



February 5, 2018

**Summary of Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2018  
(Nine Months Ended December 31, 2017)**

**[Japanese GAAP]**

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Listing: Tokyo Stock Exchange, First Section  
 URL: <https://www.jcu-i.com/>

Scheduled date of filing of Quarterly Report: February 8, 2018  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for quarterly financial results: None  
 Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on February 5, 2018 at 15:00. (GMT +9).

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2017**

(April 1, 2017 – December 31, 2017)

(1) Consolidated results of operations (Percentages represent year-over-year changes)

|                                 | Net sales   |     | Operating profit |      | Ordinary profit |      | Profit attributable to owners of parent |      |
|---------------------------------|-------------|-----|------------------|------|-----------------|------|---|------|
|                                 | Million yen | %   | Million yen      | %    | Million yen     | %    | Million yen                             | %    |
| Nine months ended Dec. 31, 2017 | 16,335      | 3.0 | 5,065            | 20.7 | 5,063           | 27.1 | 3,702                                   | 26.3 |
| Nine months ended Dec. 31, 2016 | 15,852      | 8.0 | 4,198            | 12.0 | 3,983           | 5.1  | 2,931                                   | 13.2 |

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2017: 4,191 (up 140.7%)  
 Nine months ended Dec. 31, 2016: 1,741 (down 20.3%)

|                                 | Net income per share |  | Diluted net income per share |  |
|---------------------------------|----------------------|--|------------------------------|--|
|                                 | Yen                  |  | Yen                          |  |
| Nine months ended Dec. 31, 2017 | 266.16               |  | -                            |  |
| Nine months ended Dec. 31, 2016 | 209.41               |  | -                            |  |

Note: The Company conducted a 2-for-1 common stock split on April 1, 2017. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

|                     | Total assets |  | Net assets  |  | Equity ratio |  |
|---------------------|--------------|--|-------------|--|--------------|--|
|                     | Million yen  |  | Million yen |  | %            |  |
| As of Dec. 31, 2017 | 29,945       |  | 21,706      |  | 72.2         |  |
| As of Mar. 31, 2017 | 26,095       |  | 18,457      |  | 70.5         |  |

Reference: Shareholders' equity (million yen) As of Dec. 31, 2017: 21,618 As of Mar. 31, 2017: 18,390

**2. Dividends**

|                    | Dividends per share |        |        |          |        |
|--------------------|---------------------|--------|--------|----------|--------|
|                    | 1Q-end              | 2Q-end | 3Q-end | Year-end | Total  |
|                    | Yen                 | Yen    | Yen    | Yen      | Yen    |
| FY3/17             | -                   | 60.00  | -      | 70.00    | 130.00 |
| FY3/18             | -                   | 35.00  | -      | -        | -      |
| FY3/18 (forecasts) | -                   | -      | -      | 50.00    | 85.00  |

Notes: 1. Revisions to the most recently announced dividend forecast: None  
 2. Breakdown of year-end FY3/18 dividend forecast: Ordinary dividend of 45.00 yen, commemorative dividend of 5.00 yen  
 3. The Company conducted a 2-for-1 common stock split on April 1, 2017. Dividends per share for FY3/17 are the actual amount before the stock split.

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)**

(Percentages represent year-over-year changes)

|           | Net sales   |     | Operating profit |      | Ordinary profit |      | Profit attributable to owners of parent |      | Net income per share |
|-----------|-------------|-----|------------------|------|-----------------|------|---|------|----------------------|
|           | Million yen | %   | Million yen      | %    | Million yen     | %    | Million yen                             | %    | Yen                  |
| Full year | 22,500      | 8.4 | 6,650            | 20.9 | 6,650           | 20.9 | 4,900                                   | 18.8 | 352.18               |

Note: Revisions to the most recently announced consolidated forecast: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): Yes

Newly added: 1 (JCU Surface Technology Hubei Co., Ltd.) Excluded: -

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Significant Subsidiaries during the Period under Review)” on page 8 of the attachments for further information.

