

July 31, 2024

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2025
[Japan Standards]

Company name: MAX Co., Ltd. Stock listing: Tokyo Stock Exchange
Securities code: 6454 URL: <https://www.max-ltd.co.jp/>
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Contact: Yoshihiro Kaku, Senior Managing Director / Senior Executive Officer
Date of commencement of dividend payment —
Supplementary explanation document for the accounts is created. Yes
Briefing for the accounts (for investment analysts and fund managers) is held. Yes

(Millions of yen rounded down)

1. Consolidated Operating Results for the First Quarter of the Fiscal Year Ending March 31, 2025
(April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results (Cumulative)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q1/ FY ending March 2025	22,588	6.5	3,988	13.6	4,572	9.0	3,340	14.4
Q1/ FY ended March 2024	21,200	4.2	3,510	60.2	4,196	36.2	2,918	31.4

(Note) Comprehensive income

Q1/ FY ending March 2025: 4,981 million yen (3.2%)
Q1/ FY ended March 2024: 4,828 million yen (25.0%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
Q1/ FY ending March 2025	71.82	—
Q1/ FY ended March 2024	61.71	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2024	121,341	100,129	82.4	2,149.90
As of March 31, 2024	121,717	99,847	81.9	2,143.94

(Reference) Shareholders' equity

As of June 30, 2024: 100,006 million yen
As of March 31, 2024: 99,730 million yen

2. Dividends

	Dividends per Share				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 2024	—	—	—	101.00	101.00
FY ending March 2025	—	—	—	—	—
FY ending March 2025(Forecast)	—	—	—	108.00	108.00

(Note) Revision of forecasts on the dividends: None

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	45,000	4.8	7,200	8.3	7,340	(1.3)	5,600	0.2	120.37
Full year	90,300	4.2	13,600	7.9	13,740	0.2	10,360	(0.7)	222.91

(Note) Revision of forecasts on the consolidated operation results: Yes

* Notes

(1) Significant changes in the scope of consolidation during the consolidated cumulative period under review: None
New: — (Company name:) Excluded: — (Company name:)

(2) Application of specific accounting procedures for the preparation of quarterly consolidated financial statements: Yes
(Note) For details, please refer to “Calculation of Tax Expenses” on page 12 of the appendix.

(3) Changes in accounting principles, changes in accounting estimates and restatements

- 1) Changes due to revisions to accounting standards, etc.: None
- 2) Changes other than 1): None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(4) Number of outstanding shares (common stock)

- 1) Number of shares outstanding at term-end (including treasury stock)
 - As of June 30, 2024: 47,537,426 shares
 - As of March 31, 2024: 47,537,426 shares
- 2) Amount of treasury stock at term-end
 - As of June 30, 2024: 1,020,437 shares
 - As of March 31, 2024: 1,020,076 shares
- 3) Amount of average stock during term (quarter accumulation)
 - Three months ended June 30, 2024: 46,517,215 shares
 - Three months ended June 30, 2023: 47,301,996 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

*Explanation and other special notes regarding the appropriate use of the earnings forecast

Statements on the future of our business in these materials, including the earnings forecast, are based on information available at this moment and certain preconditions which we judge as rational and appropriate. Therefore, actual results and other achievements may differ from the above forecasts for various reasons.

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1. Summary of Operating Results

(1) Summary of Operating Results for the Consolidated Cumulative Period Under Review

1) Business results of all companies during the consolidated cumulative period under review

(Millions of yen, %)

	Q1/ FY 2024 (Ending March 2025)	Q1/ FY 2023 (Ended March 2024)	Year-on-year Change	
			Increase (Decrease)	Rate of Increase (Decrease)
Net Sales	22,588	21,200	+1,387	+6.5
Operating Income	3,988	3,510	+478	+13.6
Ordinary Income	4,572	4,196	+375	+9.0
Net Income Attributable to Shareholders of Parental Company	3,340	2,918	+421	+14.4
Net Income per Share	71.82 yen	61.71 yen	+10.11 yen	—
Operating Margin	17.7	16.6	+1.1 points	

During the consolidated cumulative period under review (April 1, 2024 to June 30, 2024), the global economy showed signs of gradual recovery in Japan and the United States, but economic stagnation continued in Europe. In terms of foreign exchange rates, the weakening of the yen accelerated.

