service provided by CDP as listed in the Terms and Conditions for User Services for Depository Agents
“Encumbrance”	:	Shall have the meaning ascribed to it in Section 2.4 of the Letter to Shareholders in this Offer Document
“FAA”	:	The Form of Acceptance and Authorisation for Offer Shares in respect of the Offer, applicable to Shareholders whose Shares are deposited with CDP and which forms part of this Offer Document
“FA Announcement”	:	Shall have the meaning ascribed to it in Section 1.1 of the Letter to Shareholders in this Offer Document
“FAT”	:	The Form of Acceptance and Transfer for Offer Shares in respect of the Offer, applicable to Shareholders whose Shares are registered in their own names in the Register and are not deposited with CDP and which forms part of this Offer Document
“Final Day Rule”	:	Shall have the meaning ascribed to it in paragraph 1.5 of Appendix 1 to this Offer Document
“Free Float Requirement”	:	Shall have the meaning ascribed to it in Section 13.1 of the Letter to Shareholders in this Offer Document
“FY2016”	:	Financial year ended 31 March 2016
“FY2017”	:	Financial year ended 31 March 2017
“FY2018”	:	Financial year ended 31 March 2018
“Group”	:	CAL and its subsidiaries
“Irrevocable Undertaking”	:	Shall have the meaning ascribed to it in Section 7.1 of the Letter to Shareholders in this Offer Document
“JPY” or “¥”	:	Japanese Yen, being the lawful currency of Japan
“Last Trading Date”	:	16 January 2019, being the last Market Day on which there was trading in the Shares on the SGX-ST prior to the Offer Announcement Date
“Latest Practicable Date”	:	25 January 2019, being the latest practicable date prior to the printing of this Offer Document
“Listing Manual”	:	The Listing Manual of the SGX-ST
“Market Day”	:	A day on which the SGX-ST is open for the trading of securities

“Nojima”	:	Nojima Corporation
“Nojima Directors”	:	The directors of Nojima as at the Latest Practicable Date
“Nojima Financial Statements”	:	Shall have the meaning ascribed to it in paragraph 4 of Appendix 4 to this Offer Document
“Nojima Group”	:	Nojima and its subsidiaries
“Offer”	:	The voluntary conditional cash offer made by the Offeror for the Offer Shares on the terms and subject to the conditions set out in this Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
“Offer Announcement”	:	The announcement relating to the Offer released by the Offeror on the Offer Announcement Date
“Offer Announcement Date”	:	18 January 2019, being the date of the Offer Announcement
“Offer Document”	:	This document dated 1 February 2019, including the FAA and FAT, and any other document(s) which may be issued by the Offeror to amend, revise, supplement or update the document(s) from time to time
“Offer Price”	:	S\$0.205 in cash for each Offer Share
“Offer Shares”	:	All the Shares to which the Offer relates, as more particularly defined in Section 2.2 of the Letter to Shareholders in this Offer Document
“Offeror”	:	Nojima Asia Pacific Pte. Ltd.
“Offeror Directors”	:	The directors of the Offeror as at the Latest Practicable Date
“Overseas Shareholder”	:	Shall have the meaning ascribed to it in Section 16.1 of the Letter to Shareholders in this Offer Document
“PPCF”	:	PrimePartners Corporate Finance Pte. Ltd. (Company Registration No. 200207389D)
“Register”	:	The register of holders of Shares, as maintained by the Registrar
“Registrar” or “Receiving Agent”	:	Tricor Barbinder Share Registration Services
“Relevant Acceptance Forms”	:	The FAA and/or the FAT, as the case may be
“Relevant Day”	:	Shall have the meaning ascribed to it in paragraph 3.1 of Appendix 1 to this Offer Document
“Relevant Parties”	:	Shall have the meaning ascribed to it in Section 15.1 of the Letter to Shareholders in this Offer Document

“Relevant Period”	:	The period commencing on 18 October 2018 and ending on the Latest Practicable Date
“Relevant Persons”	:	Shall have the meaning ascribed to it in paragraph 3.8 of Appendix 2 to this Offer Document
“Relevant Securities”	:	(i) Shares; (ii) other securities which carry voting rights in the Company; and (iii) convertible securities, warrants, options, awards or derivatives in respect of any Shares or other securities which carry voting rights in the Company
“Rule 22.6 Period”	:	Shall have the meaning ascribed to it in paragraph 1.4 of Appendix 1 to this Offer Document
“Securities Account”	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
“Settled Offer Shares”	:	Shall have the meaning ascribed to it in paragraph 1.1(i)(b)(3) of Appendix 2 to this Offer Document
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore
“SGXNET”	:	Singapore Exchange Network
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited
“Shareholders”	:	Holders of Shares as indicated on the Register and Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Ordinary shares in the capital of CAL
“Shut-Off Notice”	:	Shall have the meaning ascribed to it in paragraph 1.4 of Appendix 1 to this Offer Document
“SIC”	:	The Securities Industry Council of Singapore
“SRG”	:	Singapore Retail Group Limited
“SRS”	:	The Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under SRS
“SRS Investors”	:	Investors who purchase Shares pursuant to SRS
“S\$” and “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore
“Unsettled Buy Position”	:	Shall have the meaning ascribed to it in paragraph 1.1(i)(b)(2) of Appendix 2 to this Offer Document
“VWAP”	:	Shall have the meaning ascribed to it in Section 10.3 of the Letter to Shareholders in this Offer Document
“%” or “per cent.”	:	Percentage or per centum

Acting in Concert and concert parties. The expression “**acting in concert**” and “**concert parties**” shall have the same meanings ascribed to them respectively in the Code.

Announcement, Notice, etc. References to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by PPCF or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

Depositors, etc. The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing a single gender shall, where applicable, include any or all genders. References to persons shall, where applicable, include corporations.

Headings. The headings in this Offer Document are inserted for convenience only and shall be ignored in construing this Offer Document.

Rounding. Any discrepancies in the tables in this Offer Document between the listed amounts and the totals thereof are due to rounding. Accordingly, any figure shown as a total may not be an arithmetic aggregation of the figures that precede it.

Shareholders. References to “**you**”, “**your**” and “**yours**” in this Offer Document are, as the context so determines, to Shareholders.

Statutes. Any reference in this Offer Document to any enactment is a reference to that enactment as for the time being amended or re-enacted, unless the context otherwise requires. Any word defined under the Companies Act, the Code, the Listing Manual, the SFA or any modification thereof and used in this Offer Document shall, where applicable, have the meaning assigned to that word under the Companies Act, the Code, the Listing Manual, the SFA or that modification, as the case may be, unless the context otherwise requires.

Subsidiaries, Related Corporations. The expressions “**subsidiary**” and “**related corporation**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Time and Date. Any reference to a time of day and date in this Offer Document shall be a reference to Singapore time and date respectively unless otherwise specified.

Total Number of Issued Shares and Percentage. In this Offer Document, the total number of Shares is a reference to a total of 517,464,469 Shares in issue as at the Latest Practicable Date (excluding treasury shares) unless the context otherwise requires. Unless otherwise specified, all references to a percentage shareholding in the capital of CAL in this Offer Document are based on 517,464,469 Shares in issue as at the Latest Practicable Date (excluding treasury shares).

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Offer Document are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future and conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Offeror’s current expectations, beliefs, hopes, intentions or strategies regarding future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors of the Company and shareholders and investors of Nojima should not place undue reliance on such forward-looking statements. Neither the Offeror, Nojima nor PPCF guarantees any future performance or event or undertakes any obligation to update publicly or revise any forward-looking statements.

LETTER TO SHAREHOLDERS



PrimePartners Corporate Finance Pte. Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200207389D)

1 February 2019

To: Shareholders of Courts Asia Limited

Dear Sir/Madam

VOLUNTARY CONDITIONAL CASH OFFER BY PPCF, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

1.1 Offer Announcement. On 18 January 2019, being the Offer Announcement Date, it was announced, *inter alia*, that Nojima Asia Pacific Pte. Ltd. (the “**Offeror**”), a wholly-owned subsidiary of Nojima Corporation (“**Nojima**”), intends to make a voluntary conditional cash offer for all the issued and outstanding Shares, in accordance with Section 139 of the SFA and Rule 15 of the Code.

It was subsequently announced on 22 January 2019 (the “**FA Announcement**”) that PPCF was appointed as the financial adviser to the Offeror.

Copies of each of the Offer Announcement and the FA Announcement are available on the website of the SGX-ST at www.sgx.com.

1.2 Offer Document. This Offer Document contains the formal offer by PPCF, for and on behalf of the Offeror, to acquire all the Offer Shares (as defined in **Section 2.2** of the Letter to Shareholders in this Offer Document). This Offer Document has been despatched to Shareholders on 1 February 2019, being the Despatch Date. **Shareholders are urged to read this Offer Document carefully.**

2. TERMS OF THE OFFER

2.1 Offer. The Offeror hereby makes the Offer to acquire all the Offer Shares, in accordance with Section 139 of the SFA and the Code.

2.2 Offer Shares. The Offer is extended to:

- (i) all issued and outstanding Shares; and
- (ii) all new Shares or treasury shares unconditionally issued or to be issued, or delivered or to be delivered, pursuant to the valid vesting and release of any outstanding share awards granted under the Courts PSP and the Courts SARP (the “**Awards**”) prior to the Closing Date,

(collectively, the “**Offer Shares**”).

2.3 Offer Consideration. The consideration for Offer Shares validly tendered in acceptance of the Offer will be:

For each Offer Share: S\$0.205 in cash (the “Offer Price”)

2.4 No Encumbrances. The Offer Shares will be acquired: (i) fully paid; (ii) free from any claim, charge, pledge, mortgage, encumbrance, lien, option, equity, power of sale, declaration of trust, hypothecation, retention of title, right of pre-emption, right of first refusal, moratorium or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing (each, an “**Encumbrance**”); and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights, other distributions and/or return of capital (if any) declared, paid or made by the Company in respect of the Offer Shares (collectively, “**Distributions**”) on or after the Offer Announcement Date.

2.5 Adjustments for Distributions. Without prejudice to the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by CAL on or after the Offer Announcement Date.

Accordingly, in the event any Distribution is or has been declared, paid or made by CAL in respect of the Offer Shares on or after the Offer Announcement Date, the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer (“**Accepting Shareholder**”) shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by such Accepting Shareholder falls, as follows:

- (i) if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the “**Books Closure Date**”) and the Offeror is registered as the holder of such Offer Shares as at the Books Closure Date, the Offer Price shall not be reduced for each such Offer Share, as the Offeror will receive the Distribution in respect of such Offer Shares from CAL; and
- (ii) if such settlement date falls after the Books Closure Date, or if such settlement date falls or on before the Books Closure Date but the Offeror is not registered as the holder of such Offer Shares as at the Books Closure Date, the Offer Price for each such Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Shares from CAL.

2.6 Conditions. The Offer will be subject to the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding more than 50 per cent. of the Shares in issue and outstanding as at the close of the Offer (including any Shares which may be unconditionally issued or delivered pursuant to the valid vesting and release of the Awards prior to the close of the Offer) (the “**Acceptance Condition**”).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of Shares amounting to more than 50 per cent. of the maximum potential issued share capital of CAL. For this purpose, the “**maximum potential issued share capital of CAL**” means the total number of Shares which would be in issue and be outstanding had all the Shares under Awards been issued or delivered as at the date of such declaration.

This Offer is not subject to any other condition.

3. WARRANTY

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof: (i) fully paid; (ii) free from all Encumbrances; and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions on or after the Offer Announcement Date.

4. NO AWARDS OFFER

Under the terms of the Courts PSP and the Courts SARP, the Awards are not transferable by the holders thereof. In view of this restriction, the Offeror will not be making an offer to acquire the Awards. For the avoidance of doubt, the Offer will be extended to all new Shares or treasury shares unconditionally issued or to be issued, or delivered or to be delivered, pursuant to the valid vesting and release of any outstanding Awards prior to the Closing Date.

5. DETAILS OF THE OFFER

Appendix 1 to this Offer Document sets out further details on: (i) the duration of the Offer; (ii) the settlement of the consideration for the Offer; (iii) the requirements relating to the announcement of the level of acceptances of the Offer; and (iv) the right of withdrawal of acceptances of the Offer.

6. PROCEDURES FOR ACCEPTANCE

Appendix 2 to this Offer Document sets out the procedures for acceptance of the Offer by a Shareholder.

7. IRREVOCABLE UNDERTAKING

7.1 Irrevocable Undertaking. As at the Offer Announcement Date, Singapore Retail Group Limited (“**SRG**”) has provided an irrevocable undertaking (the “**Irrevocable Undertaking**”) to the Offeror pursuant to which SRG has, amongst other things, unconditionally and irrevocably undertaken to the Offeror: (i) to tender all of its 382,000,000 Shares (representing approximately 73.8 per cent. of the Shares issued and paid-up as at the Latest Practicable Date) in acceptance of the Offer; and (ii) not to accept (or permit the acceptance of) any competing offer. Upon SRG’s acceptance of the Offer, the Offeror shall have received acceptances in respect of such number of Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of Shares amounting to more than 50 per cent. of the maximum potential issued share capital of the Company and the Offer shall become unconditional as to acceptances.

7.2 Cessation of Undertaking. The Irrevocable Undertaking shall lapse and be of no further force and effect on the date on which the Offer closes, lapses, fails to become or be declared unconditional or is withdrawn other than as a result of SRG breaching its obligations under the Irrevocable Undertaking.

7.3 Available for Inspection. A copy of the Irrevocable Undertaking is available for inspection at the office of PPCF at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 during normal business hours from the Offer Announcement Date until the date on which the Offer closes or lapses or is withdrawn in accordance with its terms.

7.4 No other Irrevocable Undertakings. Save for the Irrevocable Undertaking, as at the Offer Announcement Date, neither the Offeror nor any party acting in concert with the Offeror has received any undertakings from any other party to accept or reject the Offer.

8. INFORMATION ON THE OFFEROR AND NOJIMA

8.1 The Offeror. The Offeror is a private limited company incorporated in Singapore on 19 December 2018 for the purposes of making the Offer and its sole shareholder is Nojima. The Offeror has not carried on any business since its incorporation, except matters arising from or in relation to the Offer. As at the Latest Practicable Date, the Offeror has an issued share capital of S\$112,000,000 comprising 112,000,000 issued ordinary shares, and the directors of the Offeror are Mr Yasuhiko Tanokashira, Mr Yoshiteru Okawa and Mr Wong Hee Chai.

8.2 Nojima. Nojima was incorporated in Japan on 28 April 1962 and was listed on the Tokyo Stock Exchange on 16 July 2013. Nojima is an electric appliance retail chain mainly dealing with the sale of consumer digital appliances, including digital AV-related equipment, consumer electrical products and IT/information-related equipment, the operation of carrier shops which sell mobile phones and provide ancillary services and the provision of Internet and Web services in Japan. Nojima also has presence in Cambodia, where it specialises in digital appliances. Nojima has adopted a business model where it looks to combine its retail business with a consulting-based sales approach. Nojima has over 8,000 employees across over 850 established stores in Japan and two stores in Cambodia, and is committed to staff development and employee well-being.

As at the Latest Practicable Date, Nojima has a market capitalisation of approximately ¥111.2 billion (approximately S\$1.4 billion) and reported a latest audited revenue of approximately ¥500.9 billion (approximately S\$6.1 billion).

8.3 Additional Information. Appendices 3 and 4 to this Offer Document set out additional information on the Offeror and Nojima respectively.

9. INFORMATION ON THE COMPANY

9.1 CAL. Based on publicly available information, CAL was incorporated in Singapore on 18 January 2010 as a private limited company under the name of Courts Asia Pte. Ltd., and changed its name on 2 October 2012 in connection with its conversion into a public company. CAL and its subsidiaries (the “**Group**”) is a leading electrical, IT and furniture retailer in Southeast Asia. As a retail group, the Group works closely with supplier partners to retail and distribute electrical, IT and furniture products to customers in Singapore, Indonesia and Malaysia markets. With its roots as a furniture retailer from the United Kingdom, the Company was established in Singapore and Malaysia in 1974 and 1987 respectively and entered the Indonesia market in 2014. CAL has been listed on the Mainboard of the SGX-ST since 15 October 2012.

9.2 CAL Share Capital. As at the Latest Practicable Date, based on the latest information available to the Offeror¹, CAL has an issued and fully paid up share capital of S\$267.3 million, comprising 517,464,469 Shares with 42,535,531 treasury shares, and has granted certain Awards which will be released and vested in various tranches.

Save as disclosed above, the Offeror:

- (i) is not aware of any outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities which carry voting rights in the Company; and
- (ii) as far as it is aware:

- (a) CAL has not entered into any agreement, incurred any commitment or assumed any obligation to issue any new Shares, or sell, transfer or deliver any of its treasury shares; and

- (b) CAL does not intend to enter into any agreement, incur any commitment or assume any obligation to issue any new Shares, or sell, transfer or deliver any of its treasury shares, in each case in the three-month period from 15 January 2019,

other than to transfer or deliver treasury shares in settlement of payments with respect to non-executive directors' fees (as approved by the Company in its Annual General Meeting on 26 July 2018).

9.3 CAL Board. As at the Latest Practicable Date, the directors of CAL are:

- (i) Mr Jack Hennessy (Chairman, Non-Independent and Non-Executive Director);
- (ii) Dr Terence Donald O'Connor (Executive Director and Group Chief Executive Officer);
- (iii) Ms Kee Kim Eng (Executive Director and Group Chief Financial Officer);
- (iv) Mr Adnan Abdulaziz Ahmed AlBahar (Non-Independent and Non-Executive Director);
- (v) Mr Chey Chor Wai (Independent Non-Executive Director); and
- (vi) Mr Kewee Kho (Independent Non-Executive Director).

9.4 Additional Information. Appendix 5 to this Offer Document sets out additional information on CAL.

10. RATIONALE FOR THE OFFER

10.1 Combination of complementary business and expertise to realise potential synergies

The Offeror has been contemplating the entry into the consumer appliance retail market in Southeast Asia, where market growth is expected. With the acquisition of the Company, the Offeror expects to gain a strong foothold in Southeast Asia.

¹ Based on the business profile of the Company extracted from the Accounting and Corporate Regulatory Authority of Singapore on the Latest Practicable Date and various announcements by the Company on SGXNET as at the Latest Practicable Date.

In addition, the Offeror is of the view that the Company's and its business are complementary and there are potential synergies that can be created, including cross-selling to an enlarged customer base, economies of scale, improvement of productivity and cost efficiencies, as well as the sharing of knowledge such as know-how and best practices.

10.2 Opportunity for shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity

The trading volume of the Shares has been generally low, with an average daily trading volume of approximately 112,329 Shares, 87,883 Shares, 84,585 Shares and 160,550 Shares during the one-month period, three-month period, six-month period and 12-month period respectively up to and including 16 January 2019², being the last Market Day on which there was trading in the Shares on SGX-ST prior to the Offer Announcement Date (the "**Last Trading Date**"). This represents only approximately 0.02%, 0.02%, 0.02% and 0.03% of the Shares respectively.

Hence, the Offer represents a clean cash exit opportunity for Shareholders to realise their investment without incurring brokerage and other trading costs, an option which may not otherwise be readily available due to the low trading liquidity of the Shares.

10.3 Opportunity for minority shareholders to realise their investment in the Shares at a premium

The closing price of the Shares have not been at or above the Offer Price since 27 July 2018. The Offer Price represents an approximately 34.9% premium above the closing price on the Last Trading Date, and an approximately 35.8%, 34.0% and 23.5% premium above the volume weighted average price ("**VWAP**") per Share for the one-month, three-month and six-month period prior to and including the Last Trading Date, respectively.

Shareholders who tender their Shares pursuant to the Offer will have an opportunity to realise their investment in CAL for a cash consideration at a significant premium above the historical market share prices, without incurring any brokerage and other trading costs.

11. THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

Upon completion of the Offer, the Offeror may undertake a strategic and operational review of the Company with a view to realising synergies, economies of scale, cost efficiencies and growth potential. The Offeror will also consider delisting the Company from the SGX-ST in the event it achieves the requisite acceptances for such delisting, in order to facilitate management and operational control and leverage over the Company and its subsequent developments.

Save as disclosed in this Offer Document, the Offeror has no current intention to: (i) introduce any major changes to the business of the Company; (ii) re-deploy the fixed assets of the Company; or (iii) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business. The Offeror retains its flexibility at any time to consider any options in relation to the Group which may present themselves and which the Offeror may regard to be in its interest.