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

|                      |                   |                      |                   |
|----------------------|-------------------|----------------------|-------------------|
| As of Dec. 31, 2017: | 14,117,037 shares | As of Mar. 31, 2017: | 14,109,600 shares |
|----------------------|-------------------|----------------------|-------------------|

2) Number of treasury shares at the end of the period

|                      |                |                      |                |
|----------------------|----------------|----------------------|----------------|
| As of Dec. 31, 2017: | 201,080 shares | As of Mar. 31, 2017: | 201,042 shares |
|----------------------|----------------|----------------------|----------------|

3) Average number of shares outstanding during the period

|                                  |                   |                                  |                   |
|----------------------------------|-------------------|----------------------------------|-------------------|
| Nine months ended Dec. 31, 2017: | 13,912,508 shares | Nine months ended Dec. 31, 2016: | 14,000,263 shares |
|----------------------------------|-------------------|----------------------------------|-------------------|

Note: The Company conducted a 2-for-1 common stock split on April 1, 2017. Number of outstanding shares (common stock) has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

Note 1: The current quarterly financial report is not subject to quarterly review procedures.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ substantially from these forecasts for a number of reasons.

**Contents of Attachments**

|   |   |
|---|---|
| 1. Qualitative Information on Quarterly Consolidated Financial Performance    | 2 |
| (1) Explanation of Results of Operations                                      | 2 |
| (2) Explanation of Financial Position   | 2 |
| (3) Explanation of Consolidated Forecast and Other Forward-looking Statements | 3 |
| 2. Quarterly Consolidated Financial Statements and Notes                      | 4 |
| (1) Quarterly Consolidated Balance Sheet                                      | 4 |
| (2) Quarterly Consolidated Statements of Income and Comprehensive Income      | 6 |
| (3) Notes to Quarterly Consolidated Financial Statements                      | 8 |
| Going Concern Assumption  | 8 |
| Significant Changes in Shareholders' Equity                                   | 8 |
| Changes in Significant Subsidiaries during the Period under Review            | 8 |
| Segment and Other Information   | 9 |

## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

During the first nine months of the fiscal year ending March 31, 2018 (hereafter, “the period under review”), the JCU Group reported net sales of 16,335 million yen (up 3.0% year over year) thanks to strong sales of chemicals in domestic and overseas markets, which were partly offset by a decrease in sales of large-scale plating machines and plasma surface treatment machines. As a result, operating profit, ordinary profit, and profit attributable to owners of parent amounted to 5,065 million yen (up 20.7% year over year), 5,063 million yen (up 27.1% year over year) and 3,702 million yen (up 26.3% year over year), respectively.

The segment performance was as follows.

#### Chemicals business

The chemicals business segment continued to generate steady sales of plating chemicals for PWBs in China, Taiwan and South Korea because a customer manufacturing PWBs used for high-end smartphones started a mass production using a new engineering method and demand for smartphones for the Chinese market remained firm and strong. In China, expanded production and robust sales of Japanese automobiles continued to contribute to the strong sales of plating chemicals for automotive components. Furthermore, domestic sales of chemicals, especially those for the electronics industry, saw a continued modest recovery. Consequently, sales increased 18.0% year over year to 14,533 million yen with a segment profit up 26.1% year over year to 5,779 million yen.

#### Machine business

Orders received in the machine business segment increased to 4,145 million yen (up 125.8% year over year) thanks to receiving an order for large-scale plating machines. While there was an increase in the construction contract backlog, production and installation works require some time to complete. Consequently, sales decreased 32.5% year over year to 1,334 million yen with a segment profit down 84.2% year over year to 27 million yen. The order backlog increased to 3,175 million yen (up 303.6% year over year).

#### New businesses

Orders received in the new businesses segment decreased to 316 million yen (down 40.1% year over year) due to a reduction in orders for plasma surface treatment machines, which had recorded robust sales in the same period of the previous fiscal year. The decrease in orders received resulted in sales of 467 million yen (down 70.1% year over year) with a segment loss of 85 million yen (as compared with a segment profit of 51 million yen a year earlier). The order backlog increased to 1,201 million yen (up 187.2% year over year).

### (2) Explanation of Financial Position

#### Assets, liabilities and net assets

##### Assets

Total assets at the end of the period under review increased 3,849 million yen (up 14.8%) from the end of the previous fiscal year to 29,945 million yen.

Current assets increased 3,521 million yen (up 18.5%) to 22,528 million yen mainly due to an increase in cash and deposits.

Non-current assets increased 328 million yen (up 4.6%) to 7,416 million yen mainly due to an increase in investment securities as a result of a rise in the market prices of securities owned.

### **Liabilities**

Total liabilities at the end of the period under review increased 600 million yen (up 7.9%) from the end of the previous fiscal year to 8,238 million yen.

Current liabilities increased 403 million yen (up 7.3%) to 5,957 million yen mainly due to an increase in advances received, which was partly offset by a decrease in income taxes payable.