In Japan, the number of new housing construction starts, which is related to the Group's Industrial Equipment segment, was sluggish. In the United States, housing construction starts decreased due to the impact of increased interest rates for loans, but construction investment trended firm. In Europe, the economic outlook remained uncertain due to concern regarding inflation and a high level of interest rates. In particular, housing market conditions remained sluggish in Germany.

Under such circumstances, net sales increased 6.5% from the previous corresponding period to ¥22,588 million, and operating income increased 13.6% from the previous corresponding period to ¥3,988 million. Ordinary income increased 9.0% from the previous corresponding period to ¥4,572 million, and net income attributable to shareholders of parental company also increased 14.4% from the previous corresponding period to ¥3,340 million.

2) Business results by segment for the consolidated cumulative period under review

(Millions of yen, %)

		Q1/ FY 2024 (Ending March 2025)	Q1/ FY 2023 (Ended March 2024)	Year-on-year Change	
				Increase (Decrease)	Rate of Increase (Decrease)
Office Equipment	Net Sales	5,321	5,174	+147	+2.8
	Segment Profit	1,085	985	+99	+10.1
	Segment Profit Rate	20.4	19.0	+1.4 points	
Industrial Equipment	Net Sales	16,456	15,211	+1,244	+8.2
	Segment Profit	3,981	3,458	+522	+15.1
	Segment Profit Rate	24.2	22.7	+1.5 points	
HCR Equipment	Net Sales	809	814	(4)	(0.5)
	Segment Profit	(7)	10	(17)	—
	Segment Profit Rate	(0.9)	1.3	(2.2) points	
Adjustments (Group-wide Expenses)		(1,070)	(944)	(126)	—
Group-wide	Net Sales	22,588	21,200	+1,387	+6.5
	Operating Income	3,988	3,510	+478	+13.6
	Operating Margin	17.7	16.6	+1.1 points	

Office Equipment Segment

Business results for the Office Equipment segment were as follows: Net sales of ¥5,321 million (an increase of 2.8% from the previous corresponding period), segment profit of ¥1,085 million (an increase of 10.1% from the previous corresponding period), and segment profit rate of 20.4%.

In domestic office equipment product operations, net sales were ¥1,815 million (an increase of 1.4% from the previous corresponding period).

Although sales of stationery-related products decreased, sales of labeling and signage products, mainly BEPOP label-making machines, increased thanks to strengthened proposal activities.

In overseas office equipment product operations, net sales were ¥1,431 million (a decrease of 10.9% from the previous corresponding period).

Sales of stationery-related products decreased due to economic stagnation in some regions of Southeast Asia.

In auto-stapler product operations, net sales were ¥2,074 million (an increase of 16.7% from the previous corresponding period).

Sales of both Auto Staplers and dedicated consumables trended firm thanks to signs of recovery in orders from customers.

Industrial Equipment Segment

Business results for the Industrial Equipment segment were as follows: Net sales of ¥16,456 million (an increase of 8.2% from the previous corresponding period), segment profit of ¥3,981 million (an increase of 15.1% from the previous corresponding period), and segment profit rate of 24.2%.

In domestic industrial equipment product operations, net sales were ¥4,900 million (a decrease of 0.4% from the previous corresponding period).

Sales of both tools and consumables trended firm thanks to the effect of the new model of rebar tying tools TWINTIER. On the other hand, sales of tools for wooden structure decreased due to a decrease in new housing construction starts.

In overseas industrial equipment product operations, net sales were ¥8,729 million (an increase of 14.9% from the previous corresponding period).

In North America, sales of rebar tying tools and related consumables increased thanks to firm trends in construction expenditures, growing sales for the new model of rebar tying tools TWINTIER that was launched in May, and the spread of large-diameter tools for the civil engineering market. In Europe, although tough market conditions continued in our main area of Germany and Northern Europe, sales of rebar tying tools and consumables recovered thanks to factors such as increased sales of the new model of rebar tying tools (launched in May, similar to North America) and strengthened activities in areas with favorable market conditions.

In residential environmental equipment operations, net sales were ¥2,825 million (an increase of 5.1% from the previous corresponding period).

Sales of DRYFAN bathroom heaters, ventilators and dehumidifiers, which are the mainstay of the business, stagnated in the housing stock for renovation and replacement, which is a focus of the segment. On the other hand, sales increased for some OEMs.

HCR Equipment Segment

Business results for the HCR Equipment segment were as follows: Net sales of ¥809 million (a decrease of 0.5% from the previous corresponding period) and a segment loss of ¥7 million.

Although sales to overseas grew with a focus on the rental market in China, sales of wheelchairs decreased to the domestic market.