² There was no trading in the Shares on the SGX-ST on 17 January 2019.

12. FINANCIAL ASPECTS OF THE OFFER

The Offer Price represents the following premia over/(discounts) to certain historical market prices of the Shares as set out below:

Description	Benchmark Price (S\$) ³	Premia over/ (Discount) to Benchmark Price (%) ⁴
Last traded price of the Shares on the SGX-ST on the Last Trading Date	0.152	34.9
VWAP for the one-month period up to and including the Last Trading Date	0.151	35.8
VWAP for the three-month period up to and including the Last Trading Date	0.153	34.0
VWAP for the six-month period up to and including the Last Trading Date	0.166	23.5
VWAP for the 12-month period up to and including the Last Trading Date	0.241	(14.9)

13. LISTING STATUS, COMPULSORY ACQUISITION AND SECTION 215(3) PUT RIGHT

13.1 Listing Status and Trading Suspension. Under Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings of the Shares owned by the Offeror and parties acting in concert with the Offeror to above 90 per cent. of the total number of Shares (excluding treasury shares), the SGX-ST may suspend the trading of the listed securities of CAL on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the total number of Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public (the “**Free Float Requirement**”). Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the total number of Shares (excluding treasury shares), thus causing the percentage of the total number of Shares (excluding treasury shares) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of the Shares at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of Shares (excluding treasury shares) held in public hands falls below 10 per cent., CAL must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the listed securities of CAL on the SGX-ST. Rule 724(2) of the Listing Manual further states that the SGX-ST may allow CAL a period of three months, or such longer period as the SGX-ST may agree, for the percentage of the total number of Shares (excluding treasury shares) held by members of the public to be raised to at least 10 per cent., failing which CAL may be removed from the Official List of the SGX-ST.

³ Rounded to the nearest three decimal places.

⁴ The premia over/(discount) to Benchmark Price was calculated based on the rounded Benchmark Price and subsequently rounded to the nearest one decimal place.

13.2 Compulsory Acquisition. Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires Shares from the Despatch Date otherwise than through valid acceptances of the Offer, in respect of not less than 90 per cent. of the total number of Shares in issue as at the close of the Offer (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date), the Offeror will be entitled to exercise its right to compulsorily acquire, at the Offer Price, all Shares held by Shareholders who have not accepted the Offer (“**Dissenting Shareholders**”).

In addition, pursuant to Section 215(3) of the Companies Act, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with treasury shares and the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90 per cent. or more of the total number of Shares. **Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.**

13.3 Offeror’s Intentions. As mentioned above, the Offeror will consider delisting the Company from the SGX-ST in the event it achieves the requisite acceptances for such delisting, in order to facilitate management and operational control and leverage over the Company and its subsequent developments. The Offeror, if so entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to support any action or take any steps to maintain the listing status of the Company in the event the Free Float Requirement is not met and the trading of the Shares on the SGX-ST is suspended.

14. CONFIRMATION OF FINANCIAL RESOURCES

PPCF, as the sole financial adviser to the Offeror in relation to the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

15. DISCLOSURE OF HOLDINGS, DEALINGS AND OTHER ARRANGEMENTS

15.1 Holdings and Dealings in Relevant Securities. As at the Latest Practicable Date, based on the latest information available to the Offeror, and save as disclosed in this Offer Document (including **Appendix 6** to this Offer Document), none of: (i) the Offeror or Nojima; (ii) the directors of each of the entities identified above; (iii) PPCF; and (iv) any other person acting in concert with the Offeror (collectively, the “**Relevant Parties**”):

- (i) owns, controls or has agreed to acquire any Relevant Securities; or
- (ii) has dealt for value in any Relevant Securities during the Relevant Period.

15.2 Other Arrangements. As at the Latest Practicable Date, based on the latest information available to the Offeror and save as disclosed in this Offer Document (including **Section 7** of the Letter to Shareholders in this Offer Document and **Appendix 6** to this Offer Document), none of the Relevant Parties has:

- (i) entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code with any person, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to any Relevant Securities which may be an inducement to deal or refrain from dealing;

- (ii) received any irrevocable commitment to accept the Offer in respect of any Relevant Securities;
- (iii) granted any security interest in respect of any Relevant Securities in favour of any other person, whether through a charge, pledge or otherwise;
- (iv) borrowed any Relevant Securities from any other person (excluding those which have been on-lent or sold); or
- (v) lent any Relevant Securities to any other person.

16. OVERSEAS SHAREHOLDERS

16.1 Overseas Shareholders. This Offer Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being proposed in any jurisdiction in which the introduction or implementation of the Offer would not be in compliance with the laws of such jurisdiction. Where there are potential restrictions on sending this Offer Document (including the Relevant Acceptance Forms) and/or any related documents to any overseas jurisdictions, the Offeror and PPCF each reserves the right not to send this Offer Document (including the Relevant Acceptance Forms) and/or any related documents to such overseas jurisdictions. The availability of the Offer to Shareholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the records of CDP (each, an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions. **For the avoidance of doubt, the Offer is made to all Shareholders including those to whom this Offer Document (including the Relevant Acceptance Forms) have not been, or will not be, sent.**

16.2 Copies of the Offer Document and Relevant Acceptance Forms. Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain copies of this Offer Document (including the Relevant Acceptance Forms) and/or any related documents, during normal business hours up to the Closing Date from Tricor Barbinder Share Registration Services (if he is a scrip holder) at 80 Robinson Road, #02-00, Singapore 068898 or The Central Depository (Pte) Limited (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Alternatively, Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) write to the Offeror at Nojima Asia Pacific Pte. Ltd. c/o Tricor Barbinder Share Registration Services (if he is a scrip holder) at 80 Robinson Road, #02-00, Singapore 068898 or The Central Depository (Pte) Limited (if he is a Depositor) at Robinson Road P.O. Box 1984, Singapore 903934, to request for this Offer Document (including the Relevant Acceptance Forms) and/or any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

16.3 Compliance with Applicable Laws. It is the responsibility of any Overseas Shareholder who wishes to: (i) request for this Offer Document (including the Relevant Acceptance Forms) and/or any related documents; or (ii) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall also be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including PPCF and the Registrar/ Receiving Agent) shall be fully indemnified and held harmless by such Overseas

Shareholder for any such taxes, imposts, duties or other requisite payments that may be required to be paid and the Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer and/or any acquisition of Shares pursuant to Section 215(1) or 215(3) of the Companies Act. In: (i) requesting for this Offer Document (including the Relevant Acceptance Forms) and/or any related documents; and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, PPCF, CDP and the Registrar/Receiving Agent that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction. All Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdiction.

- 16.4 Notice.** The Offeror and PPCF each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement.

17. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks (as the case may be) directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks (as the case may be) should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks (as the case may be) by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks (as the case may be). Subject to the Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CPFIS Investors and SRS Investors who validly accept the Offer will receive the payment for their Offer Shares in their respective CPF investment accounts and SRS investment accounts (as the case may be).

18. GENERAL

- 18.1 Disclaimer and Discretion.** The Offeror and PPCF each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of any of them at any place or places determined by them otherwise than as stated herein or in the Relevant Acceptance Forms, or if made otherwise than in accordance with the provisions herein and instructions printed on the Relevant Acceptance Forms.

- 18.2 Governing Law and Jurisdiction.** The Offer, this Offer Document (including the Relevant Acceptance Forms), and all acceptances of the Offer and all contracts made pursuant thereto and actions taken or made or deemed to be taken or made thereunder shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Offeror and each Accepting Shareholder submit to the non-exclusive jurisdiction of the Singapore courts.

- 18.3 No Third Party Rights.** Unless expressly provided to the contrary in this Offer Document (including the Relevant Acceptance Forms), a person who is not a party to any contracts made pursuant to the Offer and this Offer Document (including the Relevant Acceptance Forms) has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.
- 18.4 Accidental Omission.** Accidental omission to despatch this Offer Document (including the Relevant Acceptance Forms) or any notice or announcement required to be given under the terms of the Offer to, or any failure to receive the same by any person to whom the Offer is made or should be made, shall not invalidate the Offer in any way.
- 18.5 Independent Advice.** PPCF is acting for and on behalf of the Offeror, and does not purport to advise the Shareholders and/or any other person. In preparing this Letter to Shareholders on behalf of the Offeror, PPCF has not had regard to the general or specific investment objectives, tax positions, risk profiles, financial situation or particular needs and constraints of any individual Shareholder. The views of the CAL Independent Directors and the independent financial adviser to the CAL Independent Directors on the Offer will be made available to Shareholders in due course. The CAL Independent Directors are required under the Code to despatch their views within 14 days of the Despatch Date. Shareholders may wish to consider their advice before taking any action in relation to the Offer.
- 18.6 General Information. Appendix 7** to this Offer Document sets out additional general information relating to the Offer.

19. RESPONSIBILITY STATEMENT

- 19.1 Offeror.** The Offeror Directors (including any Offeror Director who may have delegated detailed supervision of the preparation of this Offer Document) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Offer Document are fair and accurate and that there are no other material facts not contained in this Offer Document, the omission of which would make any statement in this Offer Document misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from CAL, the sole responsibility of the Offeror Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offer Document.

The Offeror Directors jointly and severally accept responsibility accordingly.

- 19.2 Nojima.** The Nojima Directors (including any Nojima Director who may have delegated detailed supervision of the preparation of this Offer Document) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Offer Document are fair and accurate and that there are no other material facts not contained in this Offer Document, the omission of which would make any statement in this Offer Document misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from CAL, the sole responsibility of the Nojima Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offer Document.

The Nojima Directors jointly and severally accept responsibility accordingly.

Issued by
PrimePartners Corporate Finance Pte. Ltd.

For and on behalf of
Nojima Asia Pacific Pte. Ltd.

1 February 2019

Any inquiries relating to the Offer should be directed during office hours to:

PrimePartners Corporate Finance Pte. Ltd.
Tel: +65 6229 8088

APPENDIX 1 – DETAILS OF THE OFFER

1. DURATION OF THE OFFER

1.1 First Closing Date. The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder. **Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 1 March 2019 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

1.2 Subsequent Closing Date(s). If the Offer is extended and:

- (i) is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date; or
- (ii) is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days prior notice in writing before it may close the Offer.

1.3 No Obligation to Extend Offer. The Offeror is not obliged to extend the Offer if the Acceptance Condition is not fulfilled by the Closing Date.

1.4 Offer to Remain Open for 14 Days after Becoming or Being Declared Unconditional as to Acceptances. In order to give Shareholders who have not accepted the Offer the opportunity to accept the Offer after the Offer has become or is declared unconditional as to acceptances, the Offer will remain open for a period (“**Rule 22.6 Period**”) of not less than 14 days after the date on which it would otherwise have closed.

This requirement does not apply if, before the Offer has become or is declared unconditional as to acceptances, the Offeror has given Shareholders at least 14 days’ notice in writing (“**Shut-Off Notice**”) that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:

- (i) the Offeror may not give a Shut-Off Notice in a competitive situation; and
- (ii) the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.

For these purposes, the SIC would normally regard a “competitive situation” to have arisen if a competing offer for CAL has been announced.

If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with **paragraph 3.1** of this **Appendix 1**, the Rule 22.6 Period will run from the date of such confirmation (if given) or the date on which the Offer would otherwise have closed, whichever is later.

1.5 Final Day Rule. The Offer (whether revised or not) will not be capable:

- (i) of becoming or being declared unconditional as to acceptances after 5.30 p.m. (Singapore time) on the 60th day after the Despatch Date; or
- (ii) of being kept open after 5.30 p.m. (Singapore time) on the 60th day after the Despatch Date unless the Offer has previously become or been declared to be unconditional as to acceptances,

provided that the Offeror may extend the Offer beyond such 60-day period with the SIC’s prior consent (“**Final Day Rule**”). The SIC will normally grant such permission if a competing offer has been announced.

1.6 Revision. The Offeror reserves the right to revise the terms of the Offer at such time and in such manner as it may consider appropriate. Pursuant to Rule 20.1 of the Code, the terms of the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.

2. SETTLEMENT

When Settlement is Due for All Shareholders. Subject to the Offer becoming or being declared unconditional in all respects and to the receipt by the Offeror from Accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Offer Document and in the Relevant Acceptance Forms, and in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the number of Offer Shares tendered by the Depositor in acceptance of the Offer are standing to the credit of the "Free Balance" of the Depositor's Securities Account at the relevant time(s), remittances in the form of S\$ crossed cheques for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to the Accepting Shareholders (or, in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by ordinary post, at the risk of the Accepting Shareholders, or (in the case of Shareholders who are also Depositors) in such other manner as they may have agreed with CDP for payment of any cash distribution as soon as practicable and in any case:

- (i) in respect of acceptances of the Offer which are complete and valid in all respects and are received **on or before** the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within seven (7) Business Days of that date; or
- (ii) in respect of acceptances of the Offer which are complete and valid in all respects and are received **after** the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Offer closes, within seven (7) Business Days of the date of such receipt.

3. ANNOUNCEMENTS

3.1 Timing and Contents. Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the Market Day ("**Relevant Day**") immediately after the day on which the Offer is due to expire, or the Offer becomes or is declared to be unconditional as to acceptances, or the Offer is revised or extended, the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):

- (i) for which valid acceptances of the Offer have been received;
- (ii) held by the Offeror and any of its concert parties prior to the commencement of the Offer period; and
- (iii) acquired or agreed to be acquired by the Offeror and any of the concert parties during the Offer period,

and will specify the percentages of the total number of Shares represented by such numbers.

3.2 Suspension. Under Rule 28.2(a) of the Code, if the Offeror is unable, within the time limit, to comply with any of the requirements in **paragraph 3.1** of this **Appendix 1**, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

3.3 Valid Acceptances for Offer Shares. Under Rule 28.1 of the Code, subject to **Section 18.1** of the Letter to Shareholders in this Offer Document, in computing the number of Offer Shares represented by acceptances, the Offeror will, at the time of making an announcement, take into account acceptances which are valid in all respects. Acceptances of the Offer will only be treated as valid for the purposes of the Acceptance Condition if the relevant requirements of Note 2 on Rule 28.1 of the Code are met.

4. RIGHT OF WITHDRAWAL

4.1 Acceptances Irrevocable. Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.

4.2 Right of Withdrawal of Shareholders. A Shareholder who has accepted the Offer may:

- (i) withdraw his acceptance immediately if the Offer has become or been declared to be unconditional as to acceptances but the Offeror fails to comply with any of the requirements set out in **paragraph 3.1** of this **Appendix 1** by 3.30 p.m. (Singapore time) on the Relevant Day. Subject to Rule 22.9 of the Code in relation to the Final Day Rule, the Offeror may terminate this right of withdrawal not less than eight (8) days after the Relevant Day by confirming (if that be the case) that the Offer is still unconditional as to acceptances and by complying with Rule 28.1 of the Code and the requirements set out in **paragraph 3.1** of this **Appendix 1**;
- (ii) withdraw his acceptance after 14 days from the first Closing Date, if the Offer has not by then become or been declared unconditional as to acceptances. Such entitlement to withdraw may be exercisable until such time as the Offer becomes or is declared to be unconditional as to acceptances; and
- (iii) withdraw his acceptance immediately if a competing offer for the Offer Shares becomes or is declared to be unconditional as to acceptances. This right of withdrawal also applies in the converse situation, i.e. if the Offer becomes or is declared to be unconditional as to acceptances, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance for such offer immediately.

4.3 Procedures for Withdrawal of Acceptances. To withdraw his acceptance under the Offer:

- (i) an Accepting Shareholder holding Offer Shares which **are not deposited with** CDP must give written notice to the Offeror at Nojima Asia Pacific Pte. Ltd. c/o Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898; and
- (ii) an Accepting Shareholder holding Offer Shares which **are deposited with** CDP must give written notice to the Offeror at Nojima Asia Pacific Pte. Ltd. c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588.

A notice of withdrawal shall be effective only if signed by the Accepting Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the said notice and when actually received by the Offeror.

APPENDIX 2 – PROCEDURES FOR ACCEPTANCE

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER BY DEPOSITORS

1.1 Depositors whose Securities Account are credited with Offer Shares. If you have Offer Shares standing to the credit of the “Free Balance” of your Securities Account, you should receive this Offer Document together with a FAA. If you do not receive the FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

Acceptance. If you wish to accept the Offer in respect of all or any of your Offer Shares, you should:

(i) complete the FAA in accordance with the provisions and instructions in this Offer Document and the FAA (which provisions and instructions shall be deemed to form part of the terms and conditions of the Offer). In particular, you must state in **Part A** of the FAA, the number of Offer Shares already standing to the credit of the “Free Balance” of your Securities Account in respect of which you wish to accept the Offer. Please note that:

(a) if you:

- (1) do not specify such number; or
- (2) specify a number which exceeds the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. (Singapore time) on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt is on or before the Closing Date),

you shall be deemed to have accepted the Offer in respect of all the Offer Shares already standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. (Singapore time) on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date); and

(b) if:

- (1) at the time of verification by CDP of the FAA on the Date of Receipt, **paragraph 1.1(i)(a)(2)** of this **Appendix 2** is applicable in respect of the FAA;
- (2) there are, at such time of verification and/or at any subsequent time before 5.30 p.m. (Singapore time) on the Closing Date, outstanding settlement instructions with CDP to receive further Offer Shares into the “Free Balance” of your Securities Account (“**Unsettled Buy Position**”); and
- (3) the Unsettled Buy Position will settle such that the Offer Shares in the Unsettled Buy Position (A) are transferred to the “Free Balance” of your Securities Account on the Date of Receipt or (B) will be transferred to the “Free Balance” of your Securities Account on or before 5.30 p.m. (Singapore time) on the Closing Date (“**Settled Offer Shares**”),

then you will also be deemed to have accepted the Offer in respect such number of Settled Offer Shares representing the balance number of Offer Shares inserted in **Part A** of the FAA which has not yet been accepted pursuant to **paragraph 1.1(i)(a)(2)** of this **Appendix 2**, or all Settled Offer Shares, whichever is less;

- (ii) sign the FAA in accordance with this **Appendix 2** and the instructions printed on the FAA; and
- (iii) deliver the duly completed and signed FAA (no part may be detached or otherwise mutilated) either:
 - (a) **by hand**, to Nojima Asia Pacific Pte. Ltd. c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or
 - (b) **by post**, in the enclosed pre-addressed envelope at your own risk, to Nojima Asia Pacific Pte. Ltd. c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in either case so as to arrive no later than 5.30 p.m. (Singapore time) on the Closing Date. If the duly completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope, which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting from outside of Singapore.

If you have sold or transferred all your Offer Shares held through CDP, you need not forward this Offer Document and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or transferee.

If you are a Depository Agent, you may accept the Offer via Electronic Acceptance. CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf and such Electronic Acceptances must be submitted **no later than 5.30 p.m. (Singapore time) on the Closing Date.** Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Offer Document as if the FAA had been completed and delivered to CDP.

1.2 Depositors whose Securities Accounts will be credited with Offer Shares. If you have purchased Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the “Free Balance” of your Securities Account, you should also receive this Offer Document together with a FAA. If you do not receive the FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you have purchased the Offer Shares on the SGX-ST, from CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

Acceptance. If you wish to accept the Offer in respect of such Offer Shares, you should, **AFTER** the “Free Balance” of your Securities Account has been credited with such number of Offer Shares:

- (i) complete and sign the FAA in accordance with **paragraph 1.1** of this **Appendix 2** and the instructions printed on the FAA; and
- (ii) deliver the duly completed and signed FAA (no part may be detached or otherwise mutilated) either:
 - (a) **by hand**, to Nojima Asia Pacific Pte. Ltd. c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or
 - (b) **by post**, in the enclosed pre-addressed envelope at your own risk, to Nojima Asia Pacific Pte. Ltd. c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in each case so as to arrive no later than 5.30 p.m. (Singapore time) on the Closing Date. If the duly completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope which is enclosed with the FAA, which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting from outside of Singapore.

Rejection. If upon receipt by CDP, on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been or will not be, credited to the “Free Balance” of your Securities Account (as, for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected. None of CDP, PPCF, the Registrar/Receiving Agent and/or the Offeror accepts any responsibility or liability in relation to such a rejection, including the consequences thereof.