Non-current liabilities increased 197 million yen (up 9.5%) to 2,281 million yen mainly due to an increase in long-term loans payable as a result of drawdown of loans.

### **Net assets**

Net assets at the end of the period under review increased 3,249 million yen (up 17.6%) from the end of the previous fiscal year to 21,706 million yen mainly due to an increase in retained earnings from profit for the period under review, which was partly offset by a decrease in retained earnings as a result of payment of cash dividends.

### **(3) Explanation of Consolidated Forecast and Other Forward-looking Statements**

There are no revisions to the consolidated forecast for the current fiscal year disclosed in Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2018 dated November 2, 2017.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

|  | (Thousands of yen)              |  |
|--|---------------------------------|--|
|  | FY3/17<br>(As of Mar. 31, 2017) | Third quarter of FY3/18<br>(As of Dec. 31, 2017) |
| Assets                                 |                                 |  |
| Current assets                         |                                 |  |
| Cash and deposits                      | 9,913,204                       | 12,405,728                                       |
| Notes and accounts receivable-trade    | 6,264,007                       | 7,004,547  |
| Merchandise and finished goods         | 1,166,494                       | 1,230,095  |
| Work in process                        | 110,270                         | 134,435  |
| Raw materials and supplies             | 386,724                         | 402,445  |
| Deferred tax assets                    | 607,735                         | 421,997  |
| Other                                  | 750,926                         | 1,114,096  |
| Allowance for doubtful accounts        | (191,755)                       | (184,369)  |
| Total current assets                   | 19,007,609                      | 22,528,977                                       |
| Non-current assets                     |                                 |  |
| Property, plant and equipment          |                                 |  |
| Buildings and structures, net          | 2,081,858                       | 2,415,375  |
| Machinery, equipment and vehicles, net | 662,919                         | 648,963  |
| Tools, furniture and fixtures, net     | 518,069                         | 485,239  |
| Land                                   | 522,824                         | 522,824  |
| Leased assets, net                     | 112,306                         | 95,117   |
| Construction in progress               | 339,195                         | 66,810   |
| Total property, plant and equipment    | 4,237,173                       | 4,234,330  |
| Intangible assets                      |                                 |  |
| Goodwill                               | 6,295                           | 2,301  |
| Other                                  | 62,725                          | 52,380   |
| Total intangible assets                | 69,021                          | 54,682   |
| Investments and other assets           |                                 |  |
| Investment securities                  | 2,300,420                       | 2,739,249  |
| Deferred tax assets                    | 107,660                         | 38,264   |
| Other                                  | 373,503                         | 349,593  |
| Allowance for doubtful accounts        | (0)                             | (0)  |
| Total investments and other assets     | 2,781,584                       | 3,127,107  |
| Total non-current assets               | 7,087,779                       | 7,416,120  |
| Total assets                           | 26,095,388                      | 29,945,097                                       |

|   | (Thousands of yen)              |  |
|---|---------------------------------|--|
|   | FY3/17<br>(As of Mar. 31, 2017) | Third quarter of FY3/18<br>(As of Dec. 31, 2017) |
| <b>Liabilities</b>                                    |                                 |  |
| <b>Current liabilities</b>                            |                                 |  |
| Notes and accounts payable-trade                      | 1,461,353                       | 1,400,254  |
| Electronically recorded obligations-operating         | 1,372,499                       | 1,468,646  |
| Short-term loans payable                              | 52,609                          | 281,223  |
| Current portion of long-term loans payable            | 419,184                         | 487,355  |
| Lease obligations                                     | 21,920                          | 18,320   |
| Income taxes payable                                  | 887,048                         | 446,867  |
| Provision for bonuses                                 | 335,545                         | 243,431  |
| Provision for loss on construction contracts          | 13,962                          | 13,962   |
| Advances received                                     | 40,461                          | 567,247  |
| Deferred tax liabilities                              | 42,314                          | 82,575   |
| Other   | 907,068                         | 947,372  |
| <b>Total current liabilities</b>                      | <b>5,553,967</b>                | <b>5,957,257</b>                                 |
| <b>Non-current liabilities</b>                        |                                 |  |
| Long-term loans payable                               | 645,741                         | 730,516  |
| Lease obligations                                     | 125,736                         | 113,076  |
| Net defined benefit liability                         | 1,036,391                       | 1,115,219  |
| Deferred tax liabilities                              | 1,675                           | 48,640   |
| Asset retirement obligations                          | 214,795                         | 218,610  |
| Other   | 59,940                          | 55,307   |
| <b>Total non-current liabilities</b>                  | <b>2,084,280</b>                | <b>2,281,370</b>                                 |
| <b>Total liabilities</b>                              | <b>7,638,247</b>                | <b>8,238,628</b>                                 |
| <b>Net assets</b>                                     |                                 |  |
| <b>Shareholders' equity</b>                           |                                 |  |
| Capital stock   | 1,176,255                       | 1,191,575  |
| Capital surplus                                       | 1,124,592                       | 1,141,298  |
| Retained earnings                                     | 15,433,294                      | 18,162,325                                       |
| Treasury shares                                       | (320,931)                       | (321,081)  |
| <b>Total shareholders' equity</b>                     | <b>17,413,210</b>               | <b>20,174,118</b>                                |
| <b>Accumulated other comprehensive income</b>         |                                 |  |
| Valuation difference on available-for-sale securities | 363,391                         | 661,027  |
| Foreign currency translation adjustment               | 613,475                         | 783,147  |
| <b>Total accumulated other comprehensive income</b>   | <b>976,867</b>                  | <b>1,444,175</b>                                 |
| <b>Non-controlling interests</b>                      | <b>67,062</b>                   | <b>88,175</b>                                    |
| <b>Total net assets</b>                               | <b>18,457,140</b>               | <b>21,706,468</b>                                |
| <b>Total liabilities and net assets</b>               | <b>26,095,388</b>               | <b>29,945,097</b>                                |