(2) Summary of Financial Position for the Consolidated Cumulative Period Under Review

1) Summary of Consolidated Balance Sheets

(Millions of yen, %)

	Q1/ FY 2024 (As of June 30, 2024)	FY 2023 (As of March 31, 2024)	Comparison with Position at End of Previous Consolidated Fiscal Year	
			Increase (Decrease)	Rate of Increase (Decrease)
Total Assets	121,341	121,717	(375)	(0.3)
Net Assets	100,129	99,847	+282	+0.3
Equity Ratio	82.4	81.9	+0.5 points	

Assets decreased ¥375 million compared to the end of the previous consolidated fiscal year, to ¥121,341 million.

Current assets decreased ¥455 million due to factors such as a decrease of ¥1,298 million in marketable securities, despite a rise of ¥614 million in merchandise and finished goods.

Non-current assets increased ¥79 million due to factors such as a rise of ¥167 million in property, plant and equipment.

Liabilities decreased ¥657 million compared to the end of the previous consolidated fiscal year, to ¥21,212 million.

Current liabilities decreased ¥340 million due to factors such as a fall of ¥1,134 million in provision for bonuses, despite an increase of ¥246 million in income taxes payable.

Non-current liabilities decreased ¥317 million due to factors such as a decline of ¥346 million in net defined benefit liability.

Net assets increased ¥282 million compared to the end of the previous consolidated fiscal year, to ¥100,129 million.

Despite having reached a net income attributable to shareholders of parental company of ¥3,340 million, shareholders' equity decreased ¥1,357 million due to ¥4,698 million in dividends of surplus.

Accumulated other comprehensive income increased ¥1,634 million due to factors such as a rise of ¥1,643 million in foreign currency translation adjustment.

2) Analysis of Consolidated Cash Flow

The balance of cash and cash equivalents (“funds”) at the end of the consolidated cumulative period under review decreased ¥3,076 million compared to the end of the previous consolidated fiscal year, to ¥26,502 million.

Factors in the status of each type of cash flow in the consolidated cumulative period under review were as follows.

Cash flows from operating activities

Funds obtained from operating activities in the consolidated cumulative period under review amounted to ¥2,529 million (as compared to ¥1,604 million obtained in the previous corresponding period). The key increases came from net income before income taxes of ¥4,770 million and depreciation of ¥786 million. The key decreases came from a decrease of ¥1,141 million in provision for bonuses and ¥1,327 million paid as income taxes.

Cash flows from investment activities

Funds used in investment activities in the consolidated cumulative period under review amounted to ¥2,097 million (as compared to ¥256 million used in the previous corresponding period). The key decreases came from payments into time deposits of ¥4,481 million, purchase of property, plant and equipment of ¥731 million and purchase of short-term and long-term investment securities of ¥200 million. The key increases came from proceeds of ¥1,782 million from sales and redemption of short-term and long-term investment securities and proceeds of ¥1,575 million from withdrawal of time deposits.

Cash flows from financing activities

Funds used in financing activities in the consolidated cumulative period under review amounted to ¥4,328 million (as compared to ¥3,401 million used in the previous corresponding period). The key decrease was ¥4,247 million in cash dividends paid.

(3) Explanation Concerning Forward-looking Statements Such as Forecasts of Consolidated Operating Results

We now predict that we will surpass the forecast of operating results announced on April 26, 2024 due to factors such as recent performance and changes made to the forecasted exchange rate. Therefore, we have revised our business forecast for the first half and full year for the fiscal year ending March 31, 2025.

For details, please refer to the “Announcement of Revision of the First Half and Full-year Consolidated Earnings Forecasts” that was announced on July 31, 2024.

Dividends

The Company has set a dividend policy to have a “guideline of a ratio of dividends to net assets of 5.0% and a dividend payout ratio of 50%, as based on consolidated financial results.”

