

May 28, 2020

To shareholders

Matters to be Disclosed by the Internet in Association with
the Notice on the 97th Annual General Meeting of Shareholders

Notes to Consolidated Financial Statements.....1

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The above matters are presented to shareholders by posting on the Company's website (<http://www.nof.co.jp/>) in accordance with laws and regulations as well as the provisions of Article 15 in the Articles of Incorporation of the Company

NOF CORPORATION

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Notes to Consolidated Financial Statements

Notes to Basis for Preparation of Consolidated Financial Statements

1. Matters related to scope of consolidation

(1) Number of consolidated subsidiaries and the names of major consolidated subsidiaries

Number of consolidated subsidiaries: 24

Names of major consolidated subsidiaries

Nippon Koki Co., Ltd., NiGK Corporation, HOKKAIDO NOF CORPORATION, NOF METAL COATINGS ASIA PACIFIC CO., LTD., JAPEX Corp., Nichiyu Trading Co., Ltd., Yuka Sangyo Co., Ltd., Changshu NOF Chemical Co., Ltd., PT. NOF MAS Chemical Industries, NOF AMERICA CORPORATION, NOF METAL COATINGS NORTH AMERICA Inc. NOF (Shanghai) Co., Ltd., NOF EUROPE GmbH

(2) Names of major non-consolidated subsidiaries, etc.

Names of major non-consolidated subsidiaries

Major non-consolidated subsidiaries is NOF METAL COATINGS SHANGHAI Co., Ltd.

Reason for excluding the non-consolidated subsidiaries from the scope of consolidation

They are excluded from the scope of consolidation because their combined amounts of respective categories of total assets, net sales, profit and loss (corresponding to equity interest) and retained earnings (corresponding to equity interest) are smaller than the consolidated subsidiaries' such combined amounts, and have no significant impact on the consolidated financial statements.

2. Matters related to application of equity method

(1) Number of non-consolidated subsidiaries and affiliates accounted for using the equity method, and the names of major entities accounted for by using the equity method

Not applicable.

(2) Names, etc. of major non-consolidated subsidiaries and affiliates not accounted for using the equity method

Non-consolidated subsidiary: NOF METAL COATINGS SHANGHAI CO., Ltd.

Affiliate: Amagasaki Utility Services CO., Ltd.

Reason for not accounted for using the equity method

These non-consolidated subsidiaries and affiliates are not accounted for using the equity method because they individually do not have significant impact on profit and loss (corresponding to equity interest) and retained earnings (corresponding to equity interest), etc., and the impact is immaterial also on a combined basis.

3. Fiscal year, etc. of consolidated subsidiaries

The balance sheet date of consolidated subsidiaries NOF METAL COATINGS ASIA PACIFIC Co., Ltd., Changshu NOF Chemical Co., Ltd., P.T. NOF MAS Chemical Industries, NOF AMERICA CORPORATION, NOF METAL COATINGS NORTH AMERICA Inc., NIKKA COATING Co., Ltd., NOF METAL COATINGS EUROPE S.A., NOF METAL COATINGS EUROPE N.V., NOF METAL COATINGS KOREA Co., Ltd., NOF METAL COATINGS SOUTH AMERICA Ind. E Com. Ltda., SIE s.r.l. , NOF (Shanghai) Co., Ltd. and NOF EUROPE GmbH is December 31 each year.

In the preparation of consolidated financial statements, financial statements of each subsidiary at their respective balance sheet dates are used, and any significant transaction that took place between those balance sheet dates and the consolidated balance sheet date is subjected to necessary consolidation adjustments. Balance sheet date of all consolidated subsidiaries other than the listed above is the same as the consolidated balance sheet date of March 31 each year.

4. Matters related to accounting policies

(1) Standards and methods of valuation of assets

(i) Standards and methods of valuation of securities

Other securities

Available-for-sale securities with market value

Mainly by the market value method based on the average market price over a period of one month prior to the consolidated balance sheet date

(Net unrealized gains or losses on those securities are reported as a separate component of net assets and costs

of securities sold are determined primarily using the moving average method.)