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income  
(For the Nine-month Period)**

(Thousands of yen)

|   | First nine months of FY3/17<br>(Apr. 1, 2016 – Dec. 31, 2016) | First nine months of FY3/18<br>(Apr. 1, 2017 – Dec. 31, 2017) |
|---|---|---|
| Net sales   | 15,852,961  | 16,335,514  |
| Cost of sales   | 6,598,055   | 5,955,391   |
| Gross profit  | 9,254,905   | 10,380,122  |
| Selling, general and administrative expenses                  |   |   |
| Salaries and allowances                                       | 1,678,891   | 1,756,307   |
| Bonuses   | 490,595   | 503,531   |
| Retirement benefit expenses                                   | 94,629  | 100,081   |
| Depreciation  | 268,258   | 278,204   |
| Provision of allowance for doubtful accounts                  | 373   | -   |
| Other   | 2,523,867   | 2,676,532   |
| Total selling, general and administrative expenses            | 5,056,615   | 5,314,656   |
| Operating profit  | 4,198,289   | 5,065,466   |
| Non-operating income  |   |   |
| Interest income   | 17,503  | 18,190  |
| Dividend income   | 29,277  | 30,579  |
| Share of profit of entities accounted for using equity method | 14,954  | -   |
| Reversal of allowance for doubtful accounts                   | -   | 7,183   |
| Other   | 20,701  | 21,870  |
| Total non-operating income                                    | 82,436  | 77,823  |
| Non-operating expenses  |   |   |
| Interest expenses   | 12,504  | 15,293  |
| Foreign exchange losses                                       | 270,698   | 37,566  |
| Share of loss of entities accounted for using equity method   | -   | 21,062  |
| Other   | 13,628  | 5,832   |
| Total non-operating expenses                                  | 296,832   | 79,755  |
| Ordinary profit   | 3,983,894   | 5,063,534   |
| Extraordinary income  |   |   |
| Gain on sales of non-current assets                           | 88  | 1,281   |
| Insurance income  | 20,014  | -   |
| Total extraordinary income                                    | 20,102  | 1,281   |
| Extraordinary losses  |   |   |
| Loss on sales of non-current assets                           | 543   | 5,036   |
| Loss on retirement of non-current assets                      | 9,941   | 1,857   |
| Impairment loss   | 24,954  | -   |
| Loss on liquidation of business                               | 17,731  | -   |
| Total extraordinary losses                                    | 53,170  | 6,893   |
| Profit before income taxes                                    | 3,950,826   | 5,057,921   |
| Income taxes-current  | 978,748   | 1,130,293   |
| Income taxes-deferred   | 13,532  | 210,206   |
| Total income taxes  | 992,280   | 1,340,500   |
| Profit  | 2,958,545   | 3,717,421   |
| Profit attributable to non-controlling interests              | 26,811  | 14,532  |
| Profit attributable to owners of parent                       | 2,931,734   | 3,702,888   |