If you purchase Offer Shares on the SGX-ST, your acceptance in respect of such Offer Shares is liable to be rejected if the “Free Balance” of your Securities Account is not credited with such Offer Shares by 5.00 p.m. (Singapore time) on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date), save where you had indicated the number of Offer Shares you wish to tender in acceptance of the Offer in **Part A** of the FAA and there is an Unsettled Buy Position on or subsequent to the time of verification by CDP of the FAA on the Date of Receipt which settles on or before 5.30 p.m. (Singapore time) on the Closing Date. If an Unsettled Buy Position does not settle on or before 5.30 p.m. (Singapore time) on the Closing Date, your acceptance in respect of such Offer Shares will be rejected. None of CDP, PPCF, the Registrar/Receiving Agent and the Offeror accepts any responsibility or liability in relation to such a rejection, including the consequences thereof.

- 1.3 Depositors whose Securities Accounts are and will be credited with Offer Shares.** If you have Offer Shares credited to the “Free Balance” of your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to the “Free Balance” of your Securities Account, you may accept the Offer in respect of the Offer Shares standing to the credit of the “Free Balance” of your Securities Account and may accept the Offer in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account only **AFTER** the “Free Balance” of your Securities Account has been credited with such number of Offer Shares. The provisions set out above shall apply in the same way to your acceptance of the Offer.
- 1.4 FAAs received on Saturdays, Sundays and Public Holidays.** For the avoidance of doubt, FAAs received by CDP on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.
- 1.5 General.** No acknowledgement will be given by CDP for submissions of FAAs. All communications, notices, documents and payments to be delivered or sent to you will be sent by ordinary post at your own risk to your address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify such number in your Securities Account: (i) through CDP Online if you have registered for the CDP Internet Access Service; or (ii) through the CDP Phone Service using SMS OTP, under the option “To check your securities balance”.
- 1.6 Blocked Balance.** Upon receipt of the signed original of the FAA which is complete and valid in all respects, CDP will take such measures as it may consider necessary or expedient to prevent any trading of the Offer Shares in respect of which you have accepted the Offer during the period commencing on the Date of Receipt and ending on the date of settlement of the consideration for such Offer Shares, in the event of the Offer becoming or being declared to be unconditional in all respects in accordance with its terms (including,

without limitation, earmarking or blocking the Offer Shares in respect of which you have accepted the Offer and/or transferring them to the “Blocked Balance” of your Securities Account). Such Offer Shares will be held in the “Blocked Balance” until the consideration for such Offer Shares has been despatched to you.

1.7 Notification. If you have accepted the Offer in accordance with the provisions contained in this **Appendix 2** and the FAA, upon the Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the Offer Price by way of a cheque drawn on a bank in Singapore for the appropriate amount and sent by ordinary mail to your mailing address as recorded with CDP, or in such other manner that you have agreed with CDP for the payment of any cash distribution, at your own risk, as soon as practicable and in any event:

- (i) in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is declared unconditional in all respects in accordance with its terms, within seven (7) Business Days of that date; or
- (ii) in respect of acceptances of the Offer which are complete and valid in all respects and are received after the date on which the Offer becomes or is declared unconditional in all respects in accordance with its terms, but before the Offer closes, within seven (7) Business Days of the date of such receipt.

1.8 Return of Offer Shares. In the event the Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, CDP will return the aggregate number of Offer Shares in respect of which you have accepted the Offer and tendered for acceptance under the Offer to the “Free Balance” of your Securities Account as soon as possible but in any event within 14 days from the lapse or withdrawal of the Offer.

2. PROCEDURES FOR ACCEPTANCE OF THE OFFER BY SCRIPHOLDERS

2.1 Shareholders whose Shares are not deposited with CDP. If you hold Offer Shares which are not deposited with CDP (“**in scrip form**”), you should receive this Offer Document together with a FAT. If you do not receive a FAT, you may obtain a copy, upon production of satisfactory evidence that you are a Shareholder, from the Receiving Agent, at its office located at 80 Robinson Road, #02-00, Singapore 068898.

2.2 Acceptance. If you wish to accept the Offer in respect of such Offer Shares, you should:

- (i) complete the FAT in accordance with the provisions and instructions in this Offer Document and the FAT (which provisions and instructions shall be deemed to form part of the terms and conditions of the Offer). In particular, you must state in **Part A** of the FAT, the number of Offer Shares in respect of which you wish to accept the Offer and state in **Part B** of the FAT, the share certificate number(s) of the relevant share certificate(s). If you:
 - (a) do not specify a number in **Part A** of the FAT; or
 - (b) specify a number in **Part A** of the FAT which exceeds the number of Offer Shares represented by the attached share certificate(s) accompanying the FAT,

you shall be deemed to have accepted the Offer in respect of the total number of Offer Shares represented by the share certificate(s) accompanying the FAT;

- (ii) sign the FAT in accordance with this **Appendix 2** and the instructions printed on the FAT; and
- (iii) deliver:
 - (a) the duly completed and signed FAT in its entirety (no part may be detached or otherwise mutilated);
 - (b) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Receiving Agent relating to the Offer Shares in respect of which you wish to accept the Offer. If you are recorded in the Register as holding Offer Shares but do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the constitution of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this Offer Document and the FAT;
 - (c) where such Offer Shares are not registered in your name, a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or a person authorised by it); and
 - (d) any other relevant document(s),

either:

- (1) **by hand**, to Nojima Asia Pacific Pte. Ltd. c/o Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898; or
- (2) **by post**, in the enclosed pre-addressed envelope at your own risk, to Nojima Asia Pacific Pte. Ltd. c/o Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898,

in each case so as to arrive no later than 5.30 p.m. (Singapore time) on the Closing Date. If the duly completed and signed FAT is delivered by post to the Offeror, please use the enclosed pre-addressed envelope at your own risk which is enclosed with the FAT, which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting from outside of Singapore.

2.3 Receipt. No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) and/or any other accompanying document(s) will be given by the Offeror, PPCF or the Receiving Agent.

2.4 Return of Offer Shares. In the event the Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, the FAT, the share certificate(s) and any other accompanying document(s) will be returned to you as soon as possible but, in any event, within 14 days of the lapse or withdrawal of the Offer.

2.5 FATs received on Saturdays, Sundays and Public Holidays. For the avoidance of doubt, FATs received by the Receiving Agent on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.

3. GENERAL

- 3.1 Disclaimer and Discretion.** The Offeror, PPCF, the Registrar/Receiving Agent and/or CDP will be entitled, in their sole and absolute discretion, to reject or treat as valid any acceptance of the Offer through the FAA and/or the FAT, as the case may be, which is not entirely in order or which does not comply with the terms of this Offer Document and the Relevant Acceptance Forms or which is otherwise incomplete, incorrect, unsigned or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the FAA and/or the FAT, as the case may be, is properly completed in all respects and that the FAA and/or the FAT, as the case may be, should be submitted with original signature(s) and that all required documents, where applicable, are provided. Any decision to reject or treat as valid any acceptance will be final and binding and none of the Offeror, PPCF, the Registrar/Receiving Agent and/or CDP accepts any responsibility or liability for such a decision, including the consequences of such a decision. The Offeror and PPCF each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of any of them at any place or places determined by them otherwise than as stated in this Offer Document and in the FAA and/or the FAT, as the case may be, or if made otherwise than in accordance with the provisions of this Offer Document and in the FAA and/or the FAT, as the case may be.
- 3.2 Scrip and Scripless Shares.** If you hold some Offer Shares in scrip form and others with CDP, you should complete a FAT for the former and a FAA for the latter in accordance with the respective procedures set out in this **Appendix 2** and the Relevant Acceptance Forms if you wish to accept the Offer in respect of such Offer Shares.
- 3.3 Deposit Time.** If you hold Offer Shares in scrip form, the Offer Shares may not be credited into your Securities Account with CDP in time for you to accept the Offer by way of the FAA if you were to deposit your share certificate(s) with CDP during the period commencing from the Despatch Date and ending on the Closing Date (both dates inclusive). If you wish to accept the Offer in respect of such Offer Shares held in scrip form, you should complete a FAT and follow the procedures set out in **paragraph 2** of this **Appendix 2**.
- 3.4 Correspondences.** All communications, certificates, notices, documents and remittances to be delivered or sent to you (or in the case of scrip holders, your designated agent or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first named in the records of CDP or the Register, as the case may be) will be sent by ordinary post to your respective mailing addresses as they appear in the records of CDP or the Register, as the case may be, at the risk of the person entitled thereto (or for the purposes of remittances only, to such different name and addresses as may be specified by you in the FAA and/or the FAT, as the case may be, at your own risk).
- 3.5 Evidence of Title.** Delivery of the duly completed and signed FAA and/or FAT, together with the relevant share certificate(s) and/or other documents of title (where applicable) and/or other relevant document(s) required by the Offeror, PPCF, CDP and/or the Registrar/Receiving Agent, to the Offeror, CDP and/or the Registrar/Receiving Agent, as the case may be, shall be conclusive evidence in favour of the Offeror, PPCF, CDP and/or the Registrar/Receiving Agent, as the case may be, of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.
- 3.6 Loss of Transmission.** The Offeror, PPCF, CDP and/or the Registrar/Receiving Agent as the case may be, shall not be liable for any loss in transmission of the FAA and/or the FAT.

- 3.7 Acceptances Irrevocable.** Except as expressly provided in this Offer Document and the Code, the acceptance of the Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable and any instructions or subsequent FAA(s) and/or FAT(s) received by CDP and/or the Registrar/Receiving Agent, as the case may be, after the FAA and/or the FAT, as the case may be, has been received shall be disregarded.
- 3.8 Personal Data Privacy.** By completing and delivering a Relevant Acceptance Form, each person: (i) consents to the collection, use and disclosure of his personal data by CDP, the Registrar/Receiving Agent, the Offeror, PPCF and the Company (the “**Relevant Persons**”) for the purpose of facilitating his acceptance of the Offer, and in order for the Relevant Persons to comply with any applicable laws, regulations and/or guidelines; (ii) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable laws, regulations and/or guidelines; and (iii) agrees that he will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.

APPENDIX 3 – ADDITIONAL INFORMATION ON THE OFFEROR

1. DIRECTORS

The names, addresses and description of the Offeror Directors as at the Latest Practicable Date are as follows:

Name	Address	Description
Mr Yasuhiko Tanokashira	c/o 80 Robinson Road, #02-00, Singapore 068898	Director
Mr Yoshiteru Okawa	c/o 80 Robinson Road, #02-00, Singapore 068898	Director
Mr Wong Hee Chai	c/o 80 Robinson Road, #02-00, Singapore 068898	Director

2. PRINCIPAL ACTIVITY AND SHARE CAPITAL

The Offeror is a private company limited by shares incorporated in Singapore on 19 December 2018. Its principal activity is that of investment holding. The Offeror has not carried on any business since its incorporation, except for matters arising from or in relation to the Offer. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$112,000,000 comprising 112,000,000 issued and outstanding ordinary shares. The Offeror is a wholly-owned subsidiary of Nojima.

3. FINANCIAL SUMMARY

As the Offeror was incorporated on 19 December 2018, no audited financial statements of the Offeror have been prepared to date.

4. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save for the Offeror making and financing the Offer, there have been no known material changes in the financial position of the Offeror since its incorporation.

5. REGISTERED OFFICE

The registered office of the Offeror is at 80 Robinson Road, #02-00, Singapore 068898.

APPENDIX 4 – ADDITIONAL INFORMATION ON NOJIMA

1. DIRECTORS

The names, addresses and description of the Nojima Directors as at the Latest Practicable Date are as follows:

Name	Address	Description
Nojima, Hiroshi	c/o 1-1-1 Yokoyama, Chuo-ku, Sagamihara-shi, Japan	CEO, President & Director
Nojima, Ryoji	c/o 1-1-1 Yokoyama, Chuo-ku, Sagamihara-shi, Japan	Executive VP & Director
Nukumori, Hajime	c/o 1-1-1 Yokoyama, Chuo-ku, Sagamihara-shi, Japan	Director
Fukuda, Koichiro	c/o 1-1-1 Yokoyama, Chuo-ku, Sagamihara-shi, Japan	Director
Nabeshima, Kenichi	c/o 1-1-1 Yokoyama, Chuo-ku, Sagamihara-shi, Japan	Director
Yamasaki, Atsushi	c/o 1-1-1 Yokoyama, Chuo-ku, Sagamihara-shi, Japan	Director
Kidokoro, Toshio	c/o 1-1-1 Yokoyama, Chuo-ku, Sagamihara-shi, Japan	Director
Hoshina, Mitsuo	c/o 1-1-1 Yokoyama, Chuo-ku, Sagamihara-shi, Japan	External Director
Kutaragi, Ken	c/o 1-1-1 Yokoyama, Chuo-ku, Sagamihara-shi, Japan	External Director
Tsunezawa, Kahoko	c/o 1-1-1 Yokoyama, Chuo-ku, Sagamihara-shi, Japan	External Director
Akutsu, Satoshi	c/o 1-1-1 Yokoyama, Chuo-ku, Sagamihara-shi, Japan	External Director
Koriya, Daisuke	c/o 1-1-1 Yokoyama, Chuo-ku, Sagamihara-shi, Japan	External Director
Ikeda, Jun	c/o 1-1-1 Yokoyama, Chuo-ku, Sagamihara-shi, Japan	External Director
Hiramoto, Kazuo	c/o 1-1-1 Yokoyama, Chuo-ku, Sagamihara-shi, Japan	External Director
Takami, Kazunori	c/o 1-1-1 Yokoyama, Chuo-ku, Sagamihara-shi, Japan	External Director

2. PRINCIPAL ACTIVITIES

Nojima was incorporated in Japan on 28 April 1962 and was listed on the Tokyo Stock Exchange on 16 July 2013. Nojima is an electrical appliance retail chain mainly dealing with the sale of consumer digital appliances, including digital AV-related equipment, consumer electrical products and IT/information-related equipment, the operation of carrier shops

which sell mobile phones and provide ancillary services and the provision of Internet and Web services in Japan. Nojima also has presence in Cambodia, where it specialises in digital appliances. Nojima has adopted a business model where it looks to combine its retail business with a consulting-based sales approach. Nojima has over 8,000 employees across over 850 established stores in Japan and two stores in Cambodia, and is committed to staff development and employee well-being.

3. SHARE CAPITAL

As at the Latest Practicable Date, Nojima has an issued and paid up share capital of approximately ¥6.3 billion (approximately S\$72 million) comprising 51,289,616 shares in the capital of Nojima (including 1,370,285 treasury shares).

4. FINANCIAL SUMMARY

Set out below is a summary of certain financial information extracted from the audited consolidated financial statements of the Nojima Group for FY2016, FY2017 and FY2018, and the unaudited consolidated financial statements of the Nojima Group for the six-month period ended 30 September 2018 (collectively, the “**Nojima Financial Statements**”). The financial information referred to in this paragraph should be read in conjunction with the Nojima Financial Statements and the accompanying notes as set out therein, copies of which are available on the website of Nojima at www.nojima.co.jp. The “*Summary of Consolidated Financial Results for Fiscal Year Ended 31 March 2018*” released by Nojima on 8 May 2018 and the “*Summary of Consolidated Financial Results for the Six-Month Period Ended 30 September 2018*” released by Nojima on 30 October 2018 are reproduced in **Appendix 8** and **Appendix 9** to this Offer Document respectively, and are also available on the website of Nojima at www.nojima.co.jp.

4.1 Consolidated Profit & Loss Account

	Six months ended 30 September 2018 (¥'m) (Unaudited)	FY2018 (¥'m) (Audited)	FY2017 (¥'m) (Audited)	FY2016 (¥'m) (Audited)
Revenue	246,012	501,890	432,064	454,842
Profit before tax	10,728	17,956	15,297	13,987
Profit after tax	7,385	13,634	10,158	13,226
Profit attributable to owners of Nojima	7,382	13,634	10,158	13,226
Non-controlling interests	2	0	–	–
Basic earnings per share (¥)	147.79	275.42	208.28	276.59
Diluted earnings per share (¥)	142.97	263.89	199.27	260.40
Dividends per share (¥)	17	31	25	22

4.2 Consolidated Balance Sheet

	Six months ended 30 September 2018 (¥'m) (Unaudited)	FY2018 (¥'m) (Audited)
Assets		
Current assets		
Cash and deposits	13,562	11,028
Notes and accounts receivable – trade	48,270	59,021
Merchandise and products	40,251	41,711
Accounts receivable – other	6,672	6,817
Other	2,134	1,936
Allowance for doubtful accounts	–300	–255
Total current assets	110,590	120,259
Non-current assets		
Tangible non-current assets		
Buildings and structures (net)	14,482	14,695
Tools, fixtures, and facilities (net)	2,207	2,108
Land	8,550	8,537
Other (net)	651	607
Total tangible non-current assets	25,891	25,947
Intangible assets		
Goodwill	28,967	30,255
Software	1,705	1,736
Trademark rights	1,769	2,049
Contractual intangible assets	52,838	54,980
Customer-related intangible assets	2,977	3,308
Other	39	82
Total intangible assets	88,297	92,412
Investments and other assets		
Investment securities	3,031	2,828
Deferred tax assets	6,099	6,221
Lease and guarantee deposits	11,468	11,218
Other	1,523	964
Allowance for doubtful accounts	–94	–95
Total investments and other assets	22,027	21,137
Total non-current assets	136,216	139,496
Total assets	246,807	259,756

	Six months ended 30 September 2018 (¥'m) (Unaudited)	FY2018 (¥'m) (Audited)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	47,390	56,263
Short-term loans payable	1,652	904
Current portion of long-term loans payable	7,301	7,676
Accounts payable – other	8,724	9,479
Accrued income taxes	4,602	4,886
Accrued consumption tax	1,650	2,231
Unearned/Deferred revenue	5,173	4,927
Reserve for points	3,204	3,288
Reserve for bonuses	1,233	1,287
Reserve for promotion of admissions	215	86
Other	4,880	5,483
Total current liabilities	86,028	96,515
Non-current liabilities		
Bonds	15,020	15,000
Long-term loans payable	41,613	49,621
Reserve for guarantees for merchandise sold	3,930	3,811
Reserve for directors' retirement benefits	193	183
Retirement benefit liabilities	7,298	6,878
Deferred tax liabilities	16,287	17,201
Other	1,451	1,525
Total non-current liabilities	85,794	94,221
Total liabilities	171,822	190,737
Net assets		
Shareholders' equity		
Capital stock	6,330	6,158
Capital surplus	6,520	6,349
Retained earnings	63,151	56,582
Treasury stock	–2,949	–1,400
Total shareholders' equity	73,053	67,690
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	903	441
Currency conversion adjustments	15	6
Accumulated adjustment to retirement benefits	–68	59
Total accumulated other comprehensive income	849	506
Stock acquisition rights	1,081	786
Non-controlling interests	–	36
Total net assets	74,984	69,019
Total liabilities and net assets	246,807	259,756

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as a result of the financing of the Offer and as disclosed in the “*Summary of Consolidated Financial Results for the Six-Month Period Ended 30 September 2018*” released by Nojima on 30 October 2018, a copy of which is reproduced in **Appendix 9** to this Offer Document and also available on the website of Nojima at www.nojima.co.jp, and any other information on the Nojima Group which is publicly available (including without limitation, the announcements released by Nojima on the Tokyo Stock Exchange), there have been no material changes in the financial position of Nojima since 31 March 2018, being the date of the last published audited accounts of Nojima.

6. SIGNIFICANT ACCOUNTING POLICIES

Nojima prepares its financial statements in accordance with Japanese Accounting Standards developed by the Accounting Standards Board of Japan, which are accounting principles generally accepted in Japan. The significant accounting policies of the Nojima Group are disclosed in paragraph 5 of Section 3, on pages 15 to 18, of the “*Summary of Consolidated Financial Results for Fiscal Year Ended 31 March 2018*” released by Nojima on 8 May 2018, a copy of which is reproduced in **Appendix 8** to this Offer Document and also available on the website of Nojima at www.nojima.co.jp.

Save as disclosed in this Offer Document and in publicly available information on the Nojima Group, as at the Latest Practicable Date, there are no significant accounting policies or any points from the notes to the financial statements which are of major relevance for the interpretation of the accounts.

7. CHANGES IN ACCOUNTING POLICIES

Save as disclosed in this Offer Document and in publicly available information on the Nojima Group as at the Latest Practicable Date, there are no changes in the accounting policies of the Nojima Group which will cause the financial information of Nojima disclosed in this Offer Document to not be comparable to a material extent.