Available-for-sale securities without market value

Mainly by the cost method using the moving-average method

(ii) Standards and methods of valuation of inventories

Mainly by the cost method using the total-average method (Consolidated balance sheet amounts are written down subject to decline in profitability.)

(2) Methods of depreciation and amortization of fixed assets

(i) Property, plant and equipment (excluding leased assets)

Straight-line method

(ii) Intangible assets (excluding leased assets)

Straight-line method; For software (for in-house use), straight-line method over licensing period for internal use (five years)

(iii) Leased assets

Leased assets used in finance lease transactions that do not transfer ownership to the lessee

Straight-line method, assuming the useful life as the lease period with residual value at nil

(3) Standards of providing allowances

(i) Allowance for doubtful accounts

To prepare for possible credit losses, estimated uncollectible amounts have been recorded based on collection losses for general receivables, while on individual assessment of collectability for certain receivables such as doubtful receivables.

(ii) Accrued bonuses for employees

To prepare for the payment of employees' bonuses, the Company and its major consolidated subsidiaries have recorded estimated amounts of employees' bonuses attributable to the fiscal year ended March 31, 2020.

(iii) Accrued retirement benefits for executive officers

To prepare for the expenditure of retirement benefits for executive officers, etc. of the Company, the amount to be paid at the end of the fiscal year ended March 31, 2020 has been recorded according to the internal rules.

(iv) Accrued retirement benefits for officers

NOF METAL COATINGS KOREA Co., Ltd., has recorded the amount to be paid at the end of the fiscal year ended March 31, 2020 according to the internal rules, in order to prepare for the expenditure of retirement benefits for officer, etc.

(4) Other basis for preparation of consolidated financial statements

(i) Hedge accounting

Method of hedge accounting

Deferral hedge accounting is adopted. As for foreign currency-denominated monetary claims and obligations under forward foreign exchange contracts, allocation treatment is adopted when requirements for such treatment are met.

Hedging instruments and hedged items

Hedging instruments: forward exchange contracts

Hedged items: forward exchange contracts and foreign currency denominated trading transactions

(ii) Methods of accounting retirement benefits

To prepare for retirement benefits of employees, retirement benefit liability has been recorded at the amount of the retirement benefit obligation less pension plan assets based on the estimation as of the end of the fiscal year ended March 31, 2020.

Prior service cost is amortized as incurred by the straight-line method over certain period (10 years), within the average remaining service years of the employees.

Actuarial gain or loss is amortized from the fiscal year following the year in which the gain or loss is recognized by the straight-line method over certain period (10 years), within the average remaining service years of the employees.

Unrecognized actuarial gain or loss and unrecognized prior service cost are recorded as retirement benefits liability adjustments in accumulated other comprehensive income under net assets after tax effect adjustments.

In calculating the retirement benefit liability, the estimated amount of retirement benefits is attributed mainly by benefit formula to the period up to the end of the fiscal year ended March 31, 2020.

(iii) Consumption tax

The tax exclusion method is adopted.

Notes to Changes in Presentation Method

Consolidated balance sheet

“Electronically recorded monetary claims-operating,” which were included in “Notes and accounts receivable” until previous fiscal year, is separately presented from the fiscal year ended March 31, 2020 due to increased monetary materiality. “Electronically recorded claims-operating” in the previous fiscal year was 2,401 million yen.

Additional Information

Board Benefit Trust (BBT)

Based on the resolution at the 96th Annual General Meeting of Shareholders held on June 27, 2019, the Company introduced in the fiscal year ended March 31, 2020 a performance-linked stock compensation plan (the Board Benefit Trust (BBT)) for Directors (excluding Outside Directors) and Operating Officers with titles (hereinafter collectively referred to as the “Directors, etc.”) (hereinafter referred to as the “Plan”).