**Quarterly Consolidated Statement of Comprehensive Income**  
**(For the Nine-month Period)**

|  | (Thousands of yen)  |   |
|--|---|---|
|  | First nine months of FY3/17<br>(Apr. 1, 2016 – Dec. 31, 2016) | First nine months of FY3/18<br>(Apr. 1, 2017 – Dec. 31, 2017) |
| Profit   | 2,958,545   | 3,717,421   |
| Other comprehensive income   |   |   |
| Valuation difference on available-for-sale securities                                | 103,307   | 297,636   |
| Foreign currency translation adjustment  | (1,278,427)   | 150,154   |
| Share of other comprehensive income of entities<br>accounted for using equity method | (41,971)  | 26,124  |
| Total other comprehensive income   | (1,217,091)   | 473,915   |
| Comprehensive income   | 1,741,453   | 4,191,337   |
| Comprehensive income attributable to:  |   |   |
| Owners of parent   | 1,736,814   | 4,170,196   |
| Non-controlling interests  | 4,638   | 21,140  |

**(3) Notes to Quarterly Consolidated Financial Statements**

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Omitted because there is no significant change in the amount of shareholders' equity from the end of the previous fiscal year.

**Changes in Significant Subsidiaries during the Period under Review**

Effective from the third quarter of the current fiscal year, the Company included JCU Surface Technology Hubei Co., Ltd. a newly established subsidiary, in the scope of consolidation.

## Segment and Other Information

### I. First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)

#### 1. Information related to sales and profit or loss for each reportable segment

(Thousands of yen)

|                                   | Reportable segment    |                     |                   |            | Adjustments<br>(Note 1) | Amounts shown on<br>quarterly<br>consolidated<br>statement of income<br>(Note 2) |
|-----------------------------------|-----------------------|---------------------|-------------------|------------|-------------------------|--|
|                                   | Chemicals<br>business | Machine<br>business | New<br>businesses | Total      |                         |  |
| Sales                             |                       |                     |                   |            |                         |  |
| Sales to outside customers        | 12,315,091            | 1,976,163           | 1,561,705         | 15,852,961 | -                       | 15,852,961   |
| Inter-segment sales and transfers | -                     | -                   | -                 | -          | -                       | -  |
| Total                             | 12,315,091            | 1,976,163           | 1,561,705         | 15,852,961 | -                       | 15,852,961   |
| Segment profit                    | 4,581,867             | 171,491             | 51,173            | 4,804,531  | (606,241)               | 4,198,289  |

Notes: 1. Details of the above adjustments are as follows.

To segment profit (Thousands of yen)

|                                       | First nine months of FY3/17<br>(Apr. 1, 2016 – Dec. 31, 2016) |
|---------------------------------------|---|
| Inter-segment transaction elimination | 3,157   |
| Corporate expenses*                   | (609,399)   |
| Total                                 | (606,241)   |

\* Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segment.

2. Segment profit is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

#### 2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Significant impairment losses related to non-current assets

As impairment loss on non-current assets of 24 million yen is related to idle assets, it is not allocated to any reportable segment.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

## II. First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)

## 1. Information related to sales and profit or loss for each reportable segment

|                                   | Reportable segment    |                     |                   |            | Adjustments<br>(Note 1) | Amounts shown on<br>quarterly<br>consolidated<br>statement of income<br>(Note 2) |
|-----------------------------------|-----------------------|---------------------|-------------------|------------|-------------------------|--|
|                                   | Chemicals<br>business | Machine<br>business | New<br>businesses | Total      |                         |  |
| Sales                             |                       |                     |                   |            |                         |  |
| Sales to outside customers        | 14,533,507            | 1,334,781           | 467,225           | 16,335,514 | -                       | 16,335,514   |
| Inter-segment sales and transfers | -                     | -                   | -                 | -          | -                       | -  |
| Total                             | 14,533,507            | 1,334,781           | 467,225           | 16,335,514 | -                       | 16,335,514   |
| Segment profit (loss)             | 5,779,412             | 27,103              | (85,036)          | 5,721,479  | (656,013)               | 5,065,466  |

Notes: 1. Details of the above adjustments are as follows.

| To segment profit                     | (Thousands of yen)  |
|---------------------------------------|---|
|                                       | First nine months of FY3/18<br>(Apr. 1, 2017 – Dec. 31, 2017) |
| Inter-segment transaction elimination | -   |
| Corporate expenses*                   | (656,013)   |
| Total                                 | (656,013)   |

\* Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segment.

2. Segment profit (loss) is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

## 2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

## Significant impairment losses related to non-current assets

Not applicable.

## Significant change in goodwill

Not applicable.

## Significant gain on bargain purchase

Not applicable.

\* This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.