In the fiscal year under review, there is the possibility that the Company’s operating results will be impacted by factors such as the prolonged situation in Ukraine, the uncertain economic outlook in Europe and other aspects of the socioeconomic environment, and exchange rate fluctuations. At the current point in time, operating revenue is strong and there is no change in our plan to pay an annual dividend of ¥108 per share as announced on April 26, 2024.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2023 (As of March 31, 2024)	Q1/ FY 2024 (As of June 30, 2024)
ASSETS		
Current assets		
Cash and deposits	31,624	31,637
Notes and accounts receivable-trade	15,770	15,512
Marketable securities	6,595	5,296
Merchandise and finished goods	10,839	11,454
Work in process	1,026	1,061
Raw materials	2,082	2,176
Other	1,456	1,801
Allowance for doubtful accounts	(3)	(3)
Total current assets	69,392	68,937
Non-current assets		
Property, plant and equipment	26,357	26,525
Intangible assets	514	512
Investments and other assets		
Investment securities	21,408	21,343
Other	4,054	4,033
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	25,453	25,366
Total non-current assets	52,324	52,404
Total assets	121,717	121,341
LIABILITIES		
Current liabilities		
Accounts payable-trade	3,671	3,616
Short-term loans payable	1,050	1,050
Income taxes payable	989	1,235
Provision for bonuses	2,855	1,720
Provision for directors' bonuses	103	29
Provision for product warranties	189	182
Allowance for non-current asset removal costs	26	26
Other	5,411	6,095
Total current liabilities	14,297	13,956
Non-current liabilities		
Long-term loans payable	125	125
Provision for product warranties	15	12
Net defined benefit liability	6,135	5,788
Asset retirement obligations	135	135
Other	1,162	1,194
Total non-current liabilities	7,573	7,256
Total liabilities	21,870	21,212

(Millions of yen)

	FY 2023 (As of March 31, 2024)	Q1/ FY 2024 (As of June 30, 2024)
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,535	10,535
Retained earnings	70,267	68,909
Treasury stock	(2,670)	(2,671)
Total shareholders' equity	90,500	89,142
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,721	2,742
Revaluation reserve for land	(339)	(339)
Foreign currency translation adjustment	5,388	7,031
Remeasurements of defined benefit plans	1,460	1,430
Total accumulated other comprehensive income	9,230	10,864
Non-controlling interests	116	122
Total net assets	99,847	100,129
Total liabilities and net assets	121,717	121,341

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
Consolidated First Quarter

(Millions of yen)

	Q1/ FY 2023 (From April 1, 2023 to June 30, 2023)	Q1/ FY 2024 (From April 1, 2024 to June 30, 2024)
Net sales	21,200	22,588
Cost of sales	11,222	11,504
Gross profit	9,978	11,083
Selling, general and administrative expenses		
Salaries	1,521	1,645
Provision for bonuses	935	984
Provision for directors' bonuses	26	29
Retirement benefit expenses	201	86
Packing and delivery expenses	791	968
Promotion expenses	323	340
Depreciation	285	315
Provision of allowance for doubtful accounts	—	(0)
Other	2,383	2,724
Total selling, general and administrative expenses	6,468	7,094
Operating income	3,510	3,988
Non-operating income		
Interest income	44	75
Dividend income	80	81
Foreign exchange gains	555	416
Other	27	27
Total non-operating income	708	600
Non-operating expenses		
Interest expenses	8	7
Other	13	9
Total non-operating expenses	22	17
Ordinary income	4,196	4,572
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	—	199
Total extraordinary income	0	199
Extraordinary loss		
Loss on abandonment of non-current assets	7	1
Loss on sales of investment securities	0	—
Total extraordinary loss	7	1
Net income before income taxes	4,188	4,770
Income taxes	1,268	1,430
Net income	2,919	3,339
Net income (loss) attributable to non-controlling interests	1	(1)
Net income attributable to shareholders of parental company	2,918	3,340

(Quarterly Consolidated Statement of Comprehensive Income)
Consolidated First Quarter

(Millions of yen)

	Q1/ FY 2023 (From April 1, 2023 to June 30, 2023)	Q1/ FY 2024 (From April 1, 2024 to June 30, 2024)
Net income	2,919	3,339
Other comprehensive income		
Valuation difference on available-for-sale securities	442	20
Foreign currency translation adjustment	1,377	1,651
Adjustments relating to retirement benefits	88	(29)
Total other comprehensive income	1,908	1,642
Comprehensive income	4,828	4,981
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	4,824	4,974
Comprehensive income attributable to non- controlling interests	3	6