8. REGISTERED OFFICE

The registered office of Nojima is at 1-1-1 Yokoyama, Chuo-ku, Sagamihara-shi, Japan.

APPENDIX 5 – ADDITIONAL INFORMATION ON THE COMPANY

1. DIRECTORS

The names, addresses and description of the directors of CAL as at the Latest Practicable Date are as follows:

Name	Address	Description
Mr Jack Hennessy	c/o 50 Tampines North Drive 2, Singapore 528766	Chairman, Non-Independent and Non-Executive Director
Dr Terence Donald O'Connor	c/o 50 Tampines North Drive 2, Singapore 528766	Executive Director and Group Chief Executive Officer
Ms Kee Kim Eng	c/o 50 Tampines North Drive 2, Singapore 528766	Executive Director and Group Chief Financial Officer
Mr Adnan Abdulaziz Ahmed AlBahar	c/o 50 Tampines North Drive 2, Singapore 528766	Non-Independent Non-Executive Director
Mr Chey Chor Wai	c/o 50 Tampines North Drive 2, Singapore 528766	Independent Non-Executive Director
Mr Kewee Kho	c/o 50 Tampines North Drive 2, Singapore 528766	Independent Non-Executive Director

2. SHARE CAPITAL

As at the Latest Practicable Date⁵, CAL has an issued and paid-up share capital of S\$267.3 million, comprising 517,464,469 Shares with 42,535,531 treasury shares.

3. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in the unaudited consolidated financial statements of the Group for the six-month period ended 30 September 2018 announced by CAL on 8 November 2018 and 9 November 2018, and any other information on the Group which is publicly available (including, without limitation, the announcements released by CAL on SGXNET), there have been, to the best knowledge of the Offeror, no material changes in the financial position or prospects of the Company since 31 March 2018, being the date of the last audited consolidated financial statements of the Company laid before the Shareholders in general meeting.

4. REGISTERED OFFICE

The registered office of the Company is at 50 Tampines North Drive 2, Singapore 528766.

⁵ Based on the business profile of the Company extracted from the Accounting and Corporate Regulatory Authority of Singapore on the Latest Practicable Date and various announcements by the Company on SGXNET as at the Latest Practicable Date.

APPENDIX 6 – DISCLOSURES

1. HOLDINGS OF RELEVANT SECURITIES BY THE OFFEROR AND ITS CONCERT PARTIES

Based on the latest information available to the Offeror as at the Latest Practicable Date, none of the Offeror and its concert parties owns, controls or has agreed to acquire any Relevant Securities as at the Latest Practicable Date.

2. DEALINGS IN RELEVANT SECURITIES BY THE OFFEROR AND ITS CONCERT PARTIES

Based on the latest information available to the Offeror as at the Latest Practicable Date, none of the Offeror and its concert parties has dealt for value in any Relevant Securities during the Relevant Period.

APPENDIX 7 – GENERAL INFORMATION

1. DISCLOSURE OF INTERESTS

- 1.1 No Agreement having any Connection with or Dependence upon the Offer.** As at the Latest Practicable Date, save for the Irrevocable Undertaking and as disclosed in this Offer Document, there is no agreement, arrangement or understanding between: (i) the Offeror; or any parties acting in concert with the Offeror; and (ii) any of the current or recent directors of CAL or any of the current or recent shareholders of CAL having any connection with or dependence upon the Offer.
- 1.2 Transfer of Offer Shares.** As at the Latest Practicable Date, save as disclosed in this Offer Document, there is no agreement, arrangement or understanding whereby any Offer Shares acquired pursuant to the Offer will be transferred to any other person. The Offeror, however, reserves the right to transfer any of the Offer Shares to its shareholders, any of its related corporations or for the purpose of granting security in favour of financial institutions which have extended or shall extend credit facilities to it.
- 1.3 Payment or Benefit to Directors of the Company.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of CAL or any of its related corporations as compensation for loss of office or otherwise in connection with the Offer.
- 1.4 No Agreement Conditional upon the Outcome of the Offer.** As at the Latest Practicable Date, save for the Irrevocable Undertaking and as disclosed in this Offer Document, there is no agreement, arrangement or understanding between: (i) the Offeror; and (ii) any of the directors of CAL or any other person, in connection with or conditional upon the outcome of the Offer or is otherwise connected with the Offer.
- 1.5 Transfer Restrictions.** The constitution of CAL does not contain any restrictions on the right to transfer the Offer Shares.

2. GENERAL

- 2.1 Costs and Expenses.** All costs and expenses of or incidental to the preparation and circulation of this Offer Document and the Relevant Acceptance Forms (other than professional fees and other costs relating to the Offer or any revision thereof incurred or to be incurred by the Company relating to the Offer) and stamp duty and transfer fees resulting from acceptances of the Offer will be paid by the Offeror.
- 2.2 Consent.** PPCF and the Registrar/Receiving Agent, has each given and has not withdrawn their written consent to the issue of this Offer Document with the inclusion of their names and all references to their names in the form and context in which it appears in this Offer Document.

3. MARKET QUOTATIONS

3.1 Closing Prices. The following table sets out the closing prices of the Shares on the SGX-ST (as reported by Bloomberg L.P.) on (i) the Latest Practicable Date, (ii) the Last Trading Date and (iii) the last Market Day of each of the six (6) calendar months preceding the Offer Announcement Date in which there was trading in the Shares:

Month/Date	Closing Price (S\$)	Premium based on Offer Price of S\$0.205 (%)
25 January 2019 (the Latest Practicable Date)	0.205	0.0
16 January 2019 (the Last Trading Date) ⁶	0.152	34.9
28 December 2018	0.145	41.4
27 November 2018	0.147	39.5
29 October 2018	0.155	32.3
28 September 2018	0.160	28.1
30 August 2018	0.170	20.6
31 July 2018	0.200	2.5

3.2 Highest and Lowest Closing Prices. The following table sets out the highest and lowest closing prices of the Shares on the SGX-ST (as reported by Bloomberg L.P.) during the period commencing six months prior to the Offer Announcement Date and ending on the Latest Practicable Date (being 18 July 2018 to 25 January 2019 (both dates inclusive)):

	Closing Price (S\$)	Date(s)
Highest closing price	0.205	18 July 2018, 19 July 2018, 20 July 2018, 23 July 2018, 24 July 2018, 25 July 2018, 26 July 2018, 27 July 2018 and 25 January 2019
Lowest closing price	0.145	12 December 2018, 28 December 2018 and 4 January 2019

4. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at PPCF's office at 16 Collyer Quay, #10-00, Income at Raffles, Singapore 049318 during normal business hours, while the Offer remains open for acceptance:

- (i) the Offer Announcement;
- (ii) the FA Announcement;

⁶ There was no trading in the Shares on the SGX-ST on 17 January 2019.

- (iii) the Irrevocable Undertaking;
- (iv) the constitution of the Offeror;
- (v) the “*Summary of Consolidated Financial Results for Fiscal Year Ended 31 March 2018*” released by Nojima on 8 May 2018, “*Summary of Consolidated Financial Results for Fiscal Year Ended 31 March 2017*” released by Nojima on 9 May 2017, and the “*Summary of Consolidated Financial Results for Fiscal Year Ended 31 March 2016*” released by Nojima on 10 May 2016;
- (vi) the “*Summary of Consolidated Financial Results for the Six-Month Period Ended 30 September 2018*” released by Nojima on 30 October 2018; and
- (vii) the letters of consent of PPCF and the Registrar/Receiving Agent referred to in **paragraph 2.2** of this **Appendix 7**.

APPENDIX 8 – SUMMARY OF CONSOLIDATED FINANCIAL RESULTS OF NOJIMA CORPORATION FOR FISCAL YEAR ENDED 31 MARCH 2018



Summary of Consolidated Financial Results for Fiscal Year Ended March 2018 (Japanese accounting standards)

Released May 8, 2018

Name of listed firm: Nojima Corporation Listed on the Tokyo Stock Exchange, First Section
Code No.: 7419 URL <http://www.nojima.co.jp>
Representative: Hiroshi Nojima, President & Representative Executive Officer
Contact: Atsushi Yamasaki, Director/Executive Officer/General Manager, Finance and Accounting Division Tel.: +81-50-3116-1220
Scheduled date of regular general meeting of shareholders: June 15, 2018 Scheduled start date of dividend payments: June 1, 2018
Scheduled date of securities report filing: June 18, 2018
Supplemental materials on annual results: Yes
Presentation on annual results: Yes

(Amounts are rounded down to the nearest million yen.)

1. Consolidated financial results for the fiscal year ended March 2018 (April 1, 2017 - March 31, 2018)

(1) Consolidated results of operations (Percentages indicate YoY changes.)

	Net sales		Operating income		Ordinary income		EBITDA		Net income attributable to shareholders of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2018	501,890	16.2	17,044	12.9	17,935	15.9	30,443	25.5	13,634	34.2
FY ended March 2017	432,064	-5.0	15,091	3.4	15,479	3.9	24,250	0.5	10,158	-23.2

Note: Comprehensive income: FY ended March 2018: 13,977 million yen (34.8%) FY ended March 2017: 10,369 million yen (-21.2%)

Reference: Net income before amortization of goodwill FY ended March 2018: 21,949 million yen (37.2%)
FY ended March 2017: 15,998 million yen (-16.1%)

For detailed information, including definitions and methods used to calculate indicators, see p. 2, "1. Overview of operating results and other indicators: (1) Overview of operating results."

	Net income per share	Diluted net income per share	ROE	ROA	Operating income margin
	Yen	Yen	%	%	%
FY ended March 2018	275.42	263.89	21.9	7.1	3.4
FY ended March 2017	208.28	199.27	19.7	6.5	3.5

Reference: Equity in net income (losses) of affiliates: FY ended March 2018: 45 million yen FY ended March 2017: 65 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY ended March 2018	260,291	69,019	26.2	1,364.45
FY ended March 2017	245,467	56,855	23.0	1,143.23

Reference: Equity: FY ended March 2018: 68,196 million yen FY ended March 2017: 56,466 million yen

(3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended March 2018	25,582	-1,718	-19,075	10,963
FY ended March 2017	20,393	-30,616	3,734	6,275

2. Dividends

	Dividends per share					Total dividends for the year	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY ended March 2017	-	12.00	-	13.00	25.00	1,230	12.0	2.4
FY ended March 2018	-	15.00	-	16.00	31.00	1,562	11.3	2.5
FY ending March 2019 (planned)	-	16.00	-	16.00	32.00		11.4	

3. Forecasts of consolidated financial results for the fiscal year ending March 2019 (April 1, 2018 - March 31, 2019)

(Percentages indicate changes from the previous year for full-year forecasts and changes from the same quarter of the previous fiscal year for quarterly forecasts)

	Net sales		Operating income		Ordinary income		EBITDA		Net income attributable to shareholders of the parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Q2 (cumulative)	241,800	3.3	7,300	-2.3	8,000	0.2	13,900	-3.9	6,000	36.9	120.04
Full-year	515,600	2.7	17,900	5.0	19,000	5.9	30,600	0.5	14,000	2.7	280.10

Reference: Net income before amortization of goodwill: FY ending March 2019 full-year (forecast): 22,300 million yen (1.6%)

* Notes

(1) Significant changes in subsidiaries during this fiscal year (changes in designated subsidiaries resulting in changes in the scope of consolidation): No
 Added: ___ company (name: _____) Removed: ___ company (name: _____)

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

- ① Changes in accounting policies due to revisions in accounting standards and other regulations: No
 ② Changes in accounting policies for reasons other than ①: No
 ③ Changes in accounting estimates: No
 ④ Restatement of prior period financial statements: No

(3) Number of shares issued and outstanding (common stock)

① Total number of shares issued and outstanding at the end of the period (including treasury stock)	FY ended March 2018	50,841,016 shares	FY ended March 2017	49,534,816 shares
② Number of shares of treasury stock at the end of the period	FY ended March 2018	859,599 shares	FY ended March 2017	142,417 shares
③ Average number of shares during the period	FY ended March 2018	49,503,290 shares	FY ended March 2017	48,772,193 shares

Note: The numbers of shares of treasury stock above include shares held in trust accounts (548,600 shares in FY ended March 2018 and 11,700 shares in FY ended March 2017) for the employee stock ownership plan (ESOP). Shares of Company stock held in ESOP trust accounts are included in treasury stock subtracted from calculations of the average number of shares during the period (484,312 shares in FY ended March 2018 and 132,428 shares in FY ended March 2017).

Reference: Summary of nonconsolidated financial results

1. Nonconsolidated financial results for the fiscal year ended March 2018 (April 1, 2017 - March 31, 2018)

(1) Nonconsolidated results of operations (Percentages indicate YoY changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2018	218,969	6.4	11,193	0.4	13,512	5.4	10,777	20.4
FY ended March 2017	205,738	0.6	11,149	24.4	12,819	21.5	8,947	43.8

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended March 2018	217.71	208.59
FY ended March 2017	183.46	175.52

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY ended March 2018	142,829	57,360	39.6	1,131.90
FY ended March 2017	135,638	48,168	35.2	967.34

Reference: Equity: FY ended March 2018: 56,574 million yen FY ended March 2017: 47,779 million yen

* Financial Statements are not subject to audits by certified public accountants or auditing firms

* Explanation concerning the appropriate use of forecasts of business performance and other notes

Note on forward-looking statements:

Forecasts of business performance and other forward-looking statements in this release are based on information currently available and certain assumptions the Company deems reasonable at the time of preparation. They do not constitute a guarantee of future results. Actual results may differ materially from those of any forward-looking statements for various reasons.

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1. Overview of operating results and other indicators

(1) Overview of operating results

During the consolidated fiscal year under review, employment and income conditions continued to improve, and Japan's economy maintained a course toward a moderate recovery, due in part to the effects of various policies. Personal consumption improved gradually, in parallel with a recovery of consumer confidence.

On the other hand, concerns arose regarding the future economic prospects of China and other emerging Asian countries, and the potential consequences of the normalization of monetary policy in the US, uncertainty related to policies, and movements in the financial and capital markets.

The market for home electronics remained almost flat, with steady sales of air-conditioners, refrigerators, and washing machines, despite TVs and Blu-ray recorders performing poorly.

In the market for mobile phones and other mobile devices, the number of mobile phones of carrier brands sold remained sluggish, due to background factors such as a partial amendment of the Telecommunications Business Act, which was applied last year, and changes in the market environment that suppressed excessive smartphone purchase discounts.

In the Internet business market, with the progress and diffusion of smart devices that can use the Internet anywhere, mobile fast broadband service subscribership increased significantly, while the fixed broadband service showed a slowdown in the growth rate for the mainstream service—Fiber-To-The-Home (FTTH) Internet subscribership. Conversely, the Internet advertising market continued to expand, supported by an expansion of smartphone users.

Under these conditions, the Nojima Group focused on being the leader in the digital field and achieving the industry's highest customer satisfaction. To achieve these goals, we sought to establish sales floors where shoppers can easily find what they want, and provide customer services reflecting the perspectives of customers, while working to improve consulting-based sales and enhancing customer services to meet their needs.

In the operation of digital home electronics retail stores, we hold study meetings and provide training to acquire knowledge and experience from colleagues, in order to respond to the changing lifestyles of customers, thereby improving consulting-based sales and providing new products and services that satisfy the needs of our customers.

In the operation of mobile carrier stores and the operation of Internet business, we have been focusing on creating synergies within the Group and raising productivity, as well as improving the quality of stores by strengthening graduate recruitment, promoting education and training, and sharing the Group's management policies.

With 19 new store openings (including scrap-and-build) and seven store closures, the number of digital home electronics retail stores stood at 162. The number of digital home electronics retail stores operated stood at 196, when combining dedicated communications device stores.

In the operation of mobile carrier stores, following the new openings and the acquisition of 45 stores including scrap-and-build, and the closure or suspension of operations at 19 stores, the number of stores, including both directly-operated carrier stores and franchises, stood at 663.

In the light of these factors, the number of stores as of March 31, 2018 was 859 (excluding one store directly operated by an overseas subsidiary).

Stores in operation

Classification	Directly operated	Franchises	Total
Operation of digital home electronics retail stores	196 stores	-	196 stores
Digital home electronics retail stores	162 stores	-	162 stores
Dedicated communications device stores	34 stores	-	34 stores
Operation of mobile carrier stores	423 stores	240 stores	663 stores
Carrier stores	404 stores	235 stores	639 stores
Other	19 stores	5 stores	24 stores
Total	619 stores	240 stores	859 stores

Note: Excludes one store directly operated by an overseas subsidiary.

As a result, for the consolidated fiscal year under review, we recorded net sales of 501,890 million yen (116.2% of the figure for the previous fiscal year); operating income of 17,044 million yen (112.9% of the figure for the previous fiscal year); ordinary income of 17,935 million yen (115.9% of the figure for the previous fiscal year); and, net income attributable to shareholders of the parent company of 13,634 million yen (134.2% of the figure for the previous fiscal year).

EBITDA,* which the Group considers to be an important indicator of business performance, stood at 30,443 million yen (125.5% of the figure for the previous fiscal year).

(*) EBITDA = ordinary income + interest expenses + interest on bonds + depreciation + amortization of goodwill

Net income before amortization of goodwill = net income attributable to shareholders of the parent company + amortization of goodwill + amortization of contractual intangible assets + amortization of customer-related intangible assets

Business performance by segment is outlined below.

Having acquired all of the shares of NIFTY Corporation to make it a consolidated subsidiary, we reviewed the classification, and changed the reporting segments from “the operation of digital home electronics retail stores” and “the operation of mobile carrier stores” to “operation of digital home electronics retail stores,” “operation of mobile carrier stores,” and “operation of Internet business” from the three-month period ended June 30, 2017.

(Operation of digital home electronics retail stores)

Sales of air conditioners, refrigerators, washing machines, and 4K TVs were satisfactory, and sales of Blu-ray recorders remained stable, although sales of PCs were sluggish.

Gross profit on sales increased due to an improvement in the ratio of new products and white goods, as a result of the Nojima Group’s strengths in consulting-based sales, coupled with customer demand for high-quality products and services.

As a result, net sales in this segment totaled 199,083 million yen (107.3% of the figure for the previous fiscal year); segment income was 10,875 million yen (105.8% of the figure for the previous fiscal year); and, segment net income before amortization of goodwill (*) was 10,875 million yen (105.8% of the figure for the previous fiscal year).

(Operation of mobile carrier stores)

In the operation of mobile carrier stores, we invested in human resources, transferred and remodeled mobile carrier stores, and integrated the Softbank and YMobile businesses of ITX Corporation into Geobit Mobile Corporation on July 1, 2017 (Geobit Mobile Corporation changed its name to Up Beat Corporation as of October 1, 2017) to improve corporate competitiveness. Sales and gross profit on sales of one of our significant subsidiaries, ITX Corporation, fell short of a full recovery, remaining flat. And, through expense structural reforms toward sales, general, and administrative expenses, operating income increased.

As a result, net sales in this segment totaled 246,129 million yen (100.1% of the figure for the previous fiscal year); segment income was 6,169 million yen (122.3% of the figure for the previous fiscal year); and, segment net income before amortization of goodwill (*) was 12,034 million yen (110.7% of the figure for the previous fiscal year).

(Operation of Internet business)

In the Internet service provider segment, we concentrated on attracting new customers at our group stores for @nifty Hikari, a wholesale service provided by NTT East and NTT West, under tough conditions. In the web service business segment, we proceeded to review unprofitable businesses.

As a result, net sales in this segment totaled 50,036 million yen (–% of the figure for the previous fiscal year); segment income was 810 million yen (–% of the figure for the previous fiscal year); and, segment net income before amortization of goodwill (*) was 3,247 million yen (–% of the figure for the previous fiscal year), and a loss on impairment of assets mainly in the web service business segment was recognized.

(*) Segment net income before amortization of goodwill = segment income + amortization of goodwill + amortization of contractual intangible assets + amortization of customer-related intangible assets

(2) Overview of financial position

(Assets)

Total assets as of the end of this consolidated fiscal year stood at 260,291 million yen, up 14,824 million yen from the end of the previous consolidated fiscal year.

This was mainly due to an increase of 16,780 million yen to 136,666 million yen in non-current assets, despite a decrease of 1,956 million yen to 123,625 million yen in current assets.

Major causes of the decrease in current assets included a decrease of 24,998 million yen for advance payments, despite increases of 12,553 million yen and 4,539 million yen in notes and accounts receivable-trade and cash and deposits, respectively.