The purpose of the Plan is to further clarify the linkage between compensation of Directors, etc., financial results of the Company and the value of the Company’s shares, and have Directors, etc. share the risk of stock value fluctuation with the shareholders, thereby strengthening the awareness of Directors, etc. of their contribution to the medium- to long-term improvement in financial results and enhancement of corporate value.

(1) Overview of the transactions under the Plan

Under the Plan, the Company’s shares are acquired through a trust using funds contributed by the Company (hereinafter, such trust established pursuant to the Plan is referred to as the “Trust”), and the Company’s shares and cash equivalents of such shares at their market value (hereinafter collectively referred to as the “Company’s Shares, etc.”) are distributed through the Trust to the Directors, etc., pursuant to the Officer Stock Distribution Rules established by the Company. The Directors, etc. shall receive the Company’s Shares, etc. upon their retirement, in principle. Accounting treatment of the trust agreement hereunder is subjected to the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF No.30, March 26, 2015).

(2) The Company’s shares remaining in the trust

The Company records the Company’s shares remaining in the Trust at their book value (excluding incidental costs) at the Trust, as treasury stock under net assets. At the end of the fiscal year ended March 31, 2020, such treasury stock stood at 179 million yen of book value and the number of such shares was 52,700.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and collateralized obligation

(1) Assets pledged as collateral

Buildings and structures	64 million yen
Land	163 million yen
Investment securities	<u>9 million yen</u>
Total	236 million yen

(2) Collateralized obligation

Long-term debt	0 million yen
(including current portion)	
Accounts payable, etc.	<u>228 million yen</u>
Total	229 million yen

2. Accumulated depreciation of property, plant and equipment 151,649 million yen

3. Accumulated advanced depreciation for property, plant and equipment due to acceptance of national subsidies

Accumulated advanced depreciation for property, plant and equipment due to acceptance of national subsidies are 509 million yen for buildings and structures, 379 million yen for machinery, equipment and vehicles, while 22 million yen for others, totaling 911 million yen.

4. Repurchase obligation associated with the liquidation of receivables 1,480 million yen

Notes to Consolidated Statement of Income

1. Insurance income

Insurance income is the insurance claim received for the losses caused by typhoons in 2018 and 2019.

2. Profit and loss reflecting reduced profitability of inventories held for regular sales purpose

Write-down of book value reflecting the reduced profitability (after offsetting the reversal in the first half)
147 million yen

3. Impairment loss on fixed assets

The Group recorded impairment loss for the following assets in the fiscal year ended March 31, 2020.

Location	Use	Type	Impairment losses
Taketoyo-cho, Chita-gun, Aichi	Production facilities	Machinery and equipment	19 million yen
Kawagoe-city, Saitama	Production facilities	Buildings and structures	429 million yen

The Group groups business-use assets primarily according to the operating division and idle assets on an individual basis or on an asset group basis, and assesses impairment.

Since the assets listed above have little prospect of recovery in operating earnings due to declined profitability of the relevant business operation, book values of the assets with the recoverable amount falling short of the book value were written down to their respective recoverable amounts, and such reductions were recorded as impairment loss on fixed assets (449 million yen) under extraordinary losses.

The recoverable amount of each asset is measured at value in use. Values in use are not discounted as their future cash flows are negative.

The aforementioned impairment losses consisted of 294 million yen for buildings and structures, ¥64 million for machinery and vehicles, ¥89 million for tools, furniture and fixtures and 0 million yen for others.

4. Loss on disaster

Loss on disaster consisted mainly of 203 million yen for the cost for restoring facilities affected by typhoons, and 13 million yen for the loss on inventories.

5. Loss on business withdrawal

Loss on business withdrawal consisted of 70 million yen for write-down of inventories and 11 million yen for loss on disposal of inventories, following the discontinuation of sales of the Group's products, as well as 4 million yen for loss on retirement of fixed assets.

Notes to Consolidated Statement of Changes in Net Assets

1. Type and number of shares issued and outstanding at the end of the fiscal year ended March 31, 2020

Common stock 84,841,376

2. Matters related to cash dividends

(1) Dividends paid

Relevant resolutions	Type of shares	Total dividends (Millions of yen)	Dividends per share (yen)	Record dates	Effective dates
The Annual General Meeting of Shareholders held on June 27, 2019	Common stock	3,871	46	March 31, 2019	June 28, 2019
The Board of Directors meeting held on November 7, 2019	Common stock	3,282	39	September 30, 2019	December 2, 2019
Total		7,154			

Note: The total amount of dividends determined to be paid by the resolution of the Board of Directors meeting held on November 7, 2019 include dividends of ¥2 million to the Company's shares held by the Board Benefit Trust (BBT).

- (2) Dividends for which the record date falls in the fiscal year ended March 31, 2020, but the effective date falls in the fiscal year ending March 31, 2021

The Company will submit a proposal on dividends for common stock as follows at the Annual General Meeting of Shareholders scheduled to be held on June 26, 2020.

(i) Total dividends	3,243 million yen
(ii) Dividends per share	39 yen
(iii) Record date	March 31, 2020
(iv) Effective date	June 29, 2020

Dividends shall be funded by retained earnings.

Notes to financial instruments

1. Matters regarding financial instruments

(1) Policy on financial instruments

The Group manages its funds through short-term deposits, while financing working capital and capital expenditure by internal funds or bank borrowings. Meanwhile, derivatives are not used for speculative trading, but for reducing risks.

(2) Types of financial instruments held and associated risks, and risk management system

Trade receivables such as trade notes and accounts receivable are exposed to credit risk associated with customers. These risks are managed according to the Group's internal rules for credit control, etc. Investment securities such as shares are generally exposed to the risk of market price fluctuations, and held by the companies in business relationship with the Group, and the listed shares are marked to market on a quarterly basis for mitigating such a market risk.

Short-term bank loans and long-term debt are used mainly for financing capital expenditures and are exposed to the risk of interest rate fluctuations. To avoid such interest rate risks, fixed rate deals are primarily used for the long-term debt. Trade payables, which are exposed to liquidity risks, are managed under the Group's financing plan.

Details of the Group's hedge accounting are described in "(4) Other basis for preparation of consolidated financial statements," in "4. Matters related to accounting policies," under "Notes to Basis for Preparation of Consolidated Financial Statements."

(3) Supplementary information on fair values of financial instruments

Fair values of financial instruments include the values based on their market prices, or at reasonably calculated estimates when market prices are unavailable. Such estimates are calculated reflecting variable factors and are subject to fluctuations due to changes in underlying assumptions.

2. Fair value of financial instruments

The values recorded on the consolidated balance sheet as of March 31, 2020, their fair values, and the differences between them are as follows.

Financial instruments whose fair values are deemed to be hardly determinable are not included herein. (See Note 2).

(Millions of yen)

	Values recorded on the consolidated balance sheet (*1)	Fair values (*1)	Differences
(1) Cash and time deposits	51,849	51,849	—
(2) Notes and accounts receivable	38,625		
(3) Electronically recorded claims-operating	2,467		
Allowance for doubtful accounts (*2)	(188)		
	40,904	40,904	—
(4) Securities and investment securities	39,655	39,655	—
(5) Notes and accounts payable	(14,998)	(14,998)	—
(6) Short-term bank loans	(1,353)	(1,353)	—
(7) Long-term debt (including current portion)	(8,060)	(8,025)	(34)

*1: Liabilities are shown in parenthesis.

*2: Allowance for doubtful accounts with respect to notes and accounts receivable and electronically recorded claims-operating are deducted.

Note 1. Method of measuring fair value of financial instruments and information relating to securities

(1) Cash and time deposits

Since they are settled in a short period of time and their fair values are approximate to book values, they are measured at their book value.

(2) Notes and accounts receivable and (3) electronically recorded claims-operating

Since they are settled in a short period of time and their fair values are approximate to the amounts recorded on the balance sheet as of the balance sheet date less estimated collection losses, such amounts are deemed as fair values.

(4) Securities and investment securities

The fair value of shares is measured at their price quoted on the stock exchange, while the fair value of bonds is measured at their price quoted on the securities exchange or the price quoted by the relevant financial institutions.

(5) Notes and accounts payable and (6) short-term bank loans

Since they are settled in a short period of time, and their fair values are approximate to book values, they are measured at their book value.

(7) Long-term debt

The fair value of long-term debt is determined at its present value, which is calculated by discounting future cash flows of a periodically divided portion of the debt using the discount rates reflecting the length of periods up to maturity as well as credit risk associated with each such portion.

Note 2. Financial instruments whose fair values are deemed to be hardly determinable

(Millions of yen)

Classification	Amounts recorded on the consolidated balance sheet
Unlisted stock	1,211
Fund certificate	0

These items are not included in “(4) Securities and investment securities,” as their fair values are hardly determinable due to absence of market prices, making the estimation of future cash flows impossible.

Notes to per share information

Net assets per share	2,140.98 yen
Profit per share	251.72 yen
Note: The Company's shares held by the Board Benefit Trust (BBT) are included in treasury stock subject to exclusion.	
Number of shares issued at the end of the fiscal year that were excluded for the purpose of calculating per share information	52,700
Average number of shares issued during the fiscal year that were excluded for the purpose of calculating per share information	32,431

Other notes

Amounts and values stated in these consolidated financial statements are rounded down to the unit of presentation.

Notes to Non-Consolidated Financial Statements

Notes to Matters related to Significant Accounting Policies

1. Standards and methods of valuation of assets

(1) Standards and methods of valuation of securities

Shares of subsidiaries and affiliates

The cost method using the moving-average method

Other securities

Available-for-sale securities with market value

Market value method based on the average market price over a period of one month prior to the end of the fiscal year

(Net unrealized gains or losses on those securities are reported as a separate component of net assets and costs of securities sold are determined using the moving average method.)

Available-for-sale securities without market value

Cost method using the moving-average method

(2) Standards and methods of valuation of inventories

The cost method using the total-average method (Balance sheet amounts are written down subject to decline in profitability.)

2. Method of depreciation and amortization of fixed assets

(1) Property, plant and equipment (excluding leased assets)

Straight-line method

(2) Intangible assets (excluding leased assets)

Straight-line method; For software (for in-house use), straight-line method over licensing period for internal use (five years)

(3) Leased assets

Leased assets used in finance lease transactions that do not transfer ownership to the lessee

Straight-line method, assuming the useful life as the lease period with residual value at nil

3. Standards of providing allowances

(1) Allowance for doubtful accounts

To prepare for possible credit losses, estimated uncollectible amounts have been recorded based on actual collection losses for general receivables, while on individual assessment of collectability for certain receivables such as doubtful receivables.

(2) Accrued bonuses for employees

To prepare for the payment of employees' bonuses, the estimated amount of employees' bonuses attributable to the fiscal year ended March 31, 2020 has been recorded.

(3) Provision for retirement benefits

To prepare for retirement benefits of employees, the estimated amount of retirement benefit obligation and pension plan assets at the end of the fiscal year ended March 31, 2020 have been recorded.

As the estimated pension plan assets exceed the estimated retirement benefit obligation, the excess is recorded as prepaid pension cost.

Actuarial gain or loss is amortized from the fiscal year following the year in which the gain or loss is recognized by the straight-line method over certain period (10 years), within the average remaining service years of the employees.

In calculating the retirement benefit liability, the estimated amount of retirement benefits is attributed by benefit formula to the period up to the end of the fiscal year ended March 31, 2020.

(4) Accrued retirement benefits for officers

To prepare for the expenditure of retirement benefits for executive officers, etc., the amount to be paid at the end of the fiscal year ended March 31, 2020 has been recorded according to the internal rules.

4. Other basis for preparation of non-consolidated financial statements

(1) Method of hedge accounting

Deferral hedge accounting is adopted. As for foreign currency-denominated monetary claims and obligations under forward foreign exchange contracts, allocation treatment is adopted when requirements for such treatment are met.

(2) Consumption tax

Tax-exclusion method is adopted.

(Additional information)

Board Benefit Trust (BBT)

Notes on this issue are omitted as the same information is contained in “Additional Information” under “Notes to Consolidated Financial Statements.”

Notes to Non-consolidated Balance Sheet

1. Assets pledged as collateral and collateralized obligation

(1) Assets pledged as collateral

Buildings	64 million yen
Structures	0 million yen
Land	<u>3 million yen</u>
Total	67 million yen

(2) Collateralized Obligation

Long-term debt (including current portion)	0 million yen
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2. Accumulated depreciation of property, plant and equipment

105,580 million yen

3. Accumulated tax purpose reduction entries for property, plant and equipment due to acceptance of national subsidies

Accumulated tax purpose reduction entries for property, plant and equipment due to acceptance of national subsidies are 463 million yen for buildings, 18 million yen for structures, 347 million yen for machinery and equipment, while 22 million yen for tools, furniture and fixtures, totaling 851million yen.

4. Guarantee obligations

(1) The Company provides guarantees for other companies' loan obligations to financial institutions.

P.T. NOF MAS Chemical Industries	794 million yen
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(2) The Company provides guarantees for obligations of subsidiaries and associates associated with the liquidation of receivables.

Yuka Sangyo Co., Ltd. and one other company	411 million yen
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5. Repurchase obligation associated with the liquidation of receivables

1,068 million yen

6. Monetary claims against, and monetary obligations to subsidiaries and associates

Short-term monetary claims	20,370 million yen
Long-term monetary claims	704 million yen
Short-term monetary obligations	21,317 million yen
Long-term monetary obligations	119 million yen

7. CMS lending limit for subsidiaries and associates

For the purpose of efficient fund management and fund procurement across the Group, a cash management system (hereinafter referred to as “CMS”) is in place, whereunder the Company has concluded the CMS Basic Agreement with 16 of the Group companies and established the CMS lending limit for the Group companies.

Unused lending limit available as of the end of the fiscal year ended March 31, 2020 is as follows:

Total CMS lending limit	13,480 million yen
Lending limit used	<u>4,821 million yen</u>
Lending limit unused	8,658 million yen

Notes to Non-consolidated Statement of Income

1. Amount of transactions with subsidiaries and associates

Trading transactions

Net sales	42,896 million yen
Purchases	10,102 million yen
Other trading transactions	8,024 million yen
Transactions other than trading transactions	2,339 million yen

2. Profit and loss reflecting reduced profitability of inventories held for regular sales purpose

Write-down of book value reflecting the reduced profitability (after offsetting the reversal in the first half)	(1) million yen
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Notes to Non-consolidated Statement of Changes in Net Assets

Type and number of shares of treasury stock issued and outstanding at the end of the fiscal year ended March 31, 2020

Common stock 1,732,123

Note: Number of shares of treasury stock at the end of the fiscal year ended March 31, 2020 includes 52,700 shares held by the Board Benefit Trust (BBT).

Notes to Tax Effect Accounting

(1) Deferred tax assets and deferred tax liabilities classified by main reason of accrual

Deferred tax assets	
Accrued bonuses for employees	656 million yen
Provision for retirement benefits	728 million yen
Loss on valuation of inventories	241 million yen
Accrued enterprise tax	218 million yen
Impairment loss on fixed assets	304 million yen
Accrued retirement benefits for executive officers	31 million yen
Accrued expenses	8 million yen
Loss on valuation of golf club membership	22 million yen
Loss on retirement of fixed assets	52 million yen
Loss on valuation of shares of subsidiaries and associates and investment securities	296 million yen
Long-term accounts payable-other	3 million yen
Deemed dividends in the form of non-cash dividends	2,125 million yen
Other	523 million yen
Deferred tax assets – subtotal:	<u>5,212 million yen</u>
Valuation allowance (Note)	(2,483) million yen
Deferred tax assets - total	<u>2,729 million yen</u>

Deferred tax liabilities	
Unrealized holding gain on securities	(7,051) million yen
Reserve for advanced depreciation of fixed assets	(1,546) million yen
Gain on contribution of securities to retirement benefit trust	(633) million yen
Other	(2) million yen
Deferred tax liabilities - total	<u>(9,235) million yen</u>
Net deferred tax liabilities	<u>(6,505) million yen</u>

Note: Valuation allowance increased 2,097 million yen from the end of the previous fiscal year, due mainly to an increase in valuation allowance associated with deemed dividends in the form of non-cash dividends.

(2) Major components of significant differences arising between the effective statutory tax rate and the rate of corporate taxes, etc. after application of tax-effect accounting

Effective statutory tax rate	31.00 %
(Adjustments)	
Items excluded from gross profit such as dividend income	(2.84)
Tax exemption	(1.11)
Other	(0.01)
Corporate tax rate after the application of tax effect accounting	<u>27.04</u>

Notes to the Transactions with Related Parties

Subsidiaries and affiliates

(Millions of yen)

Type	Name of entity	Voting rights ownership ratio	Relationship with related parties	Description of transactions	Amount of transactions (Note 3)	Items	Fiscal year-end balance
Subsidiary	Nippon Koki Co., Ltd.,	Direct ownership 95%	Manufacture of the Company's products Lending of funds	Collection of funds (Note 2)	(1,423)	Short-term loans receivable	2,619
				Lending of funds (Note 2)	103	Long-term loans receivable	204
Subsidiary	NiGK Corporation	Direct ownership 100%	Manufacture of the Company's products Deposit-taking of funds	Deposit-taking of funds (Note 2)	1,361	Deposit received	7,472
Subsidiary	NOF METAL COATINGS ASIA PACIFIC CO., LTD.	Direct ownership 100%	Deposit-taking of funds	Deposit-taking of funds (Note 2)	869	Deposit received	5,125
Subsidiary	Yuka Sangyo Co., Ltd.	Direct ownership 100%	Sale of the Company's products Deposit-taking of funds	Sale of products (Note 1)	25,587	Accounts receivable	9,343
				Repayment of funds (Note 2)	(659)	Deposit received	3,758
Subsidiary	NOF AMERICA CORPORATION	Direct ownership 100%	Sale of the Company's products	Sale of products (Note 1)	7,602	Accounts receivable	2,421
Subsidiary	NOF EUROPE GmbH	Direct ownership 100%	Sale of the Company's products	Sale of products (Note 1)	5,100	Accounts receivable	1,896

Conditions of transactions and the policy for their establishment

Note 1. Price and other conditions of transactions are based mainly on market prices and cost of manufacturing.

Note 2. Interest rates applicable to deposit-taking and lending of funds are determined based on market rates. The Company is not engaged in accepting or providing collateral.

Note 3. The amount of transactions does not include consumption taxes while fiscal year-end balance does.

Notes to Per Share Information

Net assets per share 1,711.62 yen

Net income per share 218.00 yen

Note: The Company's shares held by the Board Benefit Trust (BBT) are included in treasury stock for exclusion.

Number of shares issued at the end of the current fiscal year excluded for the purpose of calculating per share information 52,700

Average number of shares issued during the current fiscal year excluded for the purpose of calculating per share information 32,431

Notes to Significant Subsequent Event

Not applicable.

Other Notes

Amounts and values stated in these non-consolidated financial statements are rounded down to the unit of presentation.