

Note: This is an excerpt translation of the “Shihanki-Houkokusho” for the convenience of overseas stakeholders. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. RIKEN TECHNOS CORPORATION assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

# **Quarterly Consolidated Financial Statements**

(Pursuant to Article 24-4-7, Paragraph 1 of the  
Japanese Financial Instruments and Exchange Act)

Second quarter of  
the 89th term

From July 1, 2017  
to September 30, 2017

**RIKEN TECHNOS CORPORATION**

**2-101, Kanda-Awajicho, Chiyoda-ku, Tokyo, Japan**

# Quarterly Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	14,508,274	14,332,796
Notes and accounts receivable - trade	23,762,379	23,989,778
Merchandise and finished goods	5,731,533	6,625,361
Work in process	558,400	562,639
Raw materials and supplies	4,823,450	4,746,866
Deferred tax assets	429,567	388,840
Other	1,133,890	1,147,721
Allowance for doubtful accounts	(129,560)	(128,429)
<b>Total current assets</b>	<b>50,817,935</b>	<b>51,665,574</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,737,777	9,390,954
Machinery, equipment and vehicles, net	9,222,775	9,226,766
Land	6,427,165	6,419,585
Leased assets, net	22,460	29,764
Construction in progress	932,233	1,003,355
Other, net	618,154	671,164
<b>Total property, plant and equipment</b>	<b>26,960,565</b>	<b>26,741,591</b>
Intangible assets		
Goodwill	483,537	387,748
Leased assets	3,745	2,913
Other	2,656,002	2,380,319
<b>Total intangible assets</b>	<b>3,143,285</b>	<b>2,770,981</b>
Investments and other assets		
Investment securities	6,035,880	6,681,091
Long-term loans receivable	54,916	52,485
Net defined benefit asset	502,834	527,853
Deferred tax assets	230,356	253,799
Other	603,906	476,136
Allowance for doubtful accounts	(3,770)	(3,770)
<b>Total investments and other assets</b>	<b>7,424,123</b>	<b>7,987,596</b>
<b>Total non-current assets</b>	<b>37,527,975</b>	<b>37,500,169</b>
<b>Total assets</b>	<b>88,345,910</b>	<b>89,165,744</b>

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	16,913,755	16,903,269
Short-term loans payable	*2 6,544,873	*2 6,235,927
Current portion of long-term loans payable	315,635	87,340
Lease obligations	10,231	9,534
Income taxes payable	575,041	599,547
Provision for bonuses	625,177	524,462
Provision for directors' bonuses	63,100	44,264
Other	2,529,349	2,643,531
Total current liabilities	27,577,165	27,047,876
Non-current liabilities		
Bonds payable	4,000,000	2,280,000
Long-term loans payable	4,866,068	4,806,981
Lease obligations	21,468	25,428
Deferred tax liabilities	1,159,930	1,384,660
Provision for director stock benefits	17,410	68,742
Net defined benefit liability	1,069,617	1,066,575
Asset retirement obligations	310,128	312,367
Other	127,782	134,677
Total non-current liabilities	11,572,407	10,079,435
Total liabilities	39,149,572	37,127,311
<b>Net assets</b>		
Shareholders' equity		
Capital stock	8,514,018	8,514,018
Capital surplus	6,670,465	7,090,224
Retained earnings	27,137,248	28,013,556
Treasury shares	(3,108,532)	(1,743,642)
Total shareholders' equity	39,213,200	41,874,157
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,785,333	3,258,300
Foreign currency translation adjustment	502,996	223,788
Remeasurements of defined benefit plans	(527,469)	(494,950)
Total accumulated other comprehensive income	2,760,859	2,987,138
Non-controlling interests	7,222,277	7,177,136
Total net assets	49,196,337	52,038,432
Total liabilities and net assets	88,345,910	89,165,744

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**Consolidated Statements of Income**

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	43,171,574	45,890,214
Cost of sales	34,501,764	37,500,409
Gross profit	8,669,810	8,389,804
Selling, general and administrative expenses	*1 5,757,294	*1 5,834,911
Operating income	2,912,515	2,554,893
Non-operating income		
Interest income	17,257	13,914
Dividend income	66,816	71,020
Foreign exchange gains	—	14,803
Other	24,109	87,988
Total non-operating income	108,182	187,727
Non-operating expenses		
Interest expenses	65,235	93,913
Foreign exchange losses	269,835	—
Other	8,111	14,060
Total non-operating expenses	343,182	107,973
Ordinary income	2,677,515	2,634,646
Extraordinary income		
Gain on sales of non-current assets	2,075	2,143
Gain on sales of investment securities	0	64,358
Total extraordinary income	2,075	66,501
Extraordinary losses		
Loss on sales of non-current assets	—	6,871
Loss on retirement of non-current assets	7,695	21,769
Total extraordinary losses	7,695	28,641
Income before income taxes	2,671,895	2,672,506
Income taxes	822,554	849,353
Profit	1,849,341	1,823,153
Profit attributable to non-controlling interests	725,544	620,515
Profit attributable to owners of parent	1,123,796	1,202,637

## Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	1,849,341	1,823,153
Other comprehensive income		
Valuation difference on available-for-sale securities	249,834	473,924
Foreign currency translation adjustment	(2,479,413)	(399,473)
Remeasurements of defined benefit plans, net of tax	41,192	25,379
Total other comprehensive income	(2,188,386)	99,830
Comprehensive income	(339,045)	1,922,983
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(172,582)	1,428,915
Comprehensive income attributable to non-controlling interests	(166,462)	494,067

**(3) Consolidated Statements of Cash Flows**

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
<b>Cash flows from operating activities</b>		
Income before income taxes	2,671,895	2,672,506
Depreciation	1,505,865	1,638,605
Amortization of goodwill	95,788	95,788
Decrease in provision for bonuses	(142,068)	(98,780)
Increase (decrease) in provision for directors' bonuses	6,800	(18,835)
Increase (decrease) in allowance for doubtful accounts	12,544	(824)
Increase (decrease) in net defined benefit liability	42,519	(99,002)
Increase in provision for director stock benefits	5,803	51,331
Interest and dividend income	(84,073)	(84,934)
Interest expenses	65,235	93,913
Gain on sales of investment securities	(0)	(64,358)
Loss (gain) on sales of property, plant and equipment	(2,075)	4,728
Loss on retirement of property, plant and equipment	7,695	21,769
Decrease (increase) in notes and accounts receivable - trade	305,855	(355,711)
Increase in inventories	(434,294)	(942,041)
Increase (decrease) in notes and accounts payable - trade	(608,173)	98,819
Decrease in accrued consumption taxes	(86,699)	(131,605)
Other, net	500,685	402,142
Subtotal	3,863,303	3,283,510
Interest and dividend income received	84,840	83,140
Interest expenses paid	(53,508)	(95,259)
Income taxes paid	(749,867)	(664,167)
Net cash provided by operating activities	3,144,767	2,607,225
<b>Cash flows from investing activities</b>		
Payments into time deposits	(6,334)	(118,075)
Proceeds from withdrawal of time deposits	619,124	118,853
Purchase of property, plant and equipment	(2,722,881)	(1,543,299)
Proceeds from sales of property, plant and equipment	2,075	5,131
Purchase of intangible assets	(144,606)	(70,466)
Purchase of investment securities	(1,830)	—
Proceeds from sales of investment securities	0	92,134
Payments of loans receivable	—	(1,000)
Collection of loans receivable	1,834	4,356
Other, net	(46,937)	17,048
Net cash used in investing activities	(2,299,555)	(1,495,316)

(Thousands of yen)

	Six months ended September 30, 2016		Six months ended September 30, 2017	
<b>Cash flows from financing activities</b>				
Net decrease in short-term loans payable		(305,448)		(264,740)
Proceeds from long-term loans payable		2,306,220		137,500
Repayments of long-term loans payable		(241,289)		(239,605)
Repayments of lease obligations		(9,562)		(10,649)
Proceeds from sales of treasury shares		8,143		147,798
Purchase of treasury shares		(15)		(137,661)
Cash dividends paid		(299,425)		(350,241)
Dividends paid to non-controlling interests		(483,273)		(481,016)
Other, net		(59,688)		—
Net cash provided by (used in) financing activities		915,660		(1,198,617)
Effect of exchange rate change on cash and cash equivalents		(825,499)		(83,434)
Net increase (decrease) in cash and cash equivalents		935,374		(170,143)
Cash and cash equivalents at beginning of period		13,444,325		14,369,863
Cash and cash equivalents at end of period	*1	14,379,699	*1	14,199,720

## **Notes to Quarterly Consolidated Financial Statements**

### **Basis of Presentation of Quarterly Consolidated Financial Statements**

The accompanying quarterly consolidated financial statements of RIKEN TECHNOS CORPORATION (the “Company”) and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (“IFRS”).

In addition, amounts are rounded down to the nearest thousand yen.

### **Changes in Scope of Consolidation**

RIMTEC CORPORATION conducted a company split as of April 1, 2017, with RIMTEC MANUFACTURING CORPORATION, which was newly established, as the succeeding company. In addition, as of the same date, RIKEN ELASTOMERS CORPORATION conducted a company split, with REC MANUFACTURING CORPORATION, which was newly established, as the succeeding company, and at the same time, it merged RIMTEC CORPORATION and changed its trade name to RIKEN AMERICAS CORPORATION. As of the same date, REC MANUFACTURING CORPORATION changed its trade name to RIKEN ELASTOMERS CORPORATION.

As a result, the Group comprises the Company and its 21 subsidiaries as of September 30, 2017.

RIKEN ELASTOMERS CORPORATION and RIMTEC MANUFACTURING CORPORATION are included in the scope of consolidation from the second quarter under review, since the difference between the Company’s consolidated closing date and the two companies’ closing date does not exceed three months. RIMTEC CORPORATION is excluded from the scope of consolidation from the second quarter under review, as the difference exceeds three months.

### **Special Accounting Applied for Preparing Quarterly Consolidated Financial Statements**

(Calculation of taxes)

The Company computes the taxes first by reasonably estimating the effective tax rate after applying tax effect accounting against income before income taxes for the fiscal year including the second quarter under review, and next by multiplying the quarterly income before income taxes by such estimated effective tax rate.

However, in cases where the calculation of taxes using such estimated effective tax rate yields a result that is not reasonable to a significant extent, the effective statutory tax rate is used.

## Additional Information

(Transactions of delivering the Company's own stock to employees etc. through trusts)

### (1) Board Benefit Trust (BBT)

In accordance with the resolution at the 87th Ordinary General Meeting of Shareholders held on June 24, 2016, the Company introduced a new stock-based compensation plan "Board Benefit Trust (BBT)" on September 14, 2016, for the purpose of raising awareness of Directors who execute business (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers toward their contributions to improving the mid- to long-term corporate performance and increasing the corporate value as well as making Directors who do not execute business (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members contribute to increasing the mid- to long-term corporate value through supervision or audit.

#### (a) Overview of transactions

Based on the officers' stock benefit plan which was established in advance, the Company and its group companies (the "Group") grant points to Directors etc. (Directors and Executive Officers). At the time of their retirement, the Group provides shares in the Company to the Directors etc. who satisfy requirements for beneficiaries in proportion to the points which the Group has granted to them. With regard to the shares which will be provided to Directors etc. in the future, a trust bank acquires the Company's treasury shares through third-party allotment by using the money contributed by the Company. Such shares are managed as trust assets separately.

#### (b) Shares in the Company remaining at the trust

The shares in the Company remaining at the trust are recorded as the treasury shares in net assets with the book value (excluding associated costs) at the trust. The book value and number of these treasury shares as of the end of the previous fiscal year were 209,960 thousand yen and 476 thousand shares, respectively, while those as of the end of the second quarter under review were 209,960 thousand yen and 476 thousand shares, respectively.

#### (c) Book value of loans payable recorded due to the application of the gross method

Not applicable.

### (2) Stock Benefit Trust (Employee Stockholding Association Purchase-type)

For the purpose of promoting welfare benefits for employees and giving incentives pertaining to the improvement of corporate value of the Company, the Company introduced "Stock Benefit Trust (Employee Stockholding Association Purchase-type)" (hereinafter referred to as the "Plan"), pursuant to the resolution at the Board of Directors meeting held on May 24, 2017.

#### (a) Overview of transactions

The Plan is an incentive plan under which the benefits of a rise in the Company's stock price are passed along to all the employees who are members of the "RIKEN TECHNOS Employee Stockholding Association" (hereinafter referred to as the "Stockholding Association").

A trust bank as the trustee of the Plan acquires shares in the Company that are expected to be acquired by the Stockholding Association over the five years after the establishment of the trust, en bloc in advance, and sells those shares in the Company to the Stockholding Association as needed when it acquires the shares.

If the amount equivalent to gain on sales of shares by the trust bank was accumulated in trust assets by the termination of this trust through the sale of shares to the Stockholding Association, the accumulated amount is distributed as residual assets to the members of the Company's employee Stockholding Association who satisfy eligibility requirements for beneficiaries.

The Company has guaranteed loans that the trust bank received to acquire shares in the Company. Therefore, if there is remaining loan amount that is equivalent to loss on sales of shares in the Company due to a decline in the Company's stock price at the time of termination of the trust, the Company is required to pay the remaining loan amount under the guarantee agreement.

(b) Shares in the Company remaining at the trust

The shares in the Company remaining at the trust are recorded as the treasury shares in shareholders' equity with the book value (excluding associated costs) at the trust. The book value and number of these treasury shares as of the end of the second quarter under review were 128,260 thousand yen and 233 thousand shares.

(c) Book value of loans payable recorded due to the application of the gross method

128,641 thousand yen as of the end of the second quarter under review

## Notes to Consolidated Balance Sheets

### 1. Notes receivable endorsed

	(Thousands of yen)	
	As of March 31, 2017	As of September 30, 2017
Notes receivable endorsed	1,666	358

### \*2. Overdraft agreements and unused overdraft facility balance

To efficiently secure equipment funds, the Company and its domestic consolidated subsidiaries have entered into overdraft agreements with banks with which they do business.

The unused balance of these prescribed limit agreements is as follows:

	(Thousands of yen)	
	As of March 31, 2017	As of September 30, 2017
Total overdraft facility limit	11,030,000	11,130,000
Outstanding borrowings within the limit	4,015,000	3,932,500
Unused balance	7,015,000	7,197,500

## Notes to Consolidated Statements of Income

### \*1. Main components of selling, general and administrative expenses

Main components of selling, general and administrative expenses are as follows:

	(Thousands of yen)	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Freightage expenses	1,368,618	1,449,209
Salaries and bonuses	1,152,509	1,101,309
Provision for bonuses	109,966	153,332
Provision for directors' bonuses	36,000	44,264
Retirement benefit expenses	88,661	111,770
Provision for director stock benefits	5,803	51,331
Provision of allowance for doubtful accounts	13,488	(1,079)
Research and development expenses	449,939	485,290

## Notes to Consolidated Statements of Cash Flows

### \*1. Reconciliation between "Cash and cash equivalents at end of period" in the consolidated statements of cash flows and "Cash and deposits" in the consolidated balance sheets

	(Thousands of yen)	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash and deposits	14,504,420	14,332,796
Time deposits with maturities over 3 months	(124,720)	(133,076)
Cash and cash equivalents	14,379,699	14,199,720

## Shareholders' Equity and Others

### I. Six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

#### 1. Dividends paid

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date	Source of dividends
Ordinary general meeting of shareholders held on June 24, 2016	Common stock	299,810	5	March 31, 2016	June 27, 2016	Retained earnings

(Note) Total dividends do not include 1,506 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

#### 2. Dividends whose cut-off date is in the six-month period ended September 30, 2016 and whose effective date is after the end of the second quarter ended September 30, 2016

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date	Source of dividends
Board of Directors meeting held on November 7, 2016	Common stock	299,939	5	September 30, 2016	December 2, 2016	Retained earnings

(Note) Total dividends do not include 3,757 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

### II. Six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

#### 1. Dividends paid

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date	Source of dividends
Ordinary general meeting of shareholders held on June 23, 2017	Common stock	348,203	6	March 31, 2017	June 26, 2017	Retained earnings

(Note) Total dividends do not include 2,856 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

#### 2. Dividends whose cut-off date is in the six-month period under review and whose effective date is after the end of the second quarter under review

(Resolution)	Type of shares	Total dividends (Thousands of yen)	Dividends per share (Yen)	Cut-off date	Effective date	Source of dividends
Board of Directors meeting held on November 6, 2017	Common stock	370,307	6	September 30, 2017	December 4, 2017	Retained earnings

(Note) Total dividends do not include 4,255 thousand yen of dividends to Trust Account E. This is because shares in the Company held by Trust Account E are recognized as treasury shares.

## Segment Information and Others

### Segment information

#### I. Six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

##### 1. Information about net sales and profit or loss by reportable segment

(Thousands of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the consolidated statements of income (Note 3)
	Compound	Film	Food wrapping film	Total				
Net sales								
(1) Sales to external customers	30,165,617	5,947,494	5,330,232	41,443,344	1,728,229	43,171,574	–	43,171,574
(2) Intersegment sales or transfers	113,200	–	–	113,200	377,209	490,409	(490,409)	–
Total	30,278,817	5,947,494	5,330,232	41,556,544	2,105,439	43,661,984	(490,409)	43,171,574
Segment profit (loss)	2,690,627	(128,978)	371,928	2,933,577	25,337	2,958,915	(46,399)	2,912,515

- (Notes) 1. The “Other” category is the business segment that is not included in the reportable segments, and represents the manufacturing and sales of synthetic resin molding products and electric wire as well as the purchase and sales of merchandise.
2. The adjustment to segment profit (loss) represents negative 46,399 thousand yen in inter-segment eliminations.
3. Segment profit (loss) is adjusted to operating income in the consolidated statements of income.

##### 2. Information about impairment loss on non-current assets or goodwill and others by reportable segment

Not applicable.

#### II. Six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

##### 1. Information about net sales and profit or loss by reportable segment

(Thousands of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the consolidated statements of income (Note 3)
	Compound	Film	Food wrapping film	Total				
Net sales								
(1) Sales to external customers	32,247,905	6,553,872	5,335,605	44,137,383	1,752,831	45,890,214	–	45,890,214
(2) Intersegment sales or transfers	138,376	38,479	–	176,856	158,773	335,629	(335,629)	–
Total	32,386,281	6,592,352	5,335,605	44,314,239	1,911,604	46,225,843	(335,629)	45,890,214
Segment profit (loss)	2,442,794	(126,958)	350,525	2,666,361	(9,572)	2,656,789	(101,896)	2,554,893

- (Notes) 1. The “Other” category is the business segment that is not included in the reportable segments, and represents the manufacturing and sales of synthetic resin molding products and electric wire as well as the purchase and sales of merchandise.
2. The adjustment to segment profit (loss) represents negative 101,896 thousand yen in inter-segment eliminations.
3. Segment profit (loss) is adjusted to operating income in the consolidated statements of income.

##### 2. Information about impairment loss on non-current assets or goodwill and others by reportable segment

Not applicable.

## Business Combinations

Transactions, etc. under common control

### (1) Overview of transactions

#### (a) Name of subject business and its business activities

Name of business: Compound manufacture and sales business

Business activities: Manufacture and sales of compounds

#### (b) Date of business combination

April 1, 2017

#### (c) Legal form of business combination

##### 1) Company split

Splitting company	Successor company	Purpose of company split
RIMTEC CORPORATION	RIMTEC MANUFACTURING CORPORATION	To split the manufacturing division and have the succeeding company succeed to it
RIKEN ELASTOMERS CORPORATION	REC MANUFACTURING CORPORATION	Same as above

##### 2) Merger

Surviving company	Merged company	Purpose of merger
RIKEN ELASTOMERS CORPORATION	RIMTEC CORPORATION	To integrate the sales divisions into the surviving company

##### 3) Change of trade name

Before change of trade name	After change of trade name	Functions of company
RIKEN ELASTOMERS CORPORATION	RIKEN AMERICAS CORPORATION	Sales and controlling company
REC MANUFACTURING CORPORATION	RIKEN ELASTOMERS CORPORATION	Change of trade name of manufacturing company

#### (d) Name of company after business combination

RIKEN AMERICAS CORPORATION (consolidated subsidiary of the Company)

RIKEN ELASTOMERS CORPORATION (consolidated subsidiary of the Company)

RIMTEC MANUFACTURING CORPORATION (consolidated subsidiary of the Company)

#### (e) Other matters concerning overview of transactions

To unify points of contact for customers and flexibly utilize manufacturing equipment as demand requires in the North American business, subsidiaries have been reorganized into two manufacturing subsidiaries and one controlling company that engages in sales.

### (2) Overview of accounting treatments

Pursuant to the “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013) and the “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, September 13, 2013), transactions were treated as those under common control.

## Per Share Information

Basic earnings per share and the basis for calculation thereof, and diluted earnings per share and the basis for calculation thereof are as follows:

	Six months ended September 30, 2016	Six months ended September 30, 2017
(1) Basic earnings per share (yen)	18.74	20.36
(Basis for calculation)		
Profit attributable to owners of parent (Thousands of yen)	1,123,796	1,202,637
Amount not attributable to common shareholders (Thousands of yen)	–	–
Profit attributable to owners of parent regarding common stock (Thousands of yen)	1,123,796	1,202,637
Average number of shares of common stock outstanding during the period (Thousands of shares)	59,975	59,055
(2) Diluted earnings per share (yen)	16.40	18.07
(Basis for calculation)		
Adjustment on profit attributable to owners of parent (Thousands of yen)	–	–
Increase in common stock (Thousands of shares)	8,528	7,514
Outline of potential shares which were not used in calculating diluted earnings per share because they have no dilutive effects, and which had material changes after the end of the previous fiscal year	–	–

(Note) Because shares in the Company held by Trust Account E are recognized as treasury shares in the quarterly consolidated financial statements, the number of those shares has been deducted from the average number of shares of common stock outstanding during the period used for the calculation of basic earnings per share.

## Significant Subsequent Events

Not applicable.