The primary factors underlying the increase in non-current assets included increases of 10,384 million yen, 3,308 million yen, 1,780 million yen, and 1,291 million yen in goodwill, customer-related intangible assets, trademark rights, and software, respectively, and the acquisition of tangible non-current assets in connection with new store openings, despite a decrease of 4,283 million yen in contractual intangible assets.

(Liabilities)

Total liabilities as of the end of this consolidated fiscal year were 191,272 million yen, up 2,659 million yen from the end of the previous fiscal year.

This increase was due mainly to an increase of 12,661 million yen to 96,515 million yen in current liabilities, and a decrease of 10,001 million yen to 94,756 million yen in non-current liabilities.

The primary factors underlying the increase in current liabilities included increases of 8,000 million yen and 3,214 million yen in notes and accounts payable-trade and accounts payable-other, respectively, despite a decrease of 2,434 million yen in the current portion of long-term loans payable.

The main causes of the decrease in non-current liabilities included a decrease of 26,877 million yen in long-term loans payable, despite increases of 15,000 million yen and 1,380 million yen in bonds and retirement benefit liabilities, respectively.

(Net assets)

Net assets as of the end of the consolidated fiscal year under review totaled 69,019 million yen, up 12,164 million yen from the end of the previous fiscal year, due to factors including an increase of 12,218 million yen in retained earnings.

These factors resulted in an equity ratio of 26.2%, up 3.2 points from the end of the previous fiscal year.

(3) Overview of cash flow

Cash and cash equivalents (“funds” hereinafter) for the consolidated fiscal year under review totaled 10,963 million yen, up 4,688 million yen from 6,275 million yen for the previous consolidated fiscal year.

The position of each type of cash flow in this consolidated fiscal year and the main reasons thereof are described below.

(Cash flow from operating activities)

Funds gained by operating activities totaled 25,582 million yen (125.5% of the figure for the previous fiscal year).

This increase was mainly due to securing net income before taxes and other adjustments of 17,956 million yen, depreciation of 9,242 million yen, and 2,809 million yen in amortization of goodwill. It occurred despite income taxes paid of 5,236 million yen, and an increase of 3,377 million yen in inventories and other expenditures.

(Cash flow from investment activities)

Funds used in investment activities totaled 1,718 million yen (5.6% of the figure for the previous fiscal year).

This was due mainly to a gain of 2,390 million yen and 1,954 million yen proceeds from sales of shares of subsidiaries and affiliates and from acquiring shares of a subsidiary, due to a change in the scope of consolidation, respectively, despite expenditures of 3,483 million yen, 1,059 million yen, and 946 million yen for the acquisition of tangible non-current assets in connection with new store openings, payments for lease and guarantee deposits, and gain from investment securities, respectively.

(Cash flow from financing activities)

Funds used for financing activities totaled 19,075 million yen (compared to funds gained in 3,734 million yen in the previous fiscal year).

This was mainly due to expenditures of 73,791 million yen for the repayment of long-term loans payable, despite 44,225 million yen and 14,924 million yen in proceeds from long-term loans payable and proceeds from issuance of bonds, respectively, and other factors.

Reference: Trends of cash flow indicators

	52nd period FY ended March 2014	53rd period FY ended March 2015	54th period FY ended March 2016	55th period FY ended March 2017	56th period FY ended March 2018
Equity ratio (%)	33.1	14.3	20.0	23.0	26.2
Market equity ratio (%)	18.7	25.5	25.3	28.6	48.3
Interest-bearing debt to cash flow (years)	4.8	14.0	3.9	4.4	2.9
Interest coverage ratio (times)	24.1	33.0	21.1	23.9	35.5

Equity ratio: equity/total assets

Market equity ratio: total market capitalization/total assets

Interest-bearing debt to cash flow: interest-bearing debt/cash flow

Interest coverage ratio: cash flow/interest expense

Notes:

- Each of the above indicators is calculated based on financial figures on a consolidated basis.
- Total market capitalization is calculated based on the number of shares issued and outstanding, not including treasury stock. In calculations for the 53rd period, 54th period, 55th period, and 56th period, this figure includes shares of Company stock held in an employee stock ownership plan (ESOP) trust accounts.
- Cash flow generated by operating activities is used above for cash flow.
- Interest-bearing debt refers to all liabilities on the consolidated balance sheet on which interest is paid.

(4) Future outlook

Future prospects reflect expectations of a continued moderate economic recovery due to various factors, including various government economic policies and continued monetary easing by the Bank of Japan. These expectations arise despite concerns about the impacts of various global instabilities, including economic trends in European countries, increasing geopolitical risks, and the transition to the new administration in the US.

Due to competition with e-commerce firms, an already competitive environment, and other factors, conditions in the market for sales of home electronics are expected to remain harsh.

In the market for sales of mobile phones and other mobile devices, effective sale prices of mobile phones are expected to grow due to various factors, including the Ministry of Internal Affairs and Communications' guidelines on excessive discounts on purchases of smartphones. Sales volumes are projected to decrease as a result. On the other hand, the Group releases new products and services, such as bundled landline services, insurance, electricity, and other services one after another, and will continue to focus on product development in order to boost customer satisfaction.

In the light of these conditions, the Group will continue to invest in human resources and enhance its strengths in consulting, as well as open 20 digital home electronics retail stores and 22 carrier stores a year, and optimize our store network.

As a result, we project the following full-year consolidated business performance for the next fiscal year: net sales of 515,600 million yen (102.7% of the figure for this fiscal year), operating income of 17,900 million yen (105.0% of the figure for this fiscal year), ordinary income of 19,000 million yen (105.9% of the figure for this fiscal year), and net income attributable to shareholders of the parent company of 14,000 million yen (102.7% of the figure for this fiscal year).

We also project EBITDA of 30,600 million yen (100.5% of the figure for this fiscal year) and net income before amortization of goodwill of 22,300 million yen (101.6% of the figure for this fiscal year).

Note: The above forecasts of business performance are based on information currently available at the time this release was prepared. They involve uncertainties, and actual results may differ from forecasts of full-year consolidated business performance for various reasons.

2. Basic approach to selection of accounting standards

The Nojima Group is in the process of acquiring knowledge on international accounting standards, analyzing differences between international and Japanese standards, studying the impacts of adopting international standards, and undertaking related preparations to adopt international accounting standards at some time in the future. We have yet to determine precisely when we will adopt international accounting standards.

3. Consolidated financial statements

(1) Consolidated balance sheet

(Unit: millions of yen)

	Previous consolidated fiscal year (March 31, 2017)	This consolidated fiscal year (March 31, 2018)
Assets		
Current assets		
Cash and deposits	*1 6,489	*1 11,028
Notes and accounts receivable-trade	46,467	59,021
Merchandise and products	37,844	41,711
Deferred tax assets	2,812	3,365
Accounts receivable-other	5,505	6,817
Other	26,505	1,936
Allowance for doubtful accounts	-41	-255
Total current assets	125,581	123,625
Non-current assets		
Tangible non-current assets		
Buildings and structures	*1 24,998	*1 27,072
Accumulated depreciation	-11,266	-12,377
Buildings and structures (net)	13,732	14,695
Machinery, equipment and vehicles	894	928
Accumulated depreciation	-346	-416
Machinery, equipment and vehicles (net)	548	511
Tools, fixtures, and facilities	8,443	9,354
Accumulated depreciation	-6,755	-7,245
Tools, fixtures, and facilities (net)	1,687	2,108
Land	*1 8,467	*1 8,537
Other (net)	142	95
Total tangible non-current assets	24,578	25,947
Intangible assets		
Goodwill	19,870	30,255
Software	444	1,736
Trademark rights	268	2,049
Contractual intangible assets	59,263	54,980
Customer-related intangible assets	-	3,308
Other	50	82
Total intangible assets	79,898	92,412
Investments and other assets		
Investment securities	*1 1,768	*1 2,828
Deferred tax assets	2,802	3,391
Lease and guarantee deposits	*1 10,538	*1 11,218
Other	344	964
Allowance for doubtful accounts	-44	-95
Total investments and other assets	15,409	18,307
Total non-current assets	119,886	136,666
Total assets	245,467	260,291

(Unit: millions of yen)

	Previous consolidated fiscal year (March 31, 2017)	This consolidated fiscal year (March 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	48,263	56,263
Short-term loans payable	2,600	904
Current portion of long-term loans payable	*1 10,111	*1 7,676
Accounts payable-other	6,265	9,479
Accrued income taxes	3,022	4,886
Accrued consumption tax	1,081	2,231
Unearned revenue	4,706	4,927
Reserve for points	2,565	3,288
Reserve for bonuses	1,046	1,287
Reserve for promotion of admissions	-	86
Other	4,192	5,483
Total current liabilities	83,854	96,515
Non-current liabilities		
Bonds	-	15,000
Long-term loans payable	*1 76,498	*1 49,621
Reserve for guarantees for merchandise sold	3,651	3,811
Reserve for directors' retirement benefits	182	183
Retirement benefit liabilities	5,497	6,878
Deferred tax liabilities	17,607	17,736
Other	1,320	1,525
Total non-current liabilities	104,758	94,756
Total liabilities	188,612	191,272
Net assets		
Shareholders' equity		
Capital stock	5,905	6,158
Capital surplus	6,097	6,349
Retained earnings	44,364	56,582
Treasury stock	-67	-1,400
Total shareholders' equity	56,299	67,690
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	185	441
Currency conversion adjustments	-18	6
Accumulated adjustment to retirement benefits	0	59
Total accumulated other comprehensive income	167	506
Stock acquisition rights	388	786
Non-controlling interests	-	36
Total net assets	56,855	69,019
Total liabilities and net assets	245,467	260,291

(2) Consolidated income statement and consolidated statement of comprehensive income

Consolidated income statement

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)	This consolidated fiscal year (April 1, 2017 - March 31, 2018)
Net sales	432,064	501,890
Cost of sales	333,643	383,819
Gross profit on sales	98,421	118,071
Sales, general, and administrative expenses		
Advertising expenses	10,343	16,037
Salaries, allowances, and bonuses	29,891	32,391
Provision of reserve for bonuses	1,042	1,328
Provision of reserve for directors' retirement benefits	27	19
Retirement benefit expenses	981	1,634
Rents	12,118	13,691
Depreciation	6,515	8,074
Amortization of goodwill	1,464	2,809
Other	20,945	25,039
Total sales, general, and administrative expenses	83,330	101,026
Operating income	15,091	17,044
Non-operating income		
Interest income	17	15
Purchase discounts	1,487	1,586
Other	451	866
Total non-operating income	1,956	2,469
Non-operating expenses		
Interest expenses	791	668
Interest on bonds	-	99
Commission fees	587	320
Bond issuance costs	-	75
Other	189	413
Total non-operating expenses	1,568	1,578
Ordinary income	15,479	17,935
Extraordinary income		
Gain on reversal of loss on valuation of investment securities	50	-
Gain on sales of shares of subsidiaries and affiliates	-	1,569
Other	8	93
Total extraordinary income	59	1,662
Extraordinary losses		
Impairment loss	241	1,640
Total extraordinary losses	241	1,640
Net income before taxes and other adjustments	15,297	17,956
Income taxes-current	4,679	6,843
Income taxes-deferred	459	-2,520
Total income taxes	5,138	4,322
Net income	10,158	13,634
Net loss attributable to shareholders of the Non-controlling interests	-	-0
Net income attributable to shareholders of the parent company	10,158	13,634

Consolidated statement of comprehensive income

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)	This consolidated fiscal year (April 1, 2017 - March 31, 2018)
Net income	10,158	13,634
Other comprehensive income		
Valuation difference on available-for-sale securities	-12	255
Currency conversion adjustments	-4	-9
Adjustments for retirement benefit obligations	243	59
Share in other comprehensive income of equity-method affiliates	-16	37
Total other comprehensive income	210	342
Comprehensive income	10,369	13,977
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	10,369	13,977
Comprehensive income attributable to Non-controlling interests	-	-0

(3) Consolidated statement of changes in net assets

Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	5,720	5,913	35,376	-319	46,690
Changes during the fiscal year					
Issuance of new shares or exercise of stock acquisition rights	184	184			369
Distribution of surplus			-1,170		-1,170
Net income attributable to shareholders of the parent company			10,158		10,158
Acquisition of treasury stock				-21	-21
Disposal of treasury stock				273	273
Changes due to the decrease in consolidated subsidiaries			0		0
Changes during the fiscal year in items other than shareholders' equity (net)					
Total changes during the fiscal year	184	184	8,988	251	9,609
Balance at end of fiscal year	5,905	6,097	44,364	-67	56,299

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Currency conversion adjustments	Accumulated adjustment to retirement benefits	Total accumulated other comprehensive income			
Balance at start of fiscal year	198	1	-243	-43	197	-	46,844
Changes during the fiscal year							
Issuance of new shares or exercise of stock acquisition rights							369
Distribution of surplus							-1,170
Net income attributable to shareholders of the parent company							10,158
Acquisition of treasury stock							-21
Disposal of treasury stock							273
Changes due to the decrease in consolidated subsidiaries							0
Changes during the fiscal year in items other than shareholders' equity (net)	-12	-20	243	210	191	-	402
Total changes during the fiscal year	-12	-20	243	210	191	-	10,011
Balance at end of fiscal year	185	-18	0	167	388	-	56,855

This consolidated fiscal year (April 1, 2017 - March 31, 2018)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	5,905	6,097	44,364	-67	56,299
Changes during the fiscal year					
Issuance of new shares or exercise of stock acquisition rights	253	253			507
Distribution of surplus			-1,400		-1,400
Net income attributable to shareholders of the parent company			13,634		13,634
Acquisition of treasury stock				-1,585	-1,585
Disposal of treasury stock				253	253
Changes in surplus due to the decrease in equity-method affiliates			-15		-15
Changes during the fiscal year in ownership interests between the trade in Non-controlling interests		-2			-2
Changes during the fiscal year in items other than shareholders' equity (net)					
Total changes during the fiscal year	253	251	12,218	-1,332	11,390
Balance at end of fiscal year	6,158	6,349	56,582	-1,400	67,690

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Currency conversion adjustments	Accumulated adjustment to retirement benefits	Total accumulated other comprehensive income			
Balance at start of fiscal year	185	-18	0	167	388	-	56,855
Changes during the fiscal year							
Issuance of new shares or exercise of stock acquisition rights							507
Distribution of surplus							-1,400
Net income attributable to shareholders of the parent company							13,634
Acquisition of treasury stock							-1,585
Disposal of treasury stock							253
Changes in surplus due to the decrease in equity-method affiliates							-15
Changes during the fiscal year in ownership interests between the trade in Non-controlling interests							-2
Changes during the fiscal year in items other than shareholders' equity (net)	255	24	59	339	397	36	774
Total changes during the fiscal year	255	24	59	339	397	36	12,164
Balance at end of fiscal year	441	6	59	506	786	36	69,019

(4) Consolidated cash flow statement

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)	This consolidated fiscal year (April 1, 2017 - March 31, 2018)
Cash flow from operating activities		
Net income before taxes and other adjustments	15,297	17,956
Depreciation	6,778	9,242
Impairment loss	241	1,640
Amortization of goodwill	1,464	2,809
Increase (decrease) in reserve for retirement benefits	338	819
Increase (decrease) in reserve for points	-463	318
Increase (decrease) in reserve for promotion of admissions	-	-207
Increase (decrease) in reserve for guarantees for merchandise sold	209	160
Interest income and dividend income	-34	-55
Interest expense	791	668
Commission fee	587	320
Gain on sales of shares of subsidiaries and affiliates	-	-1,569
Decrease (increase) in accounts receivable-trade	4,284	-2,577
Decrease (increase) in inventories	-1,123	-3,377
Decrease (increase) in accounts receivable-other	-577	-1,190
Increase (decrease) in notes and accounts payable-trade	-1,973	1,769
Increase (decrease) in accrued consumption taxes	-649	1,097
Increase (decrease) in unearned revenue	648	221
Other	1,462	3,408
Subtotal	27,281	31,454
Interest and dividend income received	81	86
Interest expenses paid	-852	-721
Income tax paid	-6,116	-5,236
Cash flow from operating activities	20,393	25,582

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)	This consolidated fiscal year (April 1, 2017 - March 31, 2018)
Cash flow from investment activities		
Purchase of tangible non-current assets	-4,514	-3,483
Purchase of intangible assets	-140	-728
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	1,954
Purchase of investment securities	-	-946
Sales of investment securities	17	122
Purchase of shares of subsidiaries and affiliates	-	-570
Proceeds from sales of shares of subsidiaries and affiliates	-	2,390
Payments for lease and guarantee deposits	-970	-1,059
Proceeds from collection of lease and guarantee deposits	381	702
Advance payments	-25,000	-
Other	-391	-100
Cash flow from investment activities	-30,616	-1,718
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	1,040	-1,774
Proceeds from long-term loans payable	26,000	44,225
Repayment of long-term loans payable	-22,114	-73,791
Purchase of treasury stock	-21	-1,585
Proceeds from sales of treasury stock	273	253
Proceeds from issuance of bonds	-	14,924
Cash dividends paid	-1,170	-1,400
Commission fees paid	-587	-320
Purchase of shares of subsidiaries resulting in no change in scope of consolidation	-	-46
Other	314	442
Cash flow from financing activities	3,734	-19,075
Effect of exchange rate changes on cash and cash equivalents	-2	-99
Increase (decrease) in cash and cash equivalents	-6,490	4,688
Starting balance of cash and cash equivalents	12,765	6,275
Ending balance of cash and cash equivalents	6,275	10,963

(5) Notes to the consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Important principles for the preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 12 companies

Names of consolidated subsidiaries:

Nishinohon Mobile Co., Ltd.

Up Beat Corporation

Nojima (Cambodia) Co., Ltd.

NOJIMA STELLA SPORTS CLUB Co., Ltd.

Business Grand Works Co., Ltd.

ITX Corporation

NIFTY Corporation

Commerce Link Inc.

Lifemedia Inc.

Sygni Corporation

Nojima Fintech Co., Ltd.

WEB division preparation Co., Ltd.

NIFTY Corporation and its three subsidiaries (Commerce Link Inc., Lifemedia Inc., and Sygni Corporation) have become consolidated subsidiaries from the financial year under review because of a share acquisition on April 1st, 2017. In addition to dividends-in-kind from NIFTY Corporation, on March 31st, 2018, Sygni Corporation became a direct subsidiary.

Nojima Fintech Co., Ltd. was newly established during the current consolidated fiscal year, and is included within the scope of consolidated accounting.

WEB division preparation Co., Ltd. was newly established during the current consolidated fiscal year, and is included within the scope of consolidated accounting.

(2) Names of nonconsolidated subsidiaries and other information

Not applicable

2. Application of equity method

(1) Number of equity-method affiliates: Two companies

Hascom Mobile Co., Ltd.

Vector One Co., Ltd.

Hascom Mobile Co., Ltd. has been included in scope of application of equity method from the financial year under review because of a share acquisition.

Vector One Co., Ltd. has been included in scope of application of equity method from the financial year under review because of a share acquisition NIFTY Corporation.

AbelNet Co., Ltd. is excluded from the equity method because of the sale of some of its shares.

Tran Anh Digital World Joint Stock Company is excluded from the equity method because of the sale of all of its shares.

(2) Fiscal years of equity-method affiliates

The financial statements for the affiliate's most recent fiscal year are used if the fiscal year of an equity-method affiliate ends on a different date from that of the Company's consolidated fiscal year.

3. Fiscal years of consolidated subsidiaries and other matters

The closing dates of fiscal years of the following consolidated subsidiaries differ from the closing date of the Company's consolidated fiscal year:

Company	Year ends
Nojima Fintech Co., Ltd.	September 30
Business Grand Works Co., Ltd.	October 31
Nojima (Cambodia) Co., Ltd.	December 31
NOJIMA STELLA SPORTS CLUB Co., Ltd.	January 31

Consolidated financial statements for these companies are prepared based on financial statements obtained from a tentative settlement of accounts undertaken as of the date of the consolidated settlement of accounts.

The closing dates of the fiscal years of other consolidated subsidiaries are the same as the closing date of the Company's consolidated fiscal year.

4. Accounting standards

(1) Standards and methods applied in the valuation of important assets

A. Securities

Available-for-sale securities:

a. Those having fair market value:

Mark-to-market based on market values and other information as of the date of the settlement of accounts (A portion of revaluation gains/losses is booked directly to net assets. Costs of securities sold are calculated using the moving average method.)

b. Those without fair market value:

Moving average cost method

For investments in an investment limited partnership and other similar partnerships (considered securities according to Article 2-2 of Financial Instruments and Exchange Act), an amount equivalent to the equity interest in the property of the silent partnership is recorded.

B. Inventories

Merchandise:

The moving average cost method (the balance sheet figure is calculated by writing down book values based on decreased profitability). For recycled (used) merchandise, the cost accounting method employed is the retail method (the balance sheet figure is calculated by writing down book values based on decreased profitability).

(2) Depreciation methods for important depreciable assets

A. Tangible non-current assets (not including leased assets)

Nojima and domestic consolidated subsidiary Business Grand Works Co., Ltd. and NIFTY Corporation primarily use the declining balance method. However, they use the straight-line method for buildings (not including equipment attached to buildings) acquired on or after April 1, 1998, and equipment attached to buildings and structures acquired on or after April 1, 2016.

Domestic consolidated subsidiaries Up Beat Corporation and ITX Corporation ("ITX" hereinafter) use the straight-line method.

The overseas consolidated subsidiary Nojima (Cambodia) Co., Ltd. mainly uses the straight-line method in accordance with Cambodian accounting standards.

Main useful lives for depreciation purposes are shown below.

Buildings and structures: 5-47 years

Machinery, equipment, and vehicles: 2-17 years

Tools, fixtures, and facilities: 2-20 years

B. Intangible non-current assets (not including leased assets)

The straight-line method is applied.

Main useful lives for depreciation purposes are shown below.

Software: 5 years

Contractual intangible assets: 15 or 16 years

Customer-related intangible assets: 6 years

C. Leased assets

The straight-line method is applied using the term of the lease as the useful life of the asset and zero as the residual value.

(3) Accounting standards for important reserves

A. Allowance for doubtful accounts

Providing for losses from unrecoverable claims, the anticipated amount of unrecoverable claims is booked as follows: The actual loan loss ratio is applied for ordinary claims (general accounts receivable); for extraordinary claims (doubtful accounts receivable) such as those involving the possibility of default and those in bankruptcy reorganization, the possibility of recovery is considered for each claim.

B. Reserve for point card certificates

Providing for costs resulting from the future use of loyalty points by customers based on a system that awards points to customers based on past purchases and other factors, the anticipated amount of points used in the future is booked based on past performance.

C. Reserve for bonuses

Providing for bonuses paid to employees, some consolidated subsidiaries book the required amount of reserve for bonuses based on the anticipated amount payable.

D. Reserve for guarantees for merchandise sold

Providing for costs of after-sales services for products sold, the anticipated amount of service costs during product guarantee periods is booked based on past performance.

E. Reserve for directors' retirement benefits

Providing for retirement benefits paid to directors, the amount payable as of the end of the current fiscal year is booked based on internal rules.

F. Reserve for promotion of admissions

The amount expected to be borne after the end of the fiscal year of the consolidated fiscal year is recorded to provide for cash back payments related to a campaign conducted to promote membership.

G. Reserve for bonuses to directors

The amount expected to be paid at the end of the consolidated fiscal year is provided for the appropriation of directors' bonuses.

- (4) Accounting treatment of retirement benefits
- A. Period of attribution of estimated retirement benefits
Straight-line attribution is used to attribute estimated amounts of retirement benefits to periods through the end of this consolidated fiscal year in calculations of retirement benefit obligations.
- B. Treatment of actuarial gains and losses and past service costs
Actuarial gains or losses are booked as expenses in the fiscal years in which they arise. Some consolidated subsidiaries book actuarial gains or losses as expenses beginning from the following consolidated fiscal year using the straight-line method, setting an amount prorated over a fixed number of years (six or 15 years) within the average remaining number of years of employment for personnel employed at the time each of such gains or losses arise in each consolidated fiscal year.
Past service costs are booked as expenses using the straight-line method, setting a fixed number of years (six years) within the average remaining number of years of service for personnel employed at the time such obligations arise.
- C. Application of simplified method for small businesses, etc.
Some consolidated subsidiaries apply the simplified method to calculations of obligations related to retirement benefits and costs of retirement benefits, treating as the amount of retirement benefit obligations the amount payable to employees retiring voluntarily as of the end of the fiscal year.
- (5) Standards for converting major assets or liabilities in foreign currencies into Japanese yen
Monetary claims and obligations in foreign currencies are converted into yen at the spot exchange rate as of the date of the consolidated settlement of accounts. Any difference from this conversion is recorded as a profit or loss. Assets and liabilities of overseas consolidated subsidiaries, etc. are converted into yen at the spot exchange rate as of the date of the consolidated settlement of accounts. Income and expenses of overseas subsidiaries, etc. are converted into yen at the average exchange rate over the fiscal year. Differences due to conversion are included under Net assets as "Currency conversion adjustments."
- (6) Method and period of amortization of goodwill
Goodwill is amortized using the straight-line method over an amortization period of 5-20 years from the fiscal year in which the goodwill arises.
- (7) Scope of funds on the consolidated cash flow statement
The funds included on the consolidated cash flow statement are cash on hand, deposits that may be withdrawn at any time, and short-term investments that are easily convertible into cash that have maturities of three months or less from the date of purchase and only minor risks of fluctuations in value.
- (8) Other important matters concerning the preparation of the consolidated financial statements
Account processing of consumption tax, etc.:
The tax-excluded method is applied.

(Changes in Presentation)

(Consolidated Balance Sheet)

"Advance payment" in "current assets," which was stated separately in the previous consolidated fiscal year, is included in "Others," because the amount became immaterial. Therefore, the consolidated financial statements for the previous fiscal year are recombined to reflect changes in this presentation.

As a result, 25,000 million yen and 1,505 million yen for "advance payment" and "others," respectively, which were stated in the previous fiscal year, are included in 26,505 million yen for "others" in this fiscal year.

(Additional information)

(Restrictive financial covenants)

1. The following restrictive financial covenants apply under revolving credit facilities agreements entered into by the Company to raise working capital.
 - i) The amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of each fiscal year and the first half of each fiscal year must be maintained at not less than the higher of the following figures:
 - A. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the fiscal year immediately preceding conclusion of the agreement
 - B. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the immediately preceding fiscal year or first half of the fiscal year
 - ii) An ordinary loss may not be recorded on the consolidated or nonconsolidated income statement for any fiscal year.

The amounts of agreements and remaining balances of debt are indicated below.

		Previous consolidated accounting period (March 31, 2017)	This consolidated accounting period (March 31, 2018)
Agreement amount		13,500 million yen	13,500 million yen
Remaining balance of debt	Short-term loans payable	2,000	-

2. The following restrictive financial covenants apply under the loan agreement concluded by the consolidated subsidiary ITX as of December 24, 2014, which we re-financed on March 27th, 2018 aiming to strengthen the financial position by reducing interest-bearing debt to raise funds to acquire stock in ITX (pre-merger) and working capital for ITX.
 - i) From the fiscal year ended March 2018, an operating loss may not be recorded two consecutive times on the consolidated income statement during the 12-month period of each fiscal year.
 - ii) From the fiscal year ended March 2018, the amount of net assets indicated on the consolidated balance sheet on the closing date of each fiscal year may not be less than 70% of the amount of net assets indicated on the consolidated balance sheet on the closing date of the immediately preceding fiscal year.

The amounts of agreements and remaining balances of debt are shown below.

		Previous consolidated accounting period (March 31, 2017)	This consolidated accounting period (March 31, 2018)
Agreement amount* ¹		77,000 million yen	38,000 million yen
Remaining balance of debt	Current portion of long-term loans payable* ¹	2,000	3,800
	Long-term loans payable* ¹	45,314	34,200

*¹ The agreement amount and remaining balance of debt in the previous consolidated fiscal year are based on the previous loan agreement.

3. The following restrictive financial covenants apply under the loan agreement entered into by the Company as of January 1, 2017 to raise funds to acquire stock in NIFTY Corporation.
 - i) From the fiscal year ended March 2017, the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of each fiscal year and the first half of each fiscal year must be maintained at not less than the higher of the following figures:
 - A. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the fiscal year ended March 2016
 - B. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the immediately preceding fiscal year or first half of the fiscal year
 - ii) From the fiscal year ended March 2017, an ordinary loss may not be recorded on the consolidated or nonconsolidated income statement for any fiscal year.

The amounts of agreements and remaining balances of debt are indicated below.

		Previous consolidated accounting period (March 31, 2017)	This consolidated accounting period (March 31, 2018)
Agreement amount		20,000 million yen	20,000 million yen
Remaining balance of debt	Current portion of long-term loans payable	1,666	998
	Long-term loans payable	18,334	7,004

(Trading of shares issued from treasury stock through a trust to employees)

1. “The employee stock ownership plan (ESOP) trust” introduced in March 2015, was terminated during the three-month period ended June 30, 2017.
2. “The employee stock ownership plan (ESOP) trust” introduced in May 2017 (“The System” hereinafter)
We resolved to re-introduce the System to increase corporate value over the medium to long term, and for the welfare of employees on their behalf at a Board of Directors’ meeting held on May 9, 2017.

i) Overview of trading

The Group introduced the System in May 2017 to increase corporate value over the medium to long term. Under the System, the ESOP trust account, which is established for the purpose of transferring treasury stock to the “NEX employee stock ownership plan” (“Our shareholding association” hereinafter), acquires the number of shares to be acquired by our shareholding association over three years from May 2017 at one time in advance, and sells them to our shareholding association.

ii) Treasury stock retained in trust

Treasury stock retained in trust is allocated as net assets in accordance with the carrying amount of trust, excluding incidental expenses. The carrying amount and number of shares of applicable treasury stock were - million yen and - shares, respectively, for the previous fiscal year; and 962 million yen and 548,000 shares, respectively, for the year ended March 31, 2018.

iii) Recorded carrying amount of loans payable after applying total method

A total of - million yen for the previous consolidated fiscal year and 982 million yen for year ended March 31, 2018.

(Notes to the consolidated balance sheet)

*1 Hypothecated assets and collateralized obligations:

Assets pledged as collateral are shown below.

	Previous consolidated fiscal year (March 31, 2017)	This consolidated fiscal year (March 31, 2018)
Cash and deposits	2,216 million yen	- million yen
Buildings and structures	355	9
Land	1,051	27
Investment securities	25	-
Stock of affiliates*	20,000	42,544
Lease and guarantee deposits	474	384
Total	24,123	42,966

* Stock of affiliates above are offset in consolidated financial statements.

Collateralized obligations are shown below.

	Previous consolidated fiscal year (March 31, 2017)	This consolidated fiscal year (March 31, 2018)
Current portion of long-term loans payable	2,130 million yen	4,798 million yen
Long-term loans payable	45,964	41,204
Total	48,094	46,002

- 2 To enable the flexible and stable raising of working capital, the Nojima Group has concluded agreements with its main financial institutions on overdrafts and loan commitments. Shown below are available balances under these agreements as of the end of the consolidated fiscal year.

	Previous consolidated fiscal year (March 31, 2017)	This consolidated fiscal year (March 31, 2018)
Credit line	35,000 million yen	29,900 million yen
Outstanding balance	2,000	79
Difference: Available balance	33,000	29,820

(Segment information, etc.)

[Segment information]

1. Overview of reporting segments

(1) Method for determining reporting segments

The Nojima Group periodically reviews its reporting segments to assess business performance and to allow informed decision-making by top management decision-making bodies on the use of management resources. The reporting segments are based on financial information for units of the Group's organization that can be separated from the rest of the organization.

(2) Types of product and service within each reporting segment

The operating segment of digital home electronics retail stores sells digital audio video products, IT devices, and home electronics, and provides related solutions, setup, repairs, and other services.

The operating segment of mobile carrier stores sells communication devices (primarily mobile phones) and provides related services.

The operating segment of Internet business provides broadband connectivity services and providing services such as communication, security, and various information services using the Internet.

(3) Change in reporting segments

Having acquired all of the shares of NIFTY Corporation to make it a consolidated subsidiary, we reviewed the classification, and changed the reporting segments from "the operation of digital home electronics retail stores" and "the operation of mobile carrier stores" to "operation of digital home electronics retail stores," "operation of mobile carrier stores," and "operation of Internet business" from the three-month period ended June 30, 2017.

Segment information for the previous fiscal year is described in the categories after change.

2. Calculating net sales, income or loss, assets, liabilities, and other accounts by reporting segment

Account processing methods for each reporting business segment are identical to those described under "Important principles for the preparation of consolidated financial statements."

Income figures for reporting segments are based on ordinary income.

Internal transactions and transfers between segments are recorded based on market prices.

3. Amounts of net sales, income or loss, assets, liabilities, and other accounts by reporting segment

Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)

(Unit: millions of yen)

	Reporting segment				Other (*1)	Total	Adjustments (*2)	Amount on consolidated financial statements (*3)
	Digital home electronics retail stores	Mobile carrier stores	Internet business	Subtotal				
Net sales								
Net sales to external customers	185,403	245,800	-	431,204	860	432,064	-	432,064
Internal sales or transfers between segments	124	4	-	129	357	486	-486	-
Subtotal	185,527	245,805	-	431,333	1,218	432,551	-486	432,064
Segment income	10,278	5,043	-	15,322	291	15,613	-134	15,479
Segment assets	98,006	137,153	-	235,159	7,312	242,472	2,995	245,467
Segment liabilities	46,147	109,771	-	155,918	183	156,102	32,509	188,612
Other accounts								
Depreciation	1,163	5,357	-	6,521	257	6,778	-	6,778
Amortization of goodwill	3	1,448	-	1,451	12	1,464	-	1,464
Interest income	0	0	-	0	-0	0	16	17
Interest expense	0	640	-	640	-	640	151	791
Equity in earnings of affiliates	65	-	-	65	-	65	-	65
Impairment loss	201	39	-	241	-	241	-	241
Investment in equity-method affiliates	1,028	-	-	1,028	-	1,028	-	1,028
Unamortized balance of goodwill	9	19,804	-	19,813	57	19,870	-	19,870
Increase in tangible and intangible non-current assets	3,713	1,142	-	4,856	3	4,859	-	4,859

Notes:

- *1. The "Other" business segment consists of businesses not included in the reporting segments above. This includes the shopping mall business, the sports business, the training business, and the mega-solar business.
- *2. Adjustments of segment income consist of companywide costs not distributed between reporting segments. Adjustments of segment assets and liabilities consist of companywide assets not distributed between reporting segments and offsetting between segments.
- *3. Segment income is adjusted against ordinary income on the consolidated income statement.

This consolidated fiscal year (April 1, 2017 - March 31, 2018)

(Unit: millions of yen)

	Reporting segment				Other (*1)	Total	Adjustments (*2)	Amount on consolidated financial statements (*3)
	Digital home electronics retail stores	Mobile carrier stores	Internet business	Subtotal				
Net sales								
Net sales to external customers	198,820	245,246	49,997	494,065	7,825	501,890	-	501,890
Internal sales or transfers between segments	262	882	38	1,183	337	1,521	-1,521	-
Subtotal	199,083	246,129	50,036	495,248	8,163	503,411	-1,521	501,890
Segment income	10,875	6,169	810	17,855	469	18,324	-389	17,935
Segment assets	80,206	131,779	35,035	247,022	8,974	255,996	4,294	260,291
Segment liabilities	66,196	95,606	19,424	181,227	1,660	182,887	8,384	191,272
Other accounts								
Depreciation	1,299	5,478	2,195	8,973	268	9,242	-	9,242
Amortization of goodwill	-	1,488	1,307	2,796	12	2,809	-	2,809
Interest income	0	0	0	0	0	0	15	15
Interest expense	-	436	0	437	2	439	229	668
Equity in earnings (loss) of affiliates	-7	52	-	45	-	45	-	45
Impairment loss	196	51	1,144	1,392	247	1,640	-	1,640
Investment in equity-method affiliates	-	622	-	622	-	622	-	622
Unamortized balance of goodwill	-	18,474	11,781	30,255	-	30,255	-	30,255
Increase in tangible and intangible non-current assets	2,096	1,677	23,464	27,238	357	27,596	-	27,596

Notes:

- *1. The "Other" business segment consists of businesses not included in the reporting segments above. This includes the shopping mall business, the sports business, the training business, the mega-solar business, and the animal medical business.
- *2. Adjustments to segment income consist of companywide costs not distributed between reporting segments. Adjustments to segment assets and liabilities consist of companywide assets not distributed between reporting segments and offsetting between segments.
- *3. Segment income is adjusted against ordinary income on the consolidated income statement.

[Impairment loss on non-current assets by reporting segment]

Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)

Omitted here because the information is provided under segment information

This consolidated fiscal year (April 1, 2017 - March 31, 2018)

Omitted here because the information is provided under segment information

[Amount of amortization of goodwill and unamortized balance of goodwill by reporting segment]

Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)

Omitted here because the information is provided under segment information

This consolidated fiscal year (April 1, 2017 - March 31, 2018)

Omitted here because the information is provided under segment information

[Gain on negative goodwill by reporting segment]

Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)

Not applicable

This consolidated fiscal year (April 1, 2017 - March 31, 2018)

It is not in monetary importance, it is not noted.

(Per-share information)

	Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)	This consolidated fiscal year (April 1, 2017 - March 31, 2018)
Net assets per share	1,143.23 yen	1,364.45 yen
Net earnings per share	208.28 yen	275.42 yen
Diluted earnings per share	199.27 yen	263.89 yen

Notes:

1. Calculations of net earnings per share and diluted earnings per share are based on the following information:

	Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)	This consolidated fiscal year (April 1, 2017 - March 31, 2018)
Net earnings per share		
Net income attributable to shareholders of the parent company (millions of yen)	10,158	13,634
Amount not reverting to common shareholders (millions of yen)	-	-
Net income attributable to shareholders of the parent company related to common stock (millions of yen)	10,158	13,634
Average number of shares during the fiscal year (thousands of shares)	48,772	49,503
Diluted net earnings per share		
Adjustments of net income attributable to shareholders of the parent company (millions of yen)	-	-
Increase in common stock (thousands of shares)	2,205	2,164
(Amount of the above corresponding to stock acquisition rights [thousands of shares])	(2,205)	(2,164)
Summary of potential dilution not included in the calculation of diluted net earnings per share due to lack of dilution effect	Stock acquisition rights no. 13 (2015 stock options) (5,976 stock acquisition rights)	-
	Stock acquisition rights no. 14 (2016 stock options) (13,415 stock acquisition rights)	

2. Shares of Company stock remaining in trust recorded as treasury stock under shareholders' equity are included under treasury stock excluded from calculations of the average number of shares during the fiscal year for the purposes of calculating net earnings per share and are included under treasury stock excluded from total shares issued and outstanding at the end of the fiscal year for the purposes of calculating net assets per share. The average number of shares of such treasury stock excluded from calculations of net income per share during the fiscal year was 132,000 shares in the previous consolidated fiscal year and 484,000 shares in this consolidated fiscal year. The number of shares of such treasury stock excluded from calculations of net assets per share at the end of the fiscal year was 11,000 shares in the previous consolidated fiscal year and 548,000 shares in this consolidated fiscal year.

(Important subsequent information)

(Stock options)

Granting of stock options (stock acquisition rights)

At its meeting held on May 8, 2018, the Board of Directors of the Company passed a resolution calling for the presentation at the 56th regular general meeting of shareholders, scheduled for June 15, 2018, of a resolution requesting approval of the issuance of stock acquisition rights as stock options and entrustment of decision-making on the terms of this issue to the Board of Directors, pursuant to the stipulations of Articles 236, 238, and 239 of the Companies Act of Japan.

1. Objective of adopting a program of stock options and reasons for issuing stock acquisition rights free of charge
The objective of adopting a program of stock options is to increase corporate value by strengthening morale and motivation in order to improve Group business performance. To achieve this objective, stock options will be issued free of charge.

2. Overview of issuance of stock acquisition rights

- (1) Persons receiving an allocation of stock acquisition rights

Company directors, executive officers, and employees, and directors and employees of Company subsidiaries, as authorized by the Company Board of Directors

- (2) Class and number of shares subject to stock acquisition rights

The shares subject to stock acquisition rights for which the Board of Directors may determine the terms of issuance as entrusted by the general meeting of shareholders shall not exceed 1,600,000 shares of the Company's common stock.

However, if the number of shares allotted has been adjusted as described under (3) below, the maximum number of shares subject to the stock acquisition rights shall be the product of the adjusted number of shares allotted and the total number of stock acquisition rights.

- (3) Total number of stock acquisition rights

The number of stock acquisition rights for which the Board of Directors may determine the terms of issuance as entrusted by the general meeting of shareholders shall not exceed 16,000.

The number of shares subject to stock acquisition rights ("number of shares granted" hereinafter) shall be 100 shares of the Company's common stock per stock acquisition right. However, if the Company undertakes a stock split (this should be understood hereinafter to include the free distribution of the Company's common stock) or common stock consolidation, the number of shares granted shall be adjusted in accordance with the formula given below. This adjustment shall be made only for the number of shares granted under stock acquisition rights not yet exercised as of the time of adjustment. Any fractional shares arising from the adjustment shall be discarded.

$$\text{Adjusted number of shares granted} = \text{original number of shares granted} \times \text{stock split or stock consolidation ratio}$$

In addition to the above cases, when the Company is involved in a merger, company split, stock swap, or stock transfer ("merger, etc." hereinafter) or needs to adjust the number of shares granted for other reasons, it reserves the right to adjust the number of shares granted within reasonable limits based on the terms of the merger, etc. and other matters.

- (4) Issue price of stock acquisition rights

Stock acquisition rights shall be issued free of charge.

- (5) Amount payable upon exercise of stock acquisition rights

The amount payable upon the exercise of one stock acquisition right shall be determined by multiplying the price payable per share that may be granted through the exercise of stock options ("exercise price" hereinafter) by the number of shares granted.

The exercise price shall be the closing price of the Company's common stock in ordinary trading on the Tokyo Stock Exchange on the allocation date (or the most recent closing price if no trading takes place on the allocation date).

The exercise price shall be adjusted after the allocation date in each of the following cases.

- ① If the Company undertakes a stock split or a stock consolidation, the exercise price shall be adjusted by applying the formula indicated below, with the result rounded up to the nearest whole yen.

$$\text{Adjusted exercise price} = \text{original exercise price} \times \frac{1}{\text{stock split or stock consolidation ratio}}$$

- ② If the Company issues new shares or sells treasury stock at below market value, the exercise price shall be adjusted by applying the formula indicated below, with the result rounded up to the nearest whole yen.

$$\text{Adjusted exercise price} = \text{original exercise price} \times \frac{\text{existing number of shares issued and outstanding} + \frac{\text{number of new shares issued} \times \text{price payable per share}}{\text{market value}}}{\text{existing number of shares issued and outstanding} + \text{number of new shares issued}}$$

In the formula above, "existing number of shares issued and outstanding" refers to the total number of shares issued by the Company minus the number of shares of treasury stock held by the Company. In the case of the sale of treasury stock, "number of new shares issued" above shall be read as the "number of shares of treasury stock sold."

- ③ Should the Company find it necessary to adjust the exercise price after the allocation date for unavoidable reasons (e.g. merger, etc.), the Company reserves the right to adjust the exercise price within reasonable limits based on the terms of the merger, etc. and other matters.

- (6) Period in which stock acquisition rights may be exercised

Stock acquisition rights may be exercised for a period of two years starting on the date three years after the day after the date of the Board of Directors' resolution determining the terms of the issuance of the stock acquisition rights.

- (7) Conditions for exercise of stock acquisition rights
 - A. A person allocated stock acquisition rights (“stock option holder” hereinafter) must hold the title of director, executive officer, or employee of the Company or a Company subsidiary at the time of exercise. This does not apply in cases deemed appropriate by the Board of Directors.
 - B. Stock acquisition rights may not be passed on to legal heirs.
 - C. A stock acquisition right must be exercised in full.
- (8) Reasons for acquisition by the Company and conditions for cancellation of stock acquisition rights
 - A. The Company may acquire stock acquisition rights free of charge on a date specified separately by the Board of Directors if the general meeting of shareholders approves a proposal for a merger agreement whereby the Company is to be dissolved or a proposal for a share exchange agreement or a share transfer plan whereby the Company becomes a wholly-owned subsidiary.
 - B. If a stock option holder is unable to exercise the option because he or she no longer satisfies the requirements for execution under (7) above or has relinquished such right, the Company may acquire the stock acquisition rights free of charge.
 - C. The Company may cancel stock acquisition rights it has acquired and holds free of charge at any time.
- (9) Restrictions on the acquisition of stock acquisition rights through a transfer

Approval of the Company’s Board of Directors is required for the acquisition of stock acquisition rights through a transfer of ownership.
- (10) Increases in capital and capital reserves due to the issuance of stock through the exercise of stock acquisition rights
 - A. The amount of an increase in capital due to the issuance of stock through the exercise of stock acquisition rights shall be one-half of the limit for an increase in capital calculated pursuant to Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, with the result rounded up to the nearest whole yen.
 - B. The amount of an increase in capital reserves due to the issuance of stock through the exercise of stock acquisition rights shall be the amount remaining after subtracting the increase in capital specified under A above from the limit for an increase in capital under A.
- (11) Policies for the treatment of stock acquisition rights in the case of stock swap or stock transfer

If the Company is involved in a merger leading to the dissolution of the Company, an absorption-type corporate divestiture, an establishment-type corporate divestiture (in both cases, only if the Company is to be divided), or a stock swap or stock transfer (only if the Company is to become a wholly-owned subsidiary) (the term “organizational restructuring” hereafter to encompass all such events), the Company shall grant stock acquisition rights in the company described in Article 236, Paragraph 1, Item 8, A to E of the Companies Act of Japan (“restructured Company” hereinafter), in each respective case, to stock option holders with unexercised stock acquisition rights not acquired by the Company (“remaining stock options” hereinafter) as of the date the organizational restructuring takes effect (that is, the effective date of absorption-type merger, consolidation-type merger, absorption-type corporate divestiture, establishment-type corporate divestiture, stock swap, or stock transfer). In such cases, the remaining stock options shall be cancelled, and the restructured Company shall issue new stock acquisition rights. This provision is limited to cases in which the merger agreement, new company merger agreement, absorption-type corporate divestiture agreement, establishment-type corporate divestiture plan, stock swap agreement, or stock transfer plan specifies grants of stock acquisition rights in the restructured Company in accordance with the conditions indicated below.

 - A. Number of stock acquisition rights in the restructured Company to be granted

The same number of stock acquisition rights as the number of remaining stock options held by each stock option holder
 - B. Class of stock in the restructured Company to be issued for the purpose of issuing stock acquisition rights

The restructured Company’s common stock
 - C. Number of shares of stock in the restructured Company to be issued for the purpose of issuing stock acquisition rights

Determined in accordance with “(2) Class and number of shares subject to stock acquisition rights” above, based on consideration of the terms of the organizational restructuring and other matters.
 - D. Amount to be invested upon the exercise of stock acquisition rights

The amount to be invested upon the exercise of each stock acquisition right to be granted shall be determined by multiplying the number of shares of stock in the restructured Company to be issued for the purpose of issuing stock acquisition rights determined, as described under C above, by the adjusted exercise price, as described under 5 ③ above.
 - E. Period in which stock acquisition rights may be exercised

Stock acquisition rights may be exercised from the starting date of the period described under “(6) Period in which stock acquisition rights may be exercised” above or the effective date of the organizational restructuring, whichever is later, to the closing date of the period described under “(6) Period in which stock acquisition rights may be exercised” above.
 - F. Increases in capital and capital reserves due to the issuance of stock through the exercise of stock acquisition rights

Determined according to “(10) Increases in capital and capital reserves due to the issuance of stock through the exercise of stock acquisition rights” above.
 - G. Restrictions on acquisition of stock acquisition rights through transfer

Approval of the restructured Company’s Board of Directors is required for the acquisition of stock acquisition rights through a transfer of ownership.
 - H. Reasons and conditions for acquisition of stock acquisition rights by the restructured Company

Determined according to “(8) Reasons for acquisition by the Company and conditions for cancellation of stock acquisition rights” above.
- (12) Date of allocation of stock acquisition rights

The date shall be determined separately by the Board of Directors.

Note: The details above are conditional upon approval at the 56th regular general meeting of shareholders scheduled for June 15, 2018 of the resolution on the issuance of stock acquisition rights free of charge as stock options and upon approval by the compensation committee at a meeting held after the 56th regular general meeting of shareholders on individual compensation for directors and executive officers.

4. Other notes

Changes to directors

① Changes to representatives

Name	New title	Previous title
Ryoji Nojima	Executive Vice President and Representative Executive Officer	Executive Vice President and Director

② Changes to other directors

Candidates as new directors

Name	New title	Previous title
Toshio Kidokoro	Director/Executive Officer/General Manager, Human Resources & General Affairs Division	Executive Officer/General Manager, Human Resources & General Affairs Division
Kazuo Hiramoto	Outside Director	-
Kazunori Takami	Outside Director	-

Planned retiring directors

Name	New title	Previous title
Masaya Ogiwara	-	Director
Yukihiro Nojiri	-	Director
Fumio Yoshimatsu	-	Outside Director

Note: Planned appointment/retirement date

Plans call for the above appointments and retirements to take effect on June 15, 2018 (after the regular general meeting of shareholders scheduled for that date).

APPENDIX 9 – SUMMARY OF CONSOLIDATED FINANCIAL RESULTS OF NOJIMA CORPORATION FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2018



Summary of Consolidated Financial Results for the Six-month Period Ended September 30, 2018 (Japanese accounting standards)

Released October 30, 2018

Name of listed firm: Nojima Corporation
Code No.: 7419
Representative: Hiroshi Nojima, President & Representative Executive Officer
Contact: Yasuhiko Tanokashira, Executive Officer/General Manager, Finance and Accounting Division
Scheduled date of quarterly report filing: November 9, 2018
Scheduled start date of dividend payments: December 6, 2018
Supplemental materials on quarterly financial results: Available
Briefing session of quarterly financial results for analysts: Scheduled

Listed on the Tokyo Stock Exchange
URL <http://www.nojima.co.jp>
Tel.: +81-50-3116-1220

(Amounts are rounded down to the nearest million yen.)

1. Consolidated financial results for the six-month period ended September 30, 2018 (April 1, 2018 - September 30, 2018)

(1) Consolidated results of operations (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		EBITDA		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six-month period ended September 30, 2018	246,012	5.1	9,409	26.0	10,558	32.2	16,558	14.5	7,382	68.4
Six-month period ended September 30, 2017	234,140	14.7	7,469	33.7	7,987	35.4	14,456	40.0	4,384	20.4

Note: Comprehensive income: Six months ended September 30, 2018: 7,727 million yen (72.9%)
Six months ended September 30, 2017: 4,468 million yen (24.4%)
Reference: Net income before amortization of goodwill: Six months ended September 30, 2018: 11,559 million yen (35.5%)
Six months ended September 30, 2017: 8,534 million yen (30.1%)

· For detailed information, including definitions and methods used to calculate indicators, see p. 2, "1. Qualitative Information on Quarterly Consolidated Financial Performance: (1) Explanation of Operating Results."

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six-month period ended September 30, 2018	147.79		142.97	
Six-month period ended September 30, 2017	89.15		86.04	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of September 30, 2018	246,807		74,984		29.9		1,485.01	
As of March 31, 2018	259,756		69,019		26.3		1,364.44	

Reference: Equity: As of September 30, 2018: 73,902 million yen As of March 31, 2018: 68,196 million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 2018	-	15.00	-	16.00	31.00
FY ending March 2019	-	17.00	-	-	-
FY ending March 2019 (planned)	-	-	-	17.00	34.00

Note: Revisions to the most recently announced dividend forecast: Yes

3. Forecasts of consolidated financial results for the fiscal year ending March 2019 (April 1, 2018 - March 31, 2019)

(Percentages indicate changes from the previous year)

	Net sales		Operating income		Ordinary income		EBITDA		Net income attributable to shareholders of the parent company		Net income per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Full-year	520,000	3.6	18,500	8.5	20,000	11.5	31,600	3.8	14,700	7.8	295.38	

Note: Revisions to the most recently announced consolidated earnings forecast: Yes

Reference: Net income before amortization of goodwill: As of March 31, 2019 (planned) 23,000 million yen (4.8%)

* Notes

(1) Significant changes in subsidiaries during this quarter (changes in designated subsidiaries resulting in changes in the scope of consolidation): No
 Added: ___ company(ies) (name(s): _____) Removed: ___ company(ies) (name(s): _____)

(2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

i Changes in accounting policies due to revisions in accounting standards and other regulations: No

ii Changes in accounting policies for reasons other than i: No

iii Changes in accounting estimates: No

iv Restatement of prior period financial statements: No

(4) Number of shares issued and outstanding (common stock)

i Number of shares issued and outstanding at the end of the period (including treasury stock)

FY 2018 2Q	51,289,616 shares	FY 2017	50,841,016 shares
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ii Number of shares of treasury stock at the end of the period

FY 2018 2Q	1,523,917 shares	FY 2017	859,599 shares
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iii Average number of shares during the period

FY 2018 2Q	49,955,064 shares	FY 2017 2Q	49,178,217 shares
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Note: The number of shares of treasury stock above includes shares held in trust accounts (455,700 shares in the six-month period ended September 30, 2018 and 548,600 shares in the fiscal year ended March 31, 2018) for the employee stock ownership plan (ESOP). Shares of Company stock held in ESOP trust accounts are included in treasury stock subtracted from calculations of average number of shares during the period (506,255 shares in the six-month period ended September 30, 2018 and 385,544 shares in the six-month period ended September 30, 2017).

* Quarterly financial statements are not subject to audits by certified public accountants or auditing firms

* Explanation concerning appropriate use of forecasts of business performance and other notes

Note on forward-looking statements:

Forecasts of business performance and other forward-looking statements in this release are based on information currently available and certain assumptions the Company deems reasonable at the time of preparation. They do not constitute a guarantee of future results. Actual results may differ materially from those of any forward-looking statements for various reasons.

○ Contents of attached documents

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Operating Results

During the six-month period ended September 30, 2018, general condition of employment and household income continued to improve, and Japan's economy maintained a course toward a moderate recovery, due in part to the effects of various policies. Personal consumption has improved gradually, along with a recovery of consumer confidence.

On the other hand, concerns arose regarding the future economic prospects of China and other emerging Asian countries, and the potential consequences of the normalization of monetary policy in the United States, and movements in financial and capital markets.

The market for home electronics remained almost flat, with satisfactory sales of air conditioners and steady sales of refrigerators and washing machines, despite TVs and PCs performing poorly.

In the market for sales of mobile phones and other mobile devices, the number of mobile phones of carrier brands sold remained sluggish due to background factors such as a partial amendment of the telecommunications business act, which was applied in 2016, and changes in the market environment that suppressed excessive market competitions.

In the Internet business market, with the progress and spread of smart devices that can use the Internet anywhere, the mobile fast broadband service subscribership has increased significantly, while the fixed broadband service has shown a slowing growth rate of Internet subscribership to the mainstream service Fiber-To-The-Home (FTTH). Conversely, the Internet advertising market has continued to expand, supported by an expansion of smartphone users.

Under these circumstances, the Nojima Group focused on being the leader in the digital field and achieving the industry's highest customer satisfaction. To achieve these goals, we sought to establish sales floors where shoppers can easily find what they want, and provide customer services reflecting the perspectives of customers, while working to improve consulting-based sales and enhancing customer service to meet customers' needs.

In the operation of digital home electronics retail stores, we hold study meetings and provide training to share knowledge and experiences between team members in order to understand the perspectives of customers, thereby providing services that meet the needs of our customers.

In operations of mobile carrier stores and the Internet business, we have been focusing on creating synergies within the Group and raising productivity, as well as improving the quality of services by strengthening graduate recruitment, promoting education and training, and sharing the Group's management policies.

With scrap-and-build of nine new store openings and four store closures, the number of digital home electronics retail stores stood at 167. The operation of digital home electronics retail stores stood at 199, combining dedicated communications device stores, at the end of the six-month period ended September 30, 2018.

In the operation of mobile carrier stores following the new openings, including scrap-and-build, the acquisition of 17 stores, and the closure of or transfer of 20 stores, the number of stores, including both directly-operated carrier stores and franchises, stood at 660.

In the light of these factors, the number of stores as of September 30, 2018 is as shown below.

Stores in operation

Classification	Directly operated	Franchised	Total
Operation of digital home electronics retail stores	199 stores	–	199 stores
Digital home electronics retail stores	167 stores	–	167 stores
Dedicated communications device stores	32 stores	–	32 stores
Operation of mobile carrier stores	432 stores	228 stores	660 stores
Carrier stores	413 stores	222 stores	635 stores
Others	19 stores	6 stores	25 stores
Total	631 stores	228 stores	859 stores

Note: Excludes two stores directly operated by an overseas subsidiary

As a result, during the first half of the current fiscal year, 2018, we recorded net sales of 246,012 million yen (105.1% of the figure for the first half of the previous fiscal year), operating income of 9,409 million yen (126.0% of the figure for the first half of the previous fiscal year), ordinary income of 10,558 million yen (132.2% of the figure for the first half of the previous fiscal year), and net income attributable to shareholders of the parent company of 7,382 million yen (168.4% of the figure for the first half of the previous fiscal year).

EBITDA (*), which the Group considers to be an important indicator of business performance, stood at 16,558 million yen (114.5% of the figure for the first half of the previous fiscal year).

(*) EBITDA = ordinary income + interest expenses + interest on bonds + depreciation + amortization of goodwill

Net income before amortization of goodwill = net income attributable to shareholders of the parent company + amortization of goodwill + amortization of contractual intangible assets + amortization of customer-related intangible assets

Business performance by segment is outlined below.

(Operation of digital home electronics retail stores)

Sales of air conditioners, refrigerators, and washing machines were satisfactory.

Revenues increased due to a favorable product mix of new products and white goods, as a result of the Nojima Group's strengths in consulting-based sales, coupled with customer demand for high-quality products and services, in addition to the synergy effect with our subsidiary NIFTY Corporation which entered our group in the previous year.

As a result, net sales in this segment totaled 105,740 million yen (111.0% of the figure for the first half of the previous fiscal year), segment income was 6,747 million yen (120.6% of the figure for the first half of the previous fiscal year), and segment net income before amortization of goodwill was 6,747 million yen (120.5% of the figure for the first half of the previous fiscal year).

(Operation of mobile carrier stores)

In the operation of mobile carrier stores, to further improve corporate competitiveness, ITX Corporation merged with Nishinohon Mobile Co., Ltd., which operates the KDDI business within the Nojima Group, on April 1, 2018, preparing ITX Corporation to focus fully on the DoCoMo and KDDI businesses.

Sales and gross profit on sales of ITX Corporation, one of our significant subsidiaries, remained flat, falling short of a full recovery. To improve selling capabilities in the future, we are actively investing in training human resources and relocating and remodeling stores.

As a result, net sales in this segment totaled 111,721 million yen (101.2% of the figure for the first half of the previous fiscal year), segment income was 2,429 million yen (93.7% of the figure for the first half of the previous fiscal year), and segment net income before amortization of goodwill was 5,387 million yen (97.7% of the figure for the first half of the previous fiscal year).

(Operation of Internet business)

In the Internet service provider segment, we concentrated on more efficiently attracting new customers to our group stores for @nifty Hikari, a wholesale service provided by NTT East and NTT West, under competitive conditions. In the web service business segment, we continued to work on organizing unprofitable business from the previous fiscal year, and to concentrate management resources on websites which establish not only NIFTY Lifestyle Co., Ltd. (including real estate, job search, and hot spring sites) spun off in April 2018, and also NIFTY NeXus Co., Ltd. (including news sites, point business, and digital marketing) spun off on October 1, 2018 to make a management system which enables us quick management decision and growth with profitability.

As a result, net sales in this segment totaled 25,148 million yen (101.0% of the figure for the first half of the previous fiscal year), segment income was 1,195 million yen (figure for the first half of the previous fiscal year was a loss of 172 million yen), and, segment net income before amortization of goodwill(*) was 2,414 million yen (230.6% of the figure for the first half of the previous fiscal year).

(*) Segment net income before amortization of goodwill = segment income + amortization of goodwill + amortization of contractual intangible assets + amortization of customer-related intangible assets

(2) Explanation of Financial Position

Assets and liabilities and net assets

(Assets)

Total assets as of the six-month period ended September 30, 2018 were 246,807 million yen, down 12,949 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 9,669 million yen to 110,590 million yen in current assets and a decrease of 3,280 million yen to 136,216 million yen in non-current assets.

The primary factors underlying the decrease in current assets included decreases of 10,750 million yen and 1,460 million yen for accounts receivable-trade and merchandise and products, respectively, despite an increase of 2,533 million yen in cash and deposits.

The main causes of the decrease in non-current assets included decreases of 2,141 million yen and 1,288 million yen in contractual intangible assets and goodwill, respectively, despite an increase of 202 million yen in investment securities.

(Liabilities)

Total liabilities as of the six-month period ended September 30, 2018 were 171,822 million yen, down 18,914 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 10,487 million yen to 86,028 million yen in current liabilities, and a decrease of 8,426 million yen to 85,794 million yen in non-current liabilities.

The primary factors underlying the decrease in current liabilities included decreases of 8,873 million yen and 755 million yen in accounts payable-trade and accounts payable-other, respectively, despite an increase of 748 million yen in short-term loans payable.

The main causes of the decrease in non-current liabilities included a decrease of 8,007 million yen in long-term loans payable, despite an increase of 419 million yen in retirement benefit liabilities.

(Net assets)

Net assets as of the six-month period ended September 30, 2018 totaled 74,984 million yen, up 5,964 million yen from the end of the previous fiscal year, due to factors including an increase of 6,568 million yen in retained earnings.

These factors resulted in an equity ratio of 29.9%, up 3.7 points from the end of the previous fiscal year.

Cash flow

Cash and cash equivalents (“funds” hereinafter) for the six-month period ended September 30, 2018 totaled 13,497 million yen (the figure for the six-month period ended September 30, 2017 was 11,117 million yen).

The status of each category of cash flow and the main reasons are described below.

(Cash flow from operating activities)

Funds gained by operating activities totaled 14,082 million yen (84.4% of the figure for the six-month period ended September 30, 2017).

This was due mainly to a decrease of 10,754 million yen in accounts receivable-trade, 10,728 million yen of net income before taxes and other adjustments, and 4,498 million yen of depreciation, despite a decrease of 8,873 million yen in notes and accounts payable-trade, along with 4,294 million yen of income taxes paid.

(Cash flow from investment activities)

Funds used in investment activities totaled 1,481 million yen (241.0% of the figure for the six-month period ended September 30, 2017).

This was due mainly to expenditures of 1,445 million yen for the acquisition of tangible non-current assets in connection with new store openings, despite a gain of 419 million yen in proceeds from sales of shares of subsidiaries and affiliates.

(Cash flow from financing activities)

Funds used for financing activities totaled 10,096 million yen (89.9% of the figure for the six-month period ended September 30, 2017).

This was due mainly to expenditures of 11,367 million yen for repaying long-term loans payable, despite an increase of 2,650 million yen in proceeds from long-term loans payable.

(3) Information of forward-looking statements forecasts of consolidated financial results

Forecasts of consolidated financial results and dividend payments for the full-year have been revised since the release “Summary of consolidated financial results for the three-month Period Ended June 30, 2018” on August 7, 2018.

Please refer to “Announcement on the revision of the consolidated financial results, dividend payment (interim dividend) and year-end dividend forecast (an increase)” that was announced today (October 30, 2018) for more details.

2. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Million yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	11,028	13,562
Notes and accounts receivable-trade	59,021	48,270
Merchandise and products	41,711	40,251
Accounts receivable-other	6,817	6,672
Other	1,936	2,134
Allowance for doubtful accounts	-255	-300
Total current assets	120,259	110,590
Non-current assets		
Tangible non-current assets		
Buildings and structures (net)	14,695	14,482
Tools, fixtures, and facilities (net)	2,108	2,207
Land	8,537	8,550
Other (net)	607	651
Total tangible non-current assets	25,947	25,891
Intangible assets		
Goodwill	30,255	28,967
Software	1,736	1,705
Trademark rights	2,049	1,769
Contractual intangible assets	54,980	52,838
Customer-related intangible assets	3,308	2,977
Other	82	39
Total intangible assets	92,412	88,297
Investments and other assets		
Investment securities	2,828	3,031
Deferred tax assets	6,221	6,099
Lease and guarantee deposits	11,218	11,468
Other	964	1,523
Allowance for doubtful accounts	-95	-94
Total investments and other assets	21,137	22,027
Total non-current assets	139,496	136,216
Total assets	259,756	246,807

(Million yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable-trade	56,263	47,390
Short-term loans payable	904	1,652
Current portion of long-term loans payable	7,676	7,301
Accounts payable-other	9,479	8,724
Accrued income taxes	4,886	4,602
Accrued consumption tax	2,231	1,650
Deferred revenue	4,927	5,173
Reserve for points	3,288	3,204
Reserve for bonuses	1,287	1,233
Reserve for promotion of admissions	86	215
Other	5,483	4,880
Total current liabilities	96,515	86,028
Non-current liabilities		
Bonds	15,000	15,020
Long-term loans payable	49,621	41,613
Reserve for guarantees for merchandise sold	3,811	3,930
Reserve for directors' retirement benefits	183	193
Retirement benefit liabilities	6,878	7,298
Deferred tax liabilities	17,201	16,287
Other	1,525	1,451
Total non-current liabilities	94,221	85,794
Total liabilities	190,737	171,822
Net assets		
Shareholders' equity		
Capital stock	6,158	6,330
Capital surplus	6,349	6,520
Retained earnings	56,582	63,151
Treasury stock	-1,400	-2,949
Total shareholders' equity	67,690	73,053
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	441	903
Currency conversion adjustments	6	15
Accumulated adjustment to retirement benefits	59	-68
Total accumulated other comprehensive income	506	849
Stock acquisition rights	786	1,081
Non-controlling interests	36	-
Total net assets	69,019	74,984
Total liabilities and net assets	259,756	246,807

(2) Consolidated Income Statement and Consolidated Statement of Comprehensive Income

Consolidated income statement

(For the six-month period)

(Million yen)

	Previous fiscal year (April 1, 2017 - September 30, 2017)	Current fiscal year (April 1, 2018 - September 30, 2018)
Net sales	234,140	246,012
Cost of sales	177,978	183,881
Gross profit on sales	56,161	62,130
Sales, general, and administrative expenses		
Advertising expenses	6,942	8,179
Salaries, allowances, and bonuses	16,085	16,499
Provision for bonuses	1,023	1,225
Provision for directors' retirement benefits	11	10
Retirement benefit expenses	520	586
Rents	6,739	7,159
Depreciation	4,052	4,055
Amortization of goodwill	1,397	1,424
Other	11,918	13,582
Total sales, general, and administrative expenses	48,692	52,721
Operating income	7,469	9,409
Non-operating income		
Interest income	7	6
Purchase discounts	800	852
Other	333	666
Total non-operating income	1,142	1,526
Non-operating expenses		
Interest expenses	374	205
Interest on bonds	45	54
Bond issuance costs	75	-
Other	127	116
Total non-operating expenses	623	376
Ordinary income	7,987	10,558
Extraordinary income		
Gain on reversal of loss on valuation of investment securities	5	2
Gain on reversal of stock subscription rights	4	7
Gain on sales of shares of subsidiaries and affiliates	200	419
Total extraordinary income	209	428
Extraordinary losses		
Impairment loss	1,078	258
Total extraordinary losses	1,078	258
Net income before taxes and other adjustments	7,118	10,728
Income taxes-current	2,807	4,314
Income taxes-deferred	-72	-970
Total income taxes	2,734	3,343
Net income	4,383	7,385
Net income (loss) attributable to shareholders of the non-controlling interests	-0	2
Net income attributable to shareholders of the parent company	4,384	7,382

(For the three-month period)

(Million yen)

	Previous fiscal year (July 1, 2017 - September 30, 2017)	Current fiscal year (July 1, 2018 - September 30, 2018)
Net sales	121,657	129,218
Cost of sales	92,413	96,401
Gross profit on sales	29,243	32,817
Sales, general, and administrative expenses		
Advertising expenses	3,489	4,189
Salaries, allowances, and bonuses	8,094	8,269
Provision for bonuses	366	625
Provision for directors' retirement benefits	3	3
Retirement benefit expenses	265	281
Rents	3,399	3,635
Depreciation	1,994	2,016
Amortization of goodwill	699	716
Other	6,046	6,816
Total sales, general, and administrative expenses	24,360	26,554
Operating income	4,882	6,263
Non-operating income		
Interest income	3	3
Purchase discounts	401	439
Other	152	431
Total non-operating income	557	874
Non-operating expenses		
Interest expenses	183	94
Interest on bonds	27	27
Other	66	37
Total non-operating expenses	277	159
Ordinary income	5,163	6,978
Extraordinary income		
Gain on reversal of loss on valuation of investment securities	-	21
Gain on reversal of stock subscription rights	3	6
Total extraordinary income	3	27
Extraordinary losses		
Loss on valuation of investment securities	6	-
Impairment loss	1,063	258
Total extraordinary losses	1,070	258
Net income before taxes and other adjustments	4,096	6,747
Income taxes-current	2,162	3,212
Income taxes-deferred	-306	-1,037
Total income taxes	1,855	2,174
Net income	2,240	4,573
Net income (loss) attributable to shareholders of the non-controlling interests	-0	1
Net income attributable to shareholders of the parent company	2,241	4,572

Consolidated statement of comprehensive income
(For the six-month period)

	Previous fiscal year (April 1, 2017 - September 30, 2017)	Current fiscal year (April 1, 2018 - September 30, 2018)
(Million yen)		
Net income	4,383	7,385
Other comprehensive income		
Valuation difference on available-for-sale securities	103	461
Currency conversion adjustments	-0	9
Adjustments for retirement benefit obligations	-0	-127
Share in other comprehensive income of equity-method affiliates	-18	-
Total other comprehensive income	84	342
Comprehensive income	4,468	7,727
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	4,468	7,725
Comprehensive income attributable to non-controlling interests	-0	2

(For the three-month period)

(Million yen)

	Previous fiscal year (July 1, 2017 - September 30, 2017)	Current fiscal year (July 1, 2018 - September 30, 2018)
Net income	2,240	4,573
Other comprehensive income		
Valuation difference on available-for-sale securities	36	470
Currency conversion adjustments	0	7
Adjustments for retirement benefit obligations	-	-2
Total other comprehensive income	36	474
Comprehensive income	2,277	5,048
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	2,277	5,047
Comprehensive income attributable to non-controlling interests	-0	1

(3) Consolidated Cash Flow Statement

(Million yen)

	Previous fiscal year (April 1, 2017 - September 30, 2017)	Current fiscal year (April 1, 2018 - September 30, 2018)
Cash flow from operating activities		
Net income before taxes and other adjustments	7,118	10,728
Depreciation	4,788	4,498
Impairment loss	1,078	258
Amortization of goodwill	1,397	1,424
Increase (decrease) in net defined benefit liability	57	236
Increase (decrease) in reserve for points	-295	-84
Increase (decrease) in reserve for promotion of admissions	227	128
Increase (decrease) in reserve for guarantees for merchandise sold	126	118
Interest and dividend income	-39	-23
Interest expenses	374	205
Gain on sales of shares of subsidiaries and affiliates	-200	-419
Decrease (increase) in accounts receivable-trade	12,829	10,754
Decrease (increase) in inventories	2,997	1,592
Decrease (increase) in accounts receivable-other	-15	146
Increase (decrease) in notes and accounts payable-trade	-10,908	-8,873
Increase (decrease) in accrued consumption taxes	580	-586
Increase (decrease) in unearned revenue	-156	246
Other	-125	-1,750
Subtotal	19,834	18,601
Interest and dividend income received	69	39
Interest expenses paid	-374	-263
Income taxes paid	-2,848	-4,294
Cash flow from operating activities	16,681	14,082

(Million yen)

	Previous fiscal year (April 1, 2017 - September 30, 2017)	Current fiscal year (April 1, 2018 - September 30, 2018)
Cash flow from investment activities		
Purchase of tangible non-current assets	-1,707	-1,445
Purchase of intangible assets	-410	-261
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	1,954	161
Purchase of shares of subsidiaries and affiliates	-570	-
Proceeds from sales of shares of subsidiaries and affiliates	640	419
Payments for lease and guarantee deposits	-570	-826
Proceeds from collection of lease and guarantee deposits	309	346
Other	-260	125
Cash flow from investment activities	-614	-1,481
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	-1,700	748
Proceeds from long-term loans payable	3,025	2,650
Repayment of long-term loans payable	-25,859	-11,367
Purchase of treasury stock	-1,308	-1,712
Proceeds from sales of treasury stock	128	162
Proceeds from issuance of bonds	14,924	-
Cash dividends paid	-646	-808
Purchase of shares of subsidiaries resulting in no change in scope of consolidation	-43	-44
Other	254	274
Cash flow from financing activities	-11,225	-10,096
Effect of exchange rate changes on cash and cash equivalents	1	29
Increase (decrease) in cash and cash equivalents	4,842	2,533
Starting balance of cash and cash equivalents	6,275	10,963
Ending balance of cash and cash equivalents	11,117	13,497

(4) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Significant Changes in Shareholders' Equity)

The Nojima Group distributed total dividends of 808 million yen from retained earnings during the first half of the current fiscal year based upon a resolution of the Board of Directors on May 8, 2018.

As a result, retained earnings for the six-month period ended September 30, 2018 were 63,151 million yen.

(Segment information, etc.)

[Segment information]

I Six-month period ended September 30, 2017 (April 1, 2017 – September 30, 2017)

1. Net sales and profit (loss) by reporting segment

(Million yen)

	Reporting segment				Other (*1)	Total	Adjustments (*2)	Amount on consolidated quarterly income statement (*3)
	Operation of digital home electronics retail stores	Operation of mobile carrier stores	Operation of Internet business	Subtotal				
Net sales								
Net sales to external customers	95,173	110,035	24,890	230,099	4,040	234,140	–	234,140
Internal sales or transfers between segments	95	402	13	511	147	658	-658	–
Subtotal	95,268	110,437	24,904	230,610	4,187	234,798	-658	234,140
Segment income (loss)	5,596	2,592	-172	8,016	222	8,239	-251	7,987

Note: *1. The “Other” business segment consists of businesses not included in the three reporting segments above. These include the shopping mall business, the sports business, the training business, the mega-solar business, and the animal medical business.

*2. Adjustments of segment income consist of companywide costs not distributed among reporting segments.

*3. Segment income is adjusted with ordinary income on the consolidated quarterly income statement.

2. Information on impairment losses on non-current assets or goodwill for each reportable segment

(Significant impairment losses on non-current assets)

The carrying amount of a group of assets that have recorded a continued loss from business activities is reduced to the recoverable amount and the reduced amount is recorded as an impairment loss under extraordinary loss.

The amount recorded in the reporting segment was 26 million yen for the operation of digital home electronics retail stores, 27 million yen for the operation of mobile carrier stores and 1,024 million yen for the operation of Internet business.

(Significant change in amount of goodwill)

Operation of an Internet business has been added to our business with the acquisition of all shares of NIFTY Corporation as one of our consolidated subsidiaries on April 1, 2017.

As a result, goodwill increased 13,090 million yen.

II Six-month period ended September 30, 2018 (April 1, 2018 – September 30, 2018)

1. Net sales and profit (loss) by reporting segment

(Million yen)

	Reporting segment				Other (*1)	Total	Adjustments (*2)	Amount on consolidated quarterly income statement (*3)
	Operation of digital home electronics retail stores	Operation of mobile carrier stores	Operation of Internet business	Subtotal				
Net sales								
Net sales to external customers	105,526	111,597	25,142	242,266	3,746	246,012	-	246,012
Internal sales or transfers between segments	213	124	6	344	281	625	-625	-
Subtotal	105,740	111,721	25,148	242,610	4,027	246,638	-625	246,012
Segment income	6,747	2,429	1,195	10,372	304	10,676	-117	10,558

Note: *1. The "Other" business segment consists of businesses not included in the three reporting segments above. These include the shopping mall business, the sports business, the training business, the mega-solar business, and the animal medical business.

*2. Adjustments of segment income consist of companywide costs not distributed among reporting segments.

*3. Segment income is adjusted with ordinary income on the consolidated quarterly income statement.

2. Information on impairment losses on non-current assets or goodwill for each reportable segment

(Significant impairment losses on non-current assets)

The carrying amount of a group of assets that have recorded a continued loss from business activities is reduced to the recoverable amount and the reduced amount is recorded as an impairment loss under extraordinary loss.

The amount recorded in the reporting segment was 256 million yen for the operation of digital home electronics retail stores, one million yen for the operation of mobile carrier stores.

(Significant change in amount of goodwill)

Not applicable

(Additional information)

(Restrictive financial covenants)

1. The following restrictive financial covenants apply under the revolving credit facilities agreements entered into by the Company to raise working capital.
 - i) The amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of each fiscal year and the first half of each fiscal year must be maintained at not less than the higher of the following figures:
 - A. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the fiscal year immediately preceding conclusion of the agreement
 - B. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the immediately preceding fiscal year or first half of the fiscal year
 - ii) An ordinary loss may not be recorded on the consolidated or nonconsolidated income statement for any fiscal year.

The amounts of agreements and remaining balances of debt are indicated below.

	Previous consolidated accounting period (March 31, 2018)	This consolidated accounting period (September 30, 2018)
Agreement amount	13,500 million yen	13,500 million yen

2. The following restrictive financial covenants apply under the loan agreement concluded by the consolidated subsidiary ITX as of December 24, 2014, which we re-financed on March 27, 2018 aiming to strengthen the financial position by reducing interest-bearing debt to raise funds to acquire stock in ITX (pre-merger) and working capital for ITX.
 - i) From the fiscal year ended March 2018, an operating loss may not be recorded two consecutive times on the consolidated income statement during the 12-month period of each fiscal year.
 - ii) From the fiscal year ended March 2018, the amount of net assets indicated on the consolidated balance sheet on the closing date of each fiscal year may not be less than 70% of the amount of net assets indicated on the consolidated balance sheet on the closing date of the immediately preceding fiscal year.

The amounts of agreements and remaining balances of debt are indicated below.

	Previous consolidated accounting period (March 31, 2018)	This consolidated accounting period (September 30, 2018)
Agreement amount	38,000 million yen	38,000 million yen
Remaining balance of debt		
Current portion of long-term loans payable	3,800	3,800
Long-term loans payable	34,200	32,300

3. The following restrictive financial covenants apply under the loan agreement entered into by the Company as of January 31, 2017 to raise funds to acquire stock in NIFTY Corporation.
 - i) From the fiscal year ended March 2017, the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of each fiscal year and the first half of each fiscal year must be maintained at not less than the higher of the following figures:
 - A. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the fiscal year ended March 2016
 - B. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the immediately preceding fiscal year or first half of the fiscal year
 - ii) From the fiscal year ended March 2017, an ordinary loss may not be recorded on the consolidated or nonconsolidated income statement for any fiscal year.

The amounts of agreements and remaining balances of debt are shown below.

	Previous consolidated accounting period (March 31, 2018)	This consolidated accounting period (September 30, 2018)
Agreement amount	20,000 million yen	-
Remaining balance of debt		
Current portion of long-term loans payable	998	-
Long-term loans payable	7,004	-

Debt under these agreements has been repaid in the six-month period ended September 30, 2018.

(Allotment of treasury shares to employees through an employee stock ownership trust)

We allot company's shares to employees through an employee stock ownership trust (hereafter, the Trust), in order to increase corporate value over the medium to long term and the welfare of employees on their behalf.

1. Overview

The Trust, which was established for the purpose of transferring the company's shares to the NEX employees' shareholding association (hereafter, the Shareholding Association), acquires, at one time in advance, certain number of the company's shares equivalent to the projected number of shares the Shareholding Association will buy during the three-year period starting from May 2017.

2. Treasury stock retained in the Trust

Treasury stock retained in the Trust is included in the Consolidated Balance Sheet at Net Assets section, at book value in the Trust, excluding incidental expenses. The amount and the number of treasury stock were 962 million yen and 548,000 shares, respectively at the end of previous fiscal year, and 799 million yen and 455,000 shares, respectively as of September 30, 2018.

3. Amount of ESOP Loan included in the Consolidated Balance Sheet

982 million yen at the end of previous fiscal year, and 764 million yen as of September 30, 2018.

(Adoption of Partial Amendments to Accounting Standard for Tax Effect Accounting)

Deferred tax assets are presented in the investment and other assets category and deferred tax liabilities are presented in the category of non-current liabilities due to the adoption of Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) from the beginning of this consolidated accounting period.