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Q1/ FY 2023 (From April 1, 2023 to June 30, 2023)	Q1/ FY 2024 (From April 1, 2024 to June 30, 2024)
Cash flows from operating activities		
Net income before income taxes	4,188	4,770
Depreciation	750	786
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	(1,026)	(1,141)
Increase (decrease) in provision for directors' bonuses	(53)	(74)
Increase (decrease) in provision for product warranties	(6)	(9)
Increase (decrease) in net defined benefit liability	12	(394)
Interest and dividend income	(125)	(156)
Interest expenses	8	7
Foreign exchange losses (gains)	(444)	(325)
Loss on abandonment of non-current assets	7	1
Loss (gain) on sales of non-current assets	(0)	(0)
Loss (gain) on sales of short-term and long-term investment securities	0	(199)
Increase (decrease) in deposits received from employees	567	497
Decrease (increase) in notes and accounts receivable-trade	(79)	502
Decrease (increase) in inventories	74	(235)
Increase (decrease) in notes and accounts payable-trade	(336)	(117)
Decrease (increase) in consumption taxes refund receivable	112	—
Increase (decrease) in accrued consumption taxes	138	(208)
Decrease (increase) in other assets	(135)	(23)
Increase (decrease) in other liabilities	47	26
Subtotal	3,700	3,705
Interest and dividend income received	124	157
Interest expenses paid	(9)	(5)
Income taxes (paid) refund	(2,211)	(1,327)
Cash flows from operating activities	1,604	2,529
Cash flows from investment activities		
Payments into time deposits	(294)	(4,481)
Proceeds from withdrawal of time deposits	143	1,575
Purchase of short-term and long-term investment securities	(800)	(200)
Proceeds from sales and redemption of short-term and long-term investment securities	1,500	1,782
Purchase of property, plant and equipment	(747)	(731)
Payments for retirement of property, plant and equipment	(1)	(0)
Proceeds from sales of property, plant and equipment	—	0
Purchase of intangible assets	(63)	(48)
Payments of loans receivable	(0)	—
Collection of loans receivable	7	6
Cash flows from investment activities	(256)	(2,097)

(Millions of yen)

	Q1/ FY 2023 (From April 1, 2023 to June 30, 2023)	Q1/ FY 2024 (From April 1, 2024 to June 30, 2024)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(3,328)	(4,247)
Cash dividends paid to non-controlling shareholders	(1)	(0)
Repayments of lease obligations	(70)	(79)
Cash flows from financing activities	(3,401)	(4,328)
Effect of exchange rate change on cash and cash equivalents	852	819
Net increase (decrease) in cash and cash equivalents	(1,201)	(3,076)
Balance of cash and cash equivalents, beginning of the period	26,987	29,579
Quarterly balance of cash and cash equivalents at the end of the period	25,786	26,502

(4) Notes Relating to the Quarterly Consolidated Financial Statements

(Application of Specific Accounting Procedures for the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

Tax expenses are calculated by multiplying pre-tax current net income for the fiscal year (including the first quarter currently under review) by an effective tax rate reasonably estimated by applying tax effect accounting to estimated income before income taxes.

(Notes on Segment Information, etc.)

[Segment Information]

I. Q1 of FY 2023 (From April 1, 2023 to June 30, 2023)

1. Information on the amount of sales, profit and losses for each reported segment

(Millions of yen)

	Reported segments			Adjustments	Total
	Office Equipment	Industrial Equipment	HCR Equipment		
Net sales					
Net sales to outside customers	5,174	15,211	814	—	21,200
Inter-segment sales or transfers	—	—	—	—	—
Total	5,174	15,211	814	—	21,200
Segment profit	985	3,458	10	(944)	3,510

(Notes) 1. Segment profit is consistent with operating income in the quarterly consolidated statement of income.

2. The segment profit adjustment of negative ¥944 million includes the negative ¥944 million of the Group-wide expenses, which are not allocated to the individual reported segments. Group-wide expenses are mainly comprised of general and administrative expenses not attributable to the reported segment.

II. Q1 of FY 2024 (From April 1, 2024 to June 30, 2024)

1. Information on the amount of sales, profit and losses for each reported segment

(Millions of yen)

	Reported segments			Adjustments	Total
	Office Equipment	Industrial Equipment	HCR Equipment		
Net sales					
Net sales to outside customers	5,321	16,456	809	—	22,588
Inter-segment sales or transfers	—	—	—	—	—
Total	5,321	16,456	809	—	22,588
Segment profit (loss)	1,085	3,981	(7)	(1,070)	3,988

(Notes) 1. Segment profit (loss) is consistent with operating income in the quarterly consolidated statement of income.

2. The segment profit (loss) adjustment of negative ¥1,070 million includes the negative ¥1,070 million of the Group-wide expenses, which are not allocated to the individual reported segments. Group-wide expenses are mainly comprised of general and administrative expenses not attributable to the reported segment.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

None.

(Notes Relating to the Assumption of Going Concern)

